ORANGE COUNTY BOARD OF SUPERVISORS

Agenda Revisions and Supplementals

Note: *This supplemental agenda is updated daily showing items that have been added, continued, deleted or modified. No new supplemental items will be added to the agenda following close of business on Friday immediately prior to a Board meeting*.

October 14, 2025

DISCUSSION

19. Deleted

20. Revised Title to read:
County Executive Office - Approve recommended positions on introduced or amended legislation and/or consider other legislative subject matters*; approve proposed list of County of Orange 2026 Water Resources Development Act priorities; and direct CEO-Legislative Affairs and OC Public Works to submit priorities to Orange County Federal Delegation members* - All Districts

21. Revised Title to read**:**
County Executive Office - Approve grant applications/awards submitted *by District Attorney, Health Care Agency, OC Community Resources, OC Public Works, Public Defender, and Sheriff-Coroner and retroactive grant application/award submitted by Sheriff-Coroner* in 10/14/25 grant report and other actions as recommended*; adopt resolutions authorizing District Attorney or designee to execute grant award agreements and amendments with California Department of Insurance for Life and Annuity Consumer Protection Program, FY 2025-26 ($115,959) and with California Office of Traffic Safety for Alcohol and Drug Impaired Vertical Prosecution Program ($1,568,500) and California Traffic Safety Resource Prosecutor Training Network ($1,800,000), FFY 2025-26; adopt resolution authorizing Public Defender to submit and execute grant agreement and amendments with Office of the State Public Defender for Expanded Public Defense Services Grant (Holistic Defense); and adopt resolutions authorizing Sheriff-Coroner or designee to accept and execute grant agreement and amendments with California Department of Parks and Recreation, Division of Boating and Waterways for boating safety and enforcement equipment ($106,262.40) and with Board of State and Community Corrections for 2025 Edward Byrne Memorial Justice Assistance Grant Equipment and Training Program ($1,941,555)* - All Districts

THE FOLLOWING AGENDA ITEMS HAVE HAD CHANGES TO THEIR RECOMMENDED ACTIONS SINCE RELEASE OF THE AGENDA TO THE PUBLIC:

Items: 20 and 21

Supplemental Item(s)

S25A. **Vice Chair Foley** - Approve allocation of $25,000 from Fifth District discretionary funds to Serving People in Need, Inc.; make related findings under Government Code Section 26227; authorize County Executive Officer or designee to negotiate and enter into agreement as necessary; and authorize Auditor-Controller or designee to make related payments

Document last updated: 10/13/2025 11:23 AM

ORANGE COUNTY BOARD OF SUPERVISORS

Agenda Revisions and Supplementals

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S25B. **Vice Chair Foley** - Approve allocation of $30,000 from Fifth District discretionary funds to Sherman Library and Gardens; make related findings under Government Code Section 26227; authorize County Executive Officer or designee to negotiate and enter into agreement as necessary; and authorize Auditor-Controller or designee to make related payments

S25C. **Vice Chair Foley** - Approve allocation of $25,000 from Fifth District discretionary funds to Dana Point Sister Cities International Association; make related findings under Government Code Section 26227; authorize County Executive Officer or designee to negotiate and enter into agreement as necessary; and authorize Auditor-Controller or designee to make related payments

S25D. **Vice Chair Foley** - Approve sponsorship of various nonprofit entities from Fifth District events funds; approve addition or revision of events to FY 2025-26 County Events Calendar; make related findings under Government Code Section 26227; and authorize Auditor-Controller to make related payments

S25E. **John Wayne Airport -** Approve amended and restated certificated passenger airline leases, amended and restated certificated passenger airline operating licenses, amended and restated commuter airline operating license and amended and restated cargo leases with various commercial and commuter airlines and cargo carriers, 1/1/26 - 12/31/30; and authorize Director or designee to make minor modification and amendments under certain conditions - District 5

S25F. **Supervisor Sarmiento** - Adopt resolution recognizing October 19 - 25, 2025 as "Hunter Syndrome Awareness Week"

S25G. **Vice Chair Foley** - Campaign Finance and Ethics Commission – Appoint James Lawson, Newport Beach, for term ending 10/13/28

S25H. **County Executive Office** - Acknowledge receipt of responses to Request for Proposal for redevelopment of County-owned property, 1725 West 17th St, Santa Ana, under Government Code Section 25515 - District 2

S25I. **Chair Chaffee** - Approve revised Bylaws of Orange County Commission on the Status of Women and Girls to include alternate appointments for At-Large commission members

S25J. **Supervisor Sarmiento** - Approve sponsorship of various nonprofit entities from Second District events funds; approve addition or revision of events to FY 2025-26 County Events Calendar; make related findings under Government Code Section 26227; and authorize Auditor-Controller to make related payments

SCS2. **County Counsel** - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION - Pursuant to Government Code Section 54956.9(d)(1):
Name of Case: Doe v. Harvey, Riverside County Superior Court Case No. CVRI2000771

SCS3. **County Counsel** - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION - Pursuant to Government Code Section 54956.9(d)(1):
Name of Case: Francisco Nevarez v. Daniel Paul Flores, Orange County Superior Court Case No. 30-2024-01389469-CU-PA-CJC

Document last updated: 10/13/2025 11:23 AM

ORANGE COUNTY BOARD OF SUPERVISORS

Agenda Revisions and Supplementals

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SCS4. **County Counsel** - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION - Pursuant to Government Code Section 54956.9(d)(1):
Name of Case: Jonathan Daruvala v. County of Orange, WCAB Case: ADJ20495690; ADJ14545183

SCS5. **County Counsel** - CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION - SIGNIFICANT EXPOSURE TO LITIGATION - Pursuant to Government Code Section 54956.9(d)(2):
Number of Cases: Multiple

SCS6. **County Counsel** - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION - Pursuant to Government Code Section 54956.9(d)(1):
Name of Case: Ace K. Kelly v. County of Orange, et al., United States District Court Case No. 8:24-cv-00933-JVS-JDE

Document last updated: 10/13/2025 11:23 AM

Continuation or Deletion Request

RECEIVED
2025 OCT 13 AM 10:59
CLERK OF THE BOARD
COUNTY OF ORANGE
BOARD OF SUPERVISORS

Date: October 10, 2025

To: Clerk of the Board of Supervisors

From: **Michelle Aguirre, County Executive Officer** MAguirre Digitally signed by Michelle Aguirre Date: 2025.10.10 15:52:45 -07'00'

Re: ASR Control #: 25-000609, Meeting Date 10/14/25 Agenda Item No. # 19

Subject: **Homelessness: Is Orange County Moving in the Right Direction? Grand Jury Report**

☐ Request to continue Agenda Item No. # _____ to the _____ Board Meeting.

Comments:

☒ Request deletion of Agenda Item No. # 19

Comments:

Legislative Bulletin

DRAFT

A Publication of the County Executive Office/Legislative Affairs

October 14, 2025
Item No. 20

County of Orange Positions on Proposed Legislation

The Legislative Bulletin provides the Board of Supervisors with analyses of measures pending in Sacramento and Washington that are of interest to the County. Staff provides recommended positions that fall within the range of policies established by the Board. According to the County of Orange Legislative Affairs Program Guidelines adopted by the Board of Supervisors on January 25, 2022, staff recommendations for formal County positions on legislation will be agendized and presented in this document for Board action at regular Board of Supervisors meetings. When the Board takes formal action on a piece of legislation, the CEO will direct the County's legislative advocates to promote the individual bills as approved by the Board. The Legislative Bulletin also provides the Board of Supervisors with informative updates on State and Federal issues.

The 2025-2026 Legislative Platform was adopted by the Board of Supervisors on November 19, 2024.

On October 14, 2025, the Board of Supervisors will consider the following actions:

RECOMMENDED ACTIONS

1. **Approve Proposed List of County of Orange 2026 Water Resources Development Act (WRDA) Priorities:**
    - Westminster-East Garden Grove Flood Risk Management Project – Change Authorization to Recognize the Locally Preferred, Maximum Channel Modifications Plan as the National Economic Development Plan and Adjust the Project Cost Share
    - Westminster-East Garden Grove Flood Risk Management Project – Initiate Project Partnership Agreement with United States Army Corps of Engineers
    - Santa Ana River Mainstem, Prado Dam Project – Reimbursement for Incurred Costs
2. **Direct CEO-Legislative Affairs and OC Public Works to Submit Priorities to Orange County Federal Delegation Members**
3. **Receive and File Legislative Bulletin**

INFORMATIONAL ITEMS

1. **County Position Matrix: CEO-LA**
2. **Sacramento Legislative Report**
3. **Washington DC Legislative Report**

RECOMMENDED ITEMS

1. **Approve Proposed List of County of Orange 2026 Water Resources Development Act (WRDA) Priorities:**
    - Westminster-East Garden Grove Flood Risk Management Project – Change Authorization to Recognize the Locally Preferred, Maximum Channel Modifications Plan as the National Economic Development Plan and Adjust the Project Cost Share
    - Westminster-East Garden Grove Flood Risk Management Project – Initiate Project Partnership Agreement with United States Army Corps of Engineers
    - Santa Ana River Mainstem, Prado Dam Project – Reimbursement for Incurred Costs
2. **Direct CEO-Legislative Affairs and OC Public Works to Submit Priorities to Orange County Federal Delegation Members**

Background:
Every two years, the Board of Supervisors adopts the County's priorities for the federal Water Resources Development Act (WRDA). WRDA is the federal government's biannual authorization bill for the United States Army Corps of Engineers' civil works projects, which includes the County's two largest flood control infrastructure projects: the Westminster-East Garden Grove (WEGG) and the Santa Ana River Mainstem Project (SARP). Both projects have been managed by OC Public Works and the OC Flood Control District since the 1980s.

What is WRDA?
WRDA is a comprehensive federal legislative package that provides nationwide conservation and development of water-related resources. It must first pass the United States House of Representatives and the United States Senate. Once it's signed into law, WRDA authorizes the Army Corps to conduct studies, construct projects and research activities that can lead to the improvement of rivers and harbors across the United States. WRDA is strictly authorizing legislation; it does not include funding. The funding of WRDA-authorized studies and projects is provided separately through the annual Energy and Water Development appropriations process.

Because WRDA needs Congressional approval, the County's WRDA priorities become an advocacy responsibility per the Board's Legislative Guidelines. Once the Board directs us to proceed, CEO-LA will work with our federal advocates and Federal Delegation Members to complete and submit the application forms.

The County's proposed priorities for WRDA are listed below in additional detail.

RECOMMENDED ITEMS

1. **Approve Proposed List of County of Orange 2026 Water Resources Development Act (WRDA) Priorities:**
    - Westminster-East Garden Grove Flood Risk Management Project (WEGG) – Change Authorization to Recognize the Locally Preferred, Maximum Channel Modifications Plan as the National Economic Development Plan and Adjust the Project Cost Share

Project Summary:

The WEGG Project will reduce the risks to life, safety, and property from flooding due to current deficiencies in reaches of flood control channels located within 87 square miles of Orange County that spans 11 highly urbanized cities and unincorporated areas. Without the Project, approximately 44,000 structures are at-risk of inundation, with a potential of up to $10.5 billion in damages and impacts to over 1 million residents and business owners, U.S. military operations, heavily used transportation infrastructure, including the Pacific Coast Highway and I-405 which is critical for the nation's economy, defense, and mobility as part of the National Highway System, and sensitive coastal ecosystems impacted by run-off contaminants.

"Minimum" and "maximum" channel modifications plans were studied in the Integrated Feasibility Report (dated April 2020). The minimum channel modification plan was designated as the National Economic Development (NED) plan but does not meet FEMA requirements to contain the 100-year storm event, which puts residents, homes, and businesses at risk. In addition, the Federal National Flood Insurance Program (NFIP) would continue to be at risk for claims associated with major flood events. The maximum channel modification plan is the Locally Preferred Plan (LPP) authorized for implementation by WRDA 2020 and will contain the 100-year storm event which meets the FEMA NFIP requirements. The LPP is anticipated to save residents from collectively paying approximately $4.75 million annually in flood insurance premiums and avoid claims required to be disbursed under the NFIP.

Project Request:

- Change the current authorization, as defined in the Report of the Chief of Engineers (dated July 9, 2020) and WRDA 2020, such that the maximum channel modification plan is recognized as the National Economic Development (NED) plan in order to meet FEMA 100-year storm event requirements.

- Change the estimated costs approved in WRDA 2020 Section 401 Table (2) as shown below, so the Federal cost share is modified from approximately 25% to 65% and the Non-Federal cost share is modified from about 75% to 35% of the total project cost in accordance with WRDA 1986 Section 103, as amended (33 U.S.C. 2213), for flood control projects.

A. State	**B.** **Name**	**C.** **Date of Report of Chief of Engineers**	**D.** **Estimated Costs**
2. CA	Westminster, East Garden Grove, California Flood Risk Management	July 9, 2020	Federal: $822,312,400 Non-Federal: $442,783,600 Total: $1,265,096,000

RECOMMENDED ITEMS

1. **Approve Proposed List of County of Orange 2026 Water Resources Development Act (WRDA) Priorities:**
    - Westminster-East Garden Grove Flood Risk Management Project (WEGG) – Initiate Project Partnership Agreement with United States Army Corps of Engineers (Corps)

Project Summary:

The WEGG Project will reduce the risks to life, safety, and property from flooding due to current deficiencies in reaches of flood control channels located within 87 square miles of Orange County that spans 11 highly urbanized cities and unincorporated areas. Without the Project, approximately 44,000 structures are at-risk of inundation, with a potential of up to $10.5 billion in damages and impacts to over 1 million residents and business owners, U.S. military operations, heavily used transportation infrastructure, including the Pacific Coast Highway and I-405 which is critical for the nation's economy, defense, and mobility as part of the National Highway System, and sensitive coastal ecosystems impacted by run-off contaminants. Implementation of the WEGG maximum channel modifications plan would contain the 100-year storm event to meet FEMA National Flood Insurance Program (NFIP) requirements and is anticipated to save residents from collectively paying approximately $4.75 million annually in flood insurance premiums and avoid claims required to be disbursed under the NFIP after major flood events.

Project Request:

Authorize the United States Army Corps of Engineers (Corps) to enter a Project Partnership Agreement (PPA) with the Orange County Flood Control District (OCFCD) and County of Orange as the non-federal sponsors for the WEGG project by utilizing any available federal funds and/or accepting from the non-federal partner funds, materials, and services, to develop said PPA.

RECOMMENDED ITEMS

1. **Approve Proposed List of County of Orange 2026 Water Resources Development Act (WRDA) Priorities:**
    - Santa Ana River Mainstem, Prado Dam Project – Reimbursement for Incurred Costs

Project Summary:

The Santa Ana River Mainstem Project (SARP) is designed to provide flood protection to more than 3.35 million people growing urban communities in Orange, Riverside and San Bernardino counties. It is estimated that the most severe flood in the project area would cover more than 110,000 acres to a depth of three feet and would amount to more than $40 billion in economic losses. The project includes seven independent features, including the Prado Dam. Lands have been acquired for the expansion of the Prado reservoir, several protective dikes in the Prado basin have been built, and the Prado Dam spillway is expected to be raised by 2032.

Project Request:

For the SARP project, specifically authorize the United States Army Corps of Engineers (Corps) to reimburse the Orange County Flood Control District (OCFCD), the non-federal sponsor, for incurred costs, specifically including amounts OCFCD paid to the State of California Treasurer Department as an eminent domain deposit when OCFCD has provided documentation to the Corps that OCFCD has an order of possession for the underlying project acquisition but does not yet have a recorded deed.

INFORMATIONAL ITEMS

1. County Position Matrix: CEO-LA

The tables below list the bills the Board of Supervisors has taken positions on in the 2025-26 legislative session.

State Legislation — *As of Thursday, October 9, 2025*

Bill No.	Author	Subject	Position	Date of Board Action	Status
AB 28	Schiavo	Solid Waste Landfills: subsurface temperatures.	**Oppose**	6.24.25	2-Year Bill
AB 70	Aguiar-Curry	Solid Waste: Organic Waste Diversion: Biomethane.	**Support**	6.24.25	Enrolled
AB 81	Ta	Veterans: Mental Health	**Support**	3.25.25	Enrolled
AB 91	Harabedian	State and local agencies: demographic data	**Support**	4.22.25	Chaptered
AB 226	Calderon	California FAIR Plan Association	**Support**	4.08.25	Enrolled
AB 282	Pellerin	Discrimination: housing: source of income.	**Support**	5.06.25	2-Year Bill
AB 283	Haney	In-Home Supportive Services Employer-Employee Relations Act	**Support if amended**	8.26.25	2-Year Bill
AB 339	Ortega	Local public employee organizations: notice requirements	**Oppose**	4.22.25	Enrolled
AB 349	Dixon	Foster care supplement	**Support**	4.08.25	Chaptered
AB 370	Carrillo	California Public Records Act: cyberattacks	**Support**	4.22.25	Chaptered
AB 394	Wilson	Crimes: public transportation providers	**Support**	3.25.25	Chaptered
AB 424	Davies	Alcohol and other drug programs: complaints	**Support**	3.25.25	Chaptered
AB 462	Lowenthal	Land use: coastal development permits: accessory dwelling units	**Support**	4.08.25	Enrolled
AB 492	Valencia	Alcohol and drug programs: licensing	**Support**	3.25.25	Chaptered
AB 571	Quirk-Silva	California Environmental Quality Act: exemption: Gypsum Canyon Veterans Cemetery	**Co-Sponsor**	2.25.25	Chaptered
AB 607	Rodriguez	CalWORKs: Home Visiting Program.	**Support**	6.24.25	Chaptered
AB 615	Davies	Power facilities: emergency response and action plan	**Support**	3.25.25	Vetoed
AB 689	Rubio	Foster Youth: Disaster aid assistance.	**Support**	6.24.25	Vetoed
AB 1288	Addis	Registered environmental health specialists	**Support**	4.22.25	Chaptered
AB 1356	Dixon	Alcohol and other drug programs	**Support**	3.25.25	Chaptered
AB 1387	Quirk-Silva	Mental health multidisciplinary personnel team.	**Support**	5.06.25	Vetoed
SB 71	Wiener	California Environmental Quality Act: exemptions: transit projects	**Support**	3.25.25	Enrolled
SB 283	Laird	Energy storage systems	**Support**	4.08.25	Chaptered

SB 346	Durazo	Local Agencies: Transit Occupancy Taxes: Short-Term Rental Facilitator.	**Support**	6.24.25	Enrolled
SB 577	Laird	State Government	**Support**	8.26.25	2-Year Bill
SB 634	Pérez	Local government: homelessness	**Oppose**	5.06.25	Enrolled

Federal Legislation

As of Thursday, October 9, 2025

Bill No.	Author	Subject	Position	Date of Board Action	Status
H.R. 965	Sherman	Housing Unhoused Disabled Veterans Act	**Support**	5.20.25	Senate Committee on Banking, Housing, and Urban Affairs
H.R. 1012	Levin	Spent Fuel Prioritization Act of 2025	**Support**	5.20.25	House Committee on Energy and Commerce
H.R. 2483	Guthrie	SUPPORT for Patients and Communities Reauthorization Act of 2025	**Support**	6.24.25	Senate Committee on Health, Education, Labor, and Pensions
S. 1462	Curtis	Fix Our Forests Act	**Support**	9.23.25	Senate Committee on Agriculture, Nutrition, and Forestry
S. 2212	Padilla	Visible Identification Standards for Immigration-Based Law Enforcement (VISIBLE) Act of 2025	**Support**	8.26.25	Senate Committee on the Judiciary

Highlighted sections symbolize a status change.

2. Sacramento Legislative Report

Prepared by Precision Advocacy Group LLC

As of October 7, Governor Gavin Newsom still has almost 400 bills to sign or veto before the deadline of October 13. This is typical of gubernatorial action at the end of the year - in most cases, governors began slowly and act on a large number of bills in the last week before the deadline.

As 2026 approaches, policymakers and stakeholders are reviewing the unfulfilled objectives of 2025 and starting to develop how those policies might take shape next year. The following is an overview of potential issues that could affect the county.

Real Estate Transfer Tax Legislation. The recent legislative session concluded with intense discussions surrounding potential legislation aimed at restricting local governments' ability to levy real estate transfer taxes. This last-minute effort had two primary objectives: to amend the scope of Los Angeles County's Measure ULA (and potentially statewide real estate transfer taxes), and to persuade proponents of the "Save Prop 13" initiative to withdraw it from the ballot.

Los Angeles Mayor Karen Bass and former Assembly Speaker Bob Hertzberg attempted to forge a "grand bargain" into state law through SB 423, but fell short of a final agreement. Authors of SB 423, Senator Lena Gonzalez (D-Long Beach) and Assemblymember Tina McKinnor (D-Inglewood) have indicated their intent to move forward with some version of the legislation in January.

This timeline may prove too late to neutralize the Save Prop 13 anti-tax campaign. The Howard Jarvis Taxpayers Association is already actively collecting signatures and raising funds in support of the measure. Real estate interests, predominantly from Los Angeles, have indicated their willingness to invest tens of millions of dollars to pass the initiative, in large part due to their frustration with Measure ULA.

Measure United to House L.A. (ULA). Measure ULA, enacted in 2022, was intended to tax high-value real estate transactions in Los Angeles, with a 4% levy on properties between $5 million and $10 million and 5.5% on those exceeding $10 million (these rates have slightly increased with inflation). Properties below these thresholds are taxed at approximately 0.5%. The measure, backed by 58% of Los Angeles voters, has raised around $830 million since 2023, significantly contributing to the city's homelessness initiatives by funding affordable housing, renter subsidies, and legal aid for tenants.

However, the "mansion tax" has faced criticism for its unintended consequences. It applies not only to mansions but also to commercial, industrial, and multifamily residential projects, including land sales for new apartment developments. Researchers at UCLA and the Rand Institute estimate that Measure ULA has led to a reduction of 1,910 apartments per year, including 168 affordable units, by depressing new construction of multifamily housing. This has frustrated the real estate industry, leading them to support the Save Prop 13 initiative.

There is growing concern in Los Angeles and among Sacramento Democrats that Measure ULA's current form has become a political liability, potentially fueling the statewide campaign against tax measures. Sales of multifamily properties subject to Measure ULA have seen a steep decline in Los Angeles since its implementation and remain below those in neighboring cities. The Howard Jarvis Taxpayers Association and its political allies are highlighting Measure ULA as a prime example in their statewide campaign against similar tax initiatives.

Save Prop 13. The Save Prop 13 initiative aims to repeal Measure ULA and 24 other transfer taxes in California. It also targets property taxes passed via voter initiative that did not achieve a two-thirds majority vote. Summary of the proposed ballot measure:

- Special Taxes: This measure would mandate a two-thirds vote for approval of all special taxes, regardless of whether they are introduced by citizen initiative or local government. It would invalidate existing property-related special taxes approved by less than two-thirds of voters on December 31, two years after the measure's enactment. Voters could reauthorize or establish new special taxes with a two-thirds vote.
- Charter City Transfer Taxes: The measure would prohibit charter cities from imposing their own transfer taxes. It would invalidate existing charter city-only transfer taxes on December 31, two years after statewide voters enact the measure, and would prevent the establishment of new ones. This directly challenges early 1990s court decisions that allowed charter cities to impose their own real estate transfer taxes and set their rates. As of January 2025, 26 charter cities have established such taxes.
- Transfer Tax Cap: The measure would cap transfer tax rates on real estate sales at slightly more than one-twentieth of one percent of the property's value.
- Voter-Backed Campaigns: For local tax measures initiated by voter-backed campaigns (as opposed to city councils) and earmarked for specific purposes, the proposal would raise the required electoral support from a simple majority to two-thirds.

If successful, this measure could result in municipal governments across California losing billions of dollars, with taxpayers potentially saving an equivalent amount. Voter-proposed tax increases have been approved by simple majorities in various cities and counties, and transfer tax hikes have been a popular funding source for some local governments.

On August 29, the Howard Jarvis Taxpayer Association's ballot measure petition was cleared for circulation by the Secretary of State. Officially named "Limits Ability of Voters to Raise Revenues for Local Government Services," this proposed ballot measure requires 874,641 eligible signatures by February 25, 2026, to qualify for the November 2026 ballot.

ACA 13. Even if the signature-gathering effort is successful, the Save Prop 13 campaign faces an uphill battle. In late 2023, the legislature advanced its own complex ballot measure (ACA 13) that would require future initiatives seeking to raise the threshold for passing other measures to meet that same higher threshold (in this case, two-thirds) before becoming law. This effort was introduced to counter the prior Howard Jarvis Taxpayer Association initiative which was removed from the ballot by court order. ACA 13 is already slated for the November 2026 election and, if passed, would apply to any other measures on the same ballot.

Housing Bond Initiatives for 2026

California Housing Bond (AB 736/SB 417 - $10 Billion). The proposed $10 billion California Housing Bond, which failed to advance in 2025, is now set for a 2026 push. Backers, including the Housing Bond California coalition, remain optimistic, despite their preference to have started campaign infrastructure in 2025. This bond aims to fund affordable housing and supportive housing initiatives.

- Key Allocations
    - Multifamily Housing Program (MHP): $5 - $5.25 billion
    - Supportive Housing (through MHP): $1.7 - $1.75 billion
    - CalHOME/My Home Down Payment Assistance: $1 - $1.2 billion
    - Portfolio Reinvestment Program: $800 million
    - Acquisition/Rehabilitation of Unrestricted Housing: $500 million
    - Joe Serna, Jr. Farmworker Housing Program: $250 - $350 million
    - Tribal Housing: $250 million
    - Infill Infrastructure Grant Program: $400 million (AB 736 only)
    - Wildfire Prevention/Mitigation/Displacement: $200 million (SB 417 only)
- Supporting Organizations (partial list)
    - California Apartment Association
    - California Housing Consortium

- California Housing Partnership
- California YIMBY
- Housing California
- Jamboree Housing Corporation
- California State Association of Counties
- League of California Cities
- Santa Ana City Councilmember Jessie Lopez
- Disability Rights California
- Orange County Waterkeeper
- United Ways of California
- Western Center on Law and Poverty

Middle-Class Homeownership and Family Home Construction Act ($25 Billion). Concurrently, former Assembly Speaker Bob Hertzberg, with support of the building trades, is championing the California Middle-Class Homeownership and Family Home Construction Act of 2026, a $25 billion ballot initiative focused on expanding homeownership for middle-income Californians. The proposal is pending title and summary at the Attorney General's office.

After legislative attempts in prior years stalled, Hertzberg independently raised private funds for research and policy design.

- Core Principles:
  - Market-based solution bridging the gap between subsidized affordable housing and expensive market-rate options.
  - Aimed at new construction for middle-class ownership.
  - Distinct from broader rental affordability challenges or first-time buyer programs.
  - Goal: Enable working families to build generational wealth and remain in California.
- Proposed Solution:
  - Increase the supply of middle-class housing through new construction.
  - Create a program that supports building more middle-class housing, unlike subsidy programs that often just raise prices.
  - Focus on homeownership to enable wealth building.

Budget. While state revenues align with 2025 Budget Act projections, the financial implications of federal H.R. 1 are a primary concern for lawmakers and stakeholders as the 2026 budget season approaches. The administration and legislature have stated unequivocally that the state will not provide funds to offset these reductions. Before discussions on congressional redistricting, some legislators had considered exploring revenue-raising options with the administration and the full legislature. However, this exploration was cut short by the prioritization of Proposition 50 in the final month of the legislative session. For counties, the impacts of H.R. 1 will primarily affect CalFresh food assistance and healthcare services for individuals enrolled in Medi-Cal and Covered California.

CalFresh reductions will result in increased cost sharing for program administration, increased workload for Orange County Social Services Agency staff, and decreased access to food assistance for county residents.

- Increased administrative costs from 50% to 75% will cost $685 million - $474 million in state General Fund costs and $211 million in county costs (approximately $9 million for Orange County).
- Requires states administrative error rates of greater than 6% to contribute at least 5% of the cost of CalFresh allotments with contribution rates increasing based on a state's error rate (5-15%). California's error rate in 2024 is 10.98%. This provision could increase state General Fund costs by $2 billion. Under current law, counties do not have a share of cost for CalFresh benefits.
- The California Department of Social Services is also estimating that the changes will result in more than 400,000 Californians losing access to CalFresh.

Changes to Medi-Cal will lead to a rise in eligibility redeterminations for the Orange County Social Services Agency and an increase in the number of indigent individuals counties are responsible for. Additionally, the uninsured population will grow. These changes will also have broader financial consequences, including reduced revenue for public hospitals, higher uncompensated care costs, and a negative impact on the state budget due to adjustments in Managed Care Organization tax and Hospital Quality Assurance Fee requirements.

Required Covered California changes will increase cost of coverage and result in additional uninsured individuals, in particular to immigrant populations.

Strengthening Enforcement Against Intoxicating Hemp Products

Last week, Governor Newsom signed AB 8 (Aguiar-Curry), which aims to enhance state and local enforcement authority and permanently ban the sale of intoxicating hemp-derived and synthetic THC products outside California's regulated cannabis system.

"California's nation-leading cannabis framework protects consumers and ensures products are tested and safe," said Governor Newsom. "AB 8 strengthens those protections and permanently closes loopholes that have allowed unregulated intoxicating hemp products to reach kids and the broader public."

Addressing Intoxicating Hemp. In recent years, concerns have mounted about the spread of intoxicating hemp products in everyday retail settings, most notably in vape shops and online. A February 2025 white paper, The Great Hemp Hoax, reviewed more than 100 products from 68 brands and found that 95% contained synthetic cannabinoids prohibited under California law, 88% exceeded the legal THC limit for hemp, and vape products marketed as "hemp-derived" averaged 268% higher THC equivalency than allowable for adult-use cannabis.

Enforcement Under Prior Emergency Authority. In September 2024, the state adopted emergency regulations under the Department of Public Health to respond to these risks. These rules targeted intoxicating hemp products, with an emphasis on protecting vulnerable populations. Under that framework, the Department of Alcoholic Beverage Control (ABC) recently reported that since September 2024, ABC agents visited 14,743 businesses, removed 7,210 illegal products, and intervened at 151 locations statewide.

Key Provisions of AB 8

- Bans intoxicating hemp and synthetic THC products from being sold outside licensed dispensaries
- Grants and clarifies local law enforcement authority to inspect, seize, and destroy illegal hemp or cannabis products
- Codifies enforcement powers for both state and local law enforcement
- Brings hemp cannabinoids, including trace THC, into the existing cannabis regulatory framework (MAUCRSA), ensuring uniform safety, labeling, testing, and taxation

Public Health and Enforcement Rationale. As Majority Leader Aguiar-Curry noted in her press release, "limited enforcement and rapidly evolving industry practices have led to a surge in intoxicating hemp products that are easily accessible to consumers—including youth—posing public health risks and undermining California's regulated hemp and cannabis markets."

By establishing clear enforcement authority and regulatory alignment, AB 8 aims to shield consumers, especially youth, from untested and mislabeled products, reduce illicit market competition, and elevate compliance across both hemp and cannabis sectors.

Broad Support from Law Enforcement and Local Government. AB 8 was supported by the California State Association of Counties (CSAC), the League of California Cities, the California Narcotics Officers Association, and a number of Orange County–area law enforcement associations, including the Brea Police Association, Fullerton Police Officers' Association, Newport Beach Police Association, and the Santa Ana Police Officers' Association.

Local Impact: What This Means for Orange County. For Orange County, AB 8 provides additional enforcement tools to safeguard public health and ensure legal retail compliance across the county's cities and unincorporated areas. Local law enforcement agencies now have clear statutory authority to interdict unregulated hemp products, inspect retail premises, and remove illicit inventory—strengthening public protection, supporting regulatory oversight, and deterring youth access.

Read the governor's bill signing announcement here.

California's FAIR Plan Files for a Major Rate Increase

The California FAIR Plan, which serves as the insurer of last resort for homeowners, has proposed a 35.8% increase in home insurance rates, effective next spring. If approved, this would be the program's most significant rate hike in at least seven years.

The proposed changes would impact policyholders differently. Approximately half of all customers could see increases ranging from 40% to 55%. While some might experience rate decreases of up to 78%, four policyholders could face increases exceeding 300%. These new rates would apply upon renewal, starting after April 1.

A FAIR Plan spokesperson attributed wildfire risk as the primary driver for these rate adjustments. Homeowners in lower-risk areas, such as the Central Valley, might see reduced rates, whereas those in high-risk regions like Sonoma County and the Sierra Nevada foothills could face substantial increases. Discounts are available for homeowners who implement wildfire risk reduction measures on their properties.

Currently, the FAIR Plan policy only covers fire damage, requiring policyholders to obtain separate coverage for liability, water damage, and other risks. Many homeowners report that opting for the FAIR Plan doubles or even more than doubles their previous private market rates, even before any recent increases.

On average, the combined annual cost of a FAIR Plan policy and a Difference in Conditions (DIC) policy is around $3,200. This figure, cited by multiple consumer and industry sources, is more than twice the average cost of a standard private homeowners policy, which is roughly $1,429 per year for similar properties.

FAIR Plan president Victoria Roach had previously indicated the necessity of a significant rate increase to help the insurer cover the costs associated with major wildfires. Since 2021, the number of FAIR Plan policyholders has more than doubled, reaching 591,000 this summer, a growth that has financially strained the program and its backing private insurers.

A FAIR Plan spokesperson stated that "Use of the rate guidelines prior to the Sustainable Insurance Strategy (SIS) would have resulted in the FAIR Plan seeking an 80% rate increase. The current 35.8% filing reflects the measured approach made possible under SIS, and the FAIR Plan appreciates Commissioner Ricardo Lara's leadership in advancing SIS to help stabilize rates and broaden property insurance options."

In 2021, the FAIR Plan sought a 48.8% increase but was granted a 15.7% rise, which took effect at the end of 2023. If the current request is approved, it will mark the first time the FAIR Plan has incorporated wildfire catastrophe models and reinsurance costs into its rate application—changes introduced under Insurance Commissioner Ricardo Lara's SIS.

Other insurers have also sought rate increases under the new reforms. CSAA and Mercury Insurance, both among California's top 10 insurers, have requested 6.9% increases. While industry observers anticipated that SIS reforms would lead to higher rates, the FAIR Plan contends that the reforms resulted in a lower requested increase than would have been sought under the previous system.

Previously, insurers were limited to using historical loss data and could not include reinsurance costs in their rate calculations. The new rules now permit the use of catastrophe models to assess wildfire risk, which proponents argue offers a more accurate reflection of current and future conditions.

Conversely, the state is exploring its own methods for assessing these risks, including the development of a public wildfire catastrophe model. SB 429 (Cortese), currently awaiting the governor's action, proposes the creation of a Wildfire Safety and Risk Mitigation Program under the Department of Insurance, which would fund research to develop and implement such a model.

Grant Opportunities

Below is a list of the latest grant opportunities released by the state. All opportunities for local jurisdictions may be found here.

Deadline: 12/8/25 23:59
Title: **Cannabis Equity Grants Program for Local Jurisdictions**
State Agency / Department: Governor's Office of Business and Economic Development
Match Funding? No
Estimated Total Funding: $15,000,000
Funding Method: Advances & Reimbursement(s)

Deadline: 12/4/25 23:59
Title: **Reusable Beverage Containers Infrastructure Grant Program (FY 2022-23)**
State Agency / Department: Department of Resources Recycling and Recovery
Match Funding? No
Estimated Total Funding: $23,750,000
Funding Method: Advances & Reimbursement(s)

Deadline: 12/1/25 15:00
Title: **2025 CDBG NOFA**
State Agency / Department: Department of Housing and Community Development
Match Funding? No
Estimated Total Funding: $27,000,000
Funding Method: Reimbursement(s)

Governor's Press Releases

Below is a list of the governor's press releases beginning October 1.

October 8: Governor Newsom signs data privacy bills to protect tech users
October 8: Governor Newsom announces $30 million in apprenticeship funding to fill high-demand jobs in health care, education, and technology
October 8: Governor Newsom statement on Palisades Fire arrest

October 7: Governor Newsom signs legislation 10.7.25
October 7:TOMORROW: Governor Newsom, joined by First Partner Siebel Newsom, to sign historic legislation improving kids' health and nutrition across California
October 7: Governor Newsom proclaims Disability Employment Awareness Month
October 7: More parks for kids: California invests $38 million to boost outdoor opportunities for youth as Trump limits access
October 7: Governor Newsom signs bills further cracking down on hate and antisemitism in California schools
October 6: California partners with Belgium to boost business, strengthen economic ties
October 6: Governor Newsom issues legislative update 10.6.25
October 6: Governor Newsom signs new laws to help reduce costs for families
October 6: No more loud commercials: Governor Newsom signs SB 576
October 6: California celebrates National Coaches Day by revolutionizing youth sports with 25×25 Coaches Challenge
October 6: Governor Newsom celebrates Manufacturing Month, highlighting California's dominant role in American manufacturing
October 5: California secures court victory, Trump cannot deploy California National Guard into Oregon
October 5: Governor Newsom to sue, urges Americans to speak out on Trump's "breathtaking abuse of power" with cross-state Guard deployment
October 4: Governor Newsom issues statement on death of Chowchilla Police Officer
October 4: California Institution for Women celebrates first graduating class from Cal State LA
October 3: Governor Newsom issues legislative update 10.3.25
October 3: Governor Newsom signs landmark worker legislation, in stark contrast to Trump's assault on workers and government shutdown
October 3: California adds largest graduating class of Highway Patrol officers in 16 years to its police force
October 3: Governor Newsom signs legislation to advance California's position as the epicenter of global innovation
October 2: TOMORROW: Governor Newsom signs legislation advancing California's dominance in global innovation
October 2: Governor Newsom announces appointments

- Craig Snellings, of Oakland, has been reappointed to the Workers' Compensation Appeals Board
- Magda Menendez, of Bakersfield, has been appointed to the California Workforce Development Board
- Alysia Bell, of Redondo Beach, has been appointed to the California Workforce Development Board
- Rex Richardson, of Long Beach, has been appointed to the California Workforce Development Board

October 2: Governor Newsom: No state funding for sell-out universities
October 2: Health care costs for many Californians will nearly double in three months because of Donald Trump, Governor Newsom warns
October 2: Governor Newsom announces 99.8% compliance with emergency regulations, signs bill to permanently protect children from hemp products
October 2: Governor Newsom signs bill expanding fuel options to cut gas prices
October 2: Governor Newsom signs bills curbing billionaire influence on elections and protecting elections from interference
October 1: Governor Newsom issues legislative update 10.1.25
October 1: Governor Newsom statement on Trump administration's decision to cut hydrogen hub funding
October 1: Trump's shutdown leaves California disaster readiness in jeopardy

- **October 1:**Governor, First Partner statement on the passing of Jane Goodall

3. Washington D.C. Legislative Report

LEGISLATIVE BRANCH ACTIVITY

Government Shutdown Continues as Negotiations Have Remained Largely Stalled

A lapse in appropriations or a government shutdown began at the end of Fiscal Year (FY25) on October 1. Congressional Leaders and the White House have not advanced negotiations on a potential funding deal. Some programs have begun to cease operations and payments of benefits, and all non-defense and immigration federal agencies have implemented contingency plans detailing changes to their operations as a result of the shutdown, including the:

- Department of Housing and Urban Development
- Department of Education
- Department of Labor
- Department of Veteran's Affairs
- Department of Transportation
- Department of Energy
- Department of Health and Human Services
- Department of Commerce
- Department of Justice
- Department of the Treasury
- Environmental Protection Agency
- Social Security Administration
- US Department of Agriculture
- Small Business Administration
- Army Corps of Engineers

On September 19, the House passed a clean CR, HR 5371, to maintain current funding levels for seven weeks, allowing more time to pass the 12 annual appropriations bills. Meanwhile, the House and Senate Minority released a draft CR outlining their negotiating position. For the government to reopen Congressional leaders either need to strike a deal, or the House-passed CR must garner 60 votes in the Senate, seven votes coming from Democratic Senators. Senate Majority Leader John Thune has called a vote on both the clean CR and the Democratic counterpart every voting day since the shutdown began, the clean CR has only achieved a high of 56 votes. House Speaker Mike Johnson delayed previously scheduled votes and stated Congressional Republicans would not return until the Senate passed the clean CR.

Republicans have argued they are willing to negotiate on the Democrat's demands once the government reopens, while Democrats have argued that similar prior commitments have not come to fruition. The negotiations being at a stalemate, it is unclear how long the shutdown is anticipated to last.

EXECUTIVE BRANCH ACTIVITY

Administration Seeks to Create Pressure on Democrats to Pass Clean CR

The Administration is seeking to increase the pressure on Democrats to pass HR 5371, the House-passed clean continuing resolution that would temporarily maintain FY25 funding levels and allow appropriators more time to negotiate full-year funding bills. The bill needs seven Democratic Senators to support it, and thus far only has the support of three.

To increase pressure, the Administration has encouraged agencies to use the furlough of federal employees to conduct mass layoffs (reductions in force (RIFs)), announced a review of two infrastructure megaprojects in New York for compliance with a prior interim rule on diversity, equity, and inclusion, temporarily freezing funding for the projects, and terminated funding for clean energy projects including $1.2 billion for California's Alliance for Renewable Clean Hydrogen Energy Systems (ARCHES). Office of Management and Budget (OMB) Director Russ Vought has proposed future cuts to federal funding in Democrat-Led states as part of increasing the political pressure on Senate Democrats to advance the Republican-proposed clean CR.

Despite this, the White House committed to using tariff revenue to temporarily fund the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which was slated to run out of FY25 funding this week. It is unclear whether the President has the authority to fund the Congressionally endowed program under the Department of Agriculture in this manner. Agencies have also included banners on their websites blaming Democrats for the shutdown, which may be a violation of the Hatch Act, a law that generally prevents federal agencies from engaging in political or partisan activity.

Orange County Delegation Press Releases

- Rep. Mike Levin – October 7, 2025: Reps. Mike Levin & Sean Casten Lead 163 House Democrats to Demand DOE Reinstate Canceled Projects
- Rep. Mike Levin – October 3, 2025: Rep. Mike Levin & Constituents Sound the Alarm About Health Care Premium Rate Hikes
- Rep. Lou Correa – October 7, 2025: CORREA, THOMPSON, MAGAZINER, CONDEMN TRUMP ADMINISTRATION FOR DIVERTING COUNTERTERRORISM RESOURCES TO SUPPRESS FREE SPEECH
- Rep. Lou Correa – October 2, 2025: CORREA REFUSES PAY DURING GOVERNMENT SHUTDOWN, STANDS WITH SERVICEMEMBERS, FEDERAL WORKERS
- Rep. Young Kim – October 2, 2025: Orange County Veterans Cemetery Ranked as a Top Priority for FY26
- Rep. Derek Tran – October 8, 2025: Representative Tran Fights to Protect Troops' Pay During Shutdown
- Rep. Derek Tran – October 6, 2025: Representative Tran Calls on Republican Colleagues to Immediately Return to DC to Address Spike in Health Care Costs
- Sen. Alex Padilla – October 7, 2025: Padilla, Schiff, Illinois, Oregon Senators Warn Against Trump's Illegal Deployments of National Guard Troops to Their States
- Sen. Alex Padilla – October 7, 2025: WATCH: Padilla Warns of Politicization of DOJ During Oversight Hearing With Attorney General Bondi
- Sen. Alex Padilla – October 3, 2025: Padilla, Schiff Slam Unlawful Elimination of Federal Funding for ARCHES Hydrogen Hub as Part of Vindictive $7.5 Billion DOE Funding Cuts
- Sen. Adam Schiff – October 8, 2025: WATCH: Sen. Schiff Recaps Repeated Stonewalling by Attorney General Pam Bondi, Highlights Continued Cover-ups
- Sen. Adam Schiff – October 7, 2025: NEWS: Schiff, Padilla, Illinois, Oregon Senators Warn Against Trump's Illegal Deployments of National Guard Troops to Their States
- Sen. Adam Schiff – October 7, 2025: WATCH: Sen. Schiff Presses Attorney General Pam Bondi on Releasing Homan Investigation Tape, Condemns Stonewalling on Key Questions Regarding Weaponization of Justice Department

- Sen. Adam Schiff – October 7, 2025: STATEMENT: Sen. Schiff on Anniversary of October 7 Hamas Attack on Israel
- Sen. Adam Schiff – October 5, 2025: WATCH: Sen. Schiff Hammers Republicans' Refusal to Negotiate on Shutdown, Health Care Price Spikes, Condemns Trump's Targeting of Political Foes on NBC's Meet the Press
- Sen. Adam Schiff – October 3, 2025: NEWS: Sens. Schiff and Padilla Slam Unlawful Elimination of Federal Funding for ARCHES Hydrogen Hub as Part of Vindictive $7.5 Billion DOE Funding Cuts
- Sen. Adam Schiff – October 1, 2025: NEWS: Sens. Schiff, Durbin, Cassidy, and Rep. McGovern Urge Tunisian President to Release Sonia Dahmani

Legislation Introduced by the Orange County Delegation

Bill Number	Bill Title	Introduction Date	Sponsor	Bill Description	Latest Major Action
S.RES.435	No Short Title Available.	10/06/2025	Sen. Adam Schiff (D-CA)	A resolution honoring the life of Brian Douglas Wilson as a rock-n-roll and pop icon, a musical genius, and one of the greatest composers, songwriters, and innovators in the history of the United States.	Submitted in the Senate, considered, and agreed to without amendment and with a preamble by Unanimous Consent., 10/05/25

If you or your staff have any questions or require additional information on any of the items in this bulletin, please contact Peter DeMarco at 714-834-5777.

Agenda Item

AGENDA STAFF REPORT

21

ASR Control 24-001079

MEETING DATE:	10/14/25
LEGAL ENTITY TAKING ACTION:	Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S):	All Districts
SUBMITTING AGENCY/DEPARTMENT:	County Executive Office (Approved)
DEPARTMENT CONTACT PERSON(S):	Peter DeMarco (714) 834-5777
	Andrea Foster (714) 834-2009

SUBJECT: Grant Applications/Awards Report

CEO CONCUR	**COUNTY COUNSEL REVIEW**	**CLERK OF THE BOARD**
Concur	Approved Agreement(s) and Resolution(s)	Discussion
		3 Votes Board Majority

Budgeted: N/A **Current Year Cost:** N/A **Annual Cost:** N/A

Staffing Impact: No **# of Positions:** **Sole Source:** N/A

Current Fiscal Year Revenue: N/A

Funding Source: N/A **County Audit in last 3 years:** No

Levine Act Review Completed: N/A

Prior Board Action: N/A

RECOMMENDED ACTION(S):

Approve grant applications/awards as proposed and other actions as recommended.

1. Receive and File Grants Report.

2. Approve Grant Award and Adopt Resolution – District Attorney – Life and Annuity Consumer Protection Program – $115,959

3. Approve Grant Award and Adopt Resolution – District Attorney – Alcohol and Drug Impaired Driver Grant: Vertical Prosecution Program and California Traffic Safety Resource Program Training Network – $3,368,500

4. Approve Grant Application – Health Care Agency – Public Health Crisis Response Cooperative Agreement – $5,000,000

5. Approve Grant Application – Health Care Agency – California Home Visiting Program (CHVP) State General Fund Innovation 3.0 Project – $600,000

6. Approve Grant Agreement – Health Care Agency – Voluntary Intergovernmental Transfer (IGT) Agreement

7. Approve Grant Award – OC Community Resources – Breakaway Fund – $100,000

8. Approve Grant Application – OC Public Works – INVEST CLEAN: Charging Infrastructure Deployment Incentive Program – $336,000

9. Approve Grant Application and Adopt Resolution – Public Defender – Expanded Public Defense Grant (Holistic Defense) – $850,000

10. Approve Grant Application – Sheriff-Coroner – BJA FY25 Body-Worn Camera Policy and Implementation Program to Support Law Enforcement Agencies – $3,000,000

11. Approve Grant Award and Adopt Resolution – Sheriff-Coroner – FY 25/26 Boating Safety and Enforcement Equipment (BSEE) Grant – $106,262.40

12. Approve Grant Award and Adopt Resolution – Sheriff-Coroner – Edward Byrne Memorial Justice Assistance Grant (JAG) Equipment and Training Program – $1,941,555

13. Approve Retroactive Grant Award – Sheriff-Coroner – 2024 Homeland Security Grant Program (HSGP) – $2,718,746

SUMMARY:

See the attached Grants Report.

BACKGROUND INFORMATION:

See the attached Grants Report.

FINANCIAL IMPACT:

N/A

STAFFING IMPACT:

N/A

ATTACHMENT(S):

Attachment A - Grants Report
Attachment B - Resolution - DA - Life and Annuity Consumer Protection Program 25-26
Attachment C - Resolution - DA - Alcohol and Drug Impaired Driver Grant
Attachment D - Resolution - Public Defender - Expanded Public Defense Services
Attachment E - Resolution - Sheriff-Coroner - BSEE
Attachment F - Resolution - Sheriff-Coroner - JAG Equipment and Training

Grants Report DRAFT

County Executive Office/Legislative Affairs

October 14, 2025
Item No: 21

County of Orange Report on Grant Applications/Awards

The Grants Report is a condensed list of grant requests by County Agencies/Departments that allows the Board of Supervisors to discuss and approve grant submittals in one motion at a Board meeting. County policy dictates that the Board of Supervisors must approve all grant applications prior to submittal to the grantor. This applies to grants of all amounts, as well as to new grants and those that have been received by the County for many years as part of an ongoing grant. Receipt of grants $50,000 or less is delegated to the County Executive Officer. Grant awards greater than $50,000 must be presented to the Board of Supervisors for receipt of funds. This report allows for better tracking of county grant requests, the success rate of our grants, and monitoring of County's grants activities. It also serves to inform Orange County's Sacramento and Washington, D.C. advocates of County grant activities involving the State or Federal Governments.

On October 14, 2025, the Board of Supervisors will consider the following actions:

RECOMMENDED ACTIONS

Approve grant applications/awards as proposed and other actions as recommended.

ACTION ITEMS:

1. Receive and File Grants Report

2. Approve Grant Award and Adopt Resolution – District Attorney – Life and Annuity Consumer Protection Program – $115,959

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If you or your staff have any questions or require additional information on any of the items in this report, please contact Andrea Foster at (714) 834-2009.

9. Approve Grant Application and Adopt Resolution – Public Defender – Expanded Public Defense Grant (Holistic Defense) – $850,000

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13. Approve Retroactive Grant Award – Sheriff-Coroner – 2024 Homeland Security Grant Program (HSGP) – $2,718,746

If you or your staff have any questions or require additional information on any of the items in this report, please contact Andrea Foster at (714) 834-2009.

CEO-Legislative Affairs Office
Grant Authorization eForm

GRANT APPLICATION / GRANT AWARD

Today's Date:	October 8, 2025
Requesting Agency/Department:	District Attorney
Grant Name and Project Title:	Life and Annuity Consumer Protection Program
Sponsoring Organization/ Grant Source: (If the grant source is not a government entity, please provide a brief description of the organization/foundation)	California Department of Insurance
Application Amount Requested:	$116,906
Application Due Date:	April 30, 2025
Board Date when Board Approved this Application:	April 8, 2025
Awarded Funding Amount:	$115,959
Notification Date of Funding Awarded:	September 23, 2025
Is this an Authorized Retroactive Grant Application/Award? No	
Recurrence of Grant:	Yes
If this is a recurring grant, please list the funding amount applied for and awarded in the past:	

	Funding Applied for:	Funding Awarded:
FY 2024-25	$ 121,196	$ 116,906
FY 2023-24	$ 100,000	$ 94,875

Does this grant require CEQA findings?	No
What Type of Grant is this?	**Award** - Competitive
County Match?	No
How will the County Match be fulfilled? (Please include the specific budget)	N/A
Will the grant/program create new part or full-time positions?	No
Purpose of Grant Funds:	Provide summary and brief background on why the Board of Supervisors should accept this grant application/award, and how the grant will be implemented.

This grant award is made pursuant to the provisions of California Insurance Code Section 10127.17, and shall be used solely for the purposes of enhanced investigation and prosecution of life insurance and annuity financial abuse by insurance licensees, or any person purporting to be engaged in the business of insurance. This grant will provide continued funding for the vertical prosecution unit consisting of prosecutorial, investigative, and support staff to investigate and prosecute life insurance and annuity fraud cases.

Board Resolution Required?	Yes

Deputy County Counsel Name:	Carolyn Khouzam

Recommended Action(s)
(Please specify below)

1. Authorize the District Attorney or his designee, to sign and execute, on behalf of the County of Orange, the Grant Agreement with the CDI accepting the grant award of $115,959 for the Life and Annuity Consumer Protection Program for fiscal year 2025-26.

2. Authorize the District Attorney, or his designee, to execute, on behalf of the County of Orange, any extensions or amendments that reflect the actual grant award but do not materially alter the terms of the grant award.

3. Adopt the Resolution to receive funds for the Life and Annuity Consumer Protection Program.

Department Contact:	List the name and contact information (telephone, email) of the person to be contacted for further information.

Matthew Pettit (714) 347-8440 Matthew.Pettit@ocdapa.org

Name of individual attending the Board Meeting:	List the name of the individual who will be attending the Board Meeting for this Grant item:

Matthew Pettit

RESOLUTION OF THE BOARD OF SUPERVISORS OF
ORANGE COUNTY, CALIFORNIA

October 14, 2025

WHEREAS, the County of Orange desires to undertake its project designated "The Life and Annuity Consumer Protection Program" to be funded in part from funds made available through the California Insurance Code Section 10127.17 and administered by the California Department of Insurance (hereafter referred to as CDI).

NOW, THEREFORE, BE IT RESOLVED that this Board does hereby:

1. Authorize the District Attorney, or his designee, to sign and execute, on behalf of the County of Orange, a Grant Award Agreement with CDI for the Life and Annuity Consumer Protection Program, effective from July 1, 2025, through June 30, 2026, in the amount not to exceed $115,959.
2. Authorize the District Attorney, or his designee, to execute, on behalf of the County of Orange, any extensions or amendments that reflect the actual grant award amount but do not materially alter the terms of the grant award.
3. Assure that the County of Orange assumes any liability arising out of the County's performance of this Grant Award Agreement, including civil court actions for damages. The State of California and the California Department of Insurance disclaim responsibility for any such liability.
4. Assure that the County of Orange will not use grant funds to supplant expenditures controlled by the Board of Supervisors.

CEO-Legislative Affairs Office
Grant Authorization eForm

GRANT APPLICATION / GRANT AWARD

Today's Date:	October 8, 2025
Requesting Agency/Department:	District Attorney
Grant Name and Project Title:	Alcohol and Drug Impaired Driver Grant: Vertical Prosecution Program and California Traffic Safety Resource Program Training Network
Sponsoring Organization/ Grant Source: (If the grant source is not a government entity, please provide a brief description of the organization/foundation)	California Office of Traffic Safety
Application Amount Requested:	$3,986,705
Application Due Date:	January 31, 2025
Board Date when Board Approved this Application:	January 28, 2025
Awarded Funding Amount:	$3,368,500
Notification Date of Funding Awarded:	October 6, 2025
Is this an Authorized Retroactive Grant Application/Award? No	
Recurrence of Grant:	Yes
If this is a recurring grant, please list the funding amount applied for and awarded in the past:	

	Applied For		Awarded	
	Vertical Prosecution	Statewide Training	Vertical Prosecution	Statewide Training
FY 24-25	$ 1,524,802	$ 2,047,066	$ 1,524,803	$ 1,757,683
FY 23-24	$ 1,601,675	$ 1,539,353	$ 1,303,250	$ 1,539,354
FY 22-23	$ 1,329,654	$ 887,389	$ 1,329,655	$ 1,523,625

Does this grant require CEQA findings?	No
What Type of Grant is this?	**Award** - Competitive
County Match?	No
How will the County Match be fulfilled? (Please include the specific budget)	N/A
Will the grant/program create new part or full-time positions?	No
Purpose of Grant Funds:	Provide summary and brief background on why the Board of Supervisors should accept this grant application/award, and how the grant will be implemented.

The California Office of Traffic Safety (OTS) awards funds to identify and address emerging traffic safety issues through innovative and evidence-based programs. This grant will provide continued funding for specialized personnel consisting of prosecutorial and investigative staff to prosecute alcohol and drug impaired driving cases

as well as to provide training and technical assistance to police officers, prosecutors and other traffic safety professionals throughout the state. OCDA has been working in partnership with OTS on traffic safety and driving under the influence of drugs prosecutions since 2011. Since 2017, the District Attorney's Office has served as the statewide training agency for traffic safety.

Board Resolution Required?	Yes
Deputy County Counsel Name:	Carolyn Khouzam

Recommended Action(s)
(Please specify below)

1. Authorize the District Attorney or designee to accept funds for the OTS Alcohol and Drug Impaired Driver Vertical Prosecution Program and the California Traffic Safety Resource Program Training Network

2. Authorize the District Attorney or designee to execute the OTS Alcohol and Drug Impaired Driver Vertical Prosecution Program and the California Traffic Safety Resource Program Training Network Grant Award Agreements and any subsequent amendments or modifications thereto, as well as any other documents which are related to the OTS Alcohol and Drug Impaired Driver Grants

3. Adopt the Resolution to receive funds for the OTS Alcohol and Drug Impaired Driver Vertical Prosecution Program and the California Traffic Safety Resource Program Training Network.

Department Contact:	List the name and contact information (telephone, email) of the person to be contacted for further information.
Matthew Pettit (714) 347 - 8440 Matthew.Pettit@ocdapa.org	
Name of individual attending the Board Meeting:	List the name of the individual who will be attending the Board Meeting for this Grant item:
Matthew Pettit	

RESOLUTION OF THE BOARD OF SUPERVISORS OF
ORANGE COUNTY, CALIFORNIA

October 14, 2025

WHEREAS, the County of Orange desires to undertake its projects designated "Alcohol and Drug Impaired Driver Vertical Prosecution Program" and "California Traffic Safety Resource Prosecutor Training Network" to be funded for federal fiscal year ("federal fiscal year" i.e. October 1, 2025 – September 30, 2026), in part, from funds made available through California Office of Traffic Safety (hereafter referred to as OTS).

NOW, THEREFORE, BE IT RESOLVED that this Board does hereby:

1. Authorize the District Attorney, or his designee, to sign and execute, on behalf of the County of Orange, Grant Agreements with Office of Traffic Safety for the Alcohol and Drug Impaired Driver Vertical Prosecution Program for federal fiscal year 2025-26 in the amount not to exceed $1,568,500, and the California Traffic Safety Resource Prosecutor Training Network for federal fiscal year 2025-26 in the amount not to exceed $1,800,000.

2. Authorize the District Attorney, or his designee, to execute, on behalf of the County of Orange, any extensions or amendments that reflect the actual grant amount but do not materially alter the terms of the grant award.

3. Assure that the County of Orange will not use grant funds to supplant expenditures controlled by the Board of Supervisors.

CEO-Legislative Affairs Office
Grant Authorization eForm

GRANT APPLICATION / GRANT AWARD

Today's Date:	October 8, 2025
Requesting Agency/Department:	Health Care Agency
Grant Name and Project Title:	Public Health Crisis Response Cooperative Agreement
Sponsoring Organization/ Grant Source: (If the grant source is not a government entity, please provide a brief description of the organization/foundation)	Department of Health and Human Services Centers for Disease Control - CSELS
Application Amount Requested:	$5,000,000
Application Due Date:	November 30, 2025
Board Date when Board Approved this Application:	N/A
Awarded Funding Amount:	N/A
Notification Date of Funding Awarded:	N/A
Is this an Authorized Retroactive Grant Application/Award? No	
Recurrence of Grant:	No
If this is a recurring grant, please list the funding amount applied for and awarded in the past:	N/A
Does this grant require CEQA findings?	No
What Type of Grant is this?	**Application** - Application is intended to establish a roster of approved but unfunded (ABU) applicants and establishes award amounts when a public health emergency requires this NOFO to be activated.
County Match?	No
How will the County Match be fulfilled? (Please include the specific budget)	N/A
Will the grant/program create new part or full-time positions?	No
Purpose of Grant Funds:	Provide summary and brief background on why the Board of Supervisors should accept this grant application/award, and how the grant will be implemented.

This grant application is intended to establish a roster of approved but unfunded (ABU) applicants, and CDC will make funding related to this Notice of Funding Opportunity (NOFO) available once it has determined a public health emergency exists or is considered imminent and will be contingent upon the availability and stipulations of appropriations. This funding may be used to re-establish capacity lost or diminished because of the public health crisis. It is designed to support the surge needs of existing programs responding to a significant PHE. The NOFO also provides funding for specialized public health emergency response activities tailored to the specific public health crisis. CDC will provide supplemental guidance to entities on the ABU list when this NOFO is activated regarding specific activities intended to address the emergency. HCA anticipates returning to the Board for approval to accept funding if awarded.

Board Resolution Required? **Deputy County Counsel Name:**	No

Recommended Action(s)
(Please specify below)

The Health Care Agency respectfully requests that the Board of Supervisors take the following actions:

1. Authorize the Health Care Agency to apply for this grant award, and delegate authority to the Health Care Agency Director, or designee, to sign and execute the application and/or any documents related to this application.

2. Authorize the Health Care Agency Director, or designee, to sign and execute such future amendments to the application referenced above that do not change the application amount by more than 10% of the original amount and/or make immaterial, ministerial changes to the application scope of work.

Department Contact:	List the name and contact information (telephone, email) of the person to be contacted for further information.
Jennifer Sarin jsarin@ochca.com	
Name of individual attending the Board Meeting:	List the name of the individual who will be attending the Board Meeting for this Grant item:
Veronica Kelley	

CEO-Legislative Affairs Office
Grant Authorization eForm

GRANT APPLICATION / GRANT AWARD

Today's Date:	October 8, 2025
Requesting Agency/Department:	Health Care Agency
Grant Name and Project Title:	California Home Visiting Program (CHVP) State General Fund Innovation 3.0 Project
Sponsoring Organization/ Grant Source: (If the grant source is not a government entity, please provide a brief description of the organization/foundation)	County of Orange
Application Amount Requested:	$600,000
Application Due Date:	Ongoing
Board Date when Board Approved this Application:	N/A
Awarded Funding Amount:	N/A
Notification Date of Funding Awarded:	September 20, 2025
Is this an Authorized Retroactive Grant Application/Award? No	
Recurrence of Grant:	No
If this is a recurring grant, please list the funding amount applied for and awarded in the past:	N/A
Does this grant require CEQA findings?	No
What Type of Grant is this?	**Application** - Competitive
County Match?	No
How will the County Match be fulfilled? (Please include the specific budget)	N/A
Will the grant/program create new part or full-time positions?	No
Purpose of Grant Funds:	Provide summary and brief background on why the Board of Supervisors should accept this grant application/award, and how the grant will be implemented.

The California Department of Public Health (CDPH), Maternal, Child, and Adolescent Health (MCAH) California Home Visiting Program (CHVP) is offering a grant award to implement innovative home visiting or home visiting related programs/projects with a focus on meeting a locally identified challenge in providing relevant, responsive, well-integrated home visiting services to pregnant and parenting families in their communities. Projects will focus on public health strategies to improve support to evidenced-based home visiting models not otherwise funded by CDPH/CHVP. The Community and Nursing Services Division's (CNSD) proposed project will fund a Public Health Nurse to provide home visitation and case management services focusing on perinatal stabilization for pregnant or post-partum clients experiencing substance use disorder (SUD). The goal of the project is to stabilize impacted clients and serve as the liaison to continue implementation of the Family Wellness Plans (Plans of Safe Care)

within the different hospital systems within Orange County. The Public Health Nurse (PHN) will provide short-term case management connecting and linking clients to SUD services, providing assessments to mother and child addressing factors that impact health, and providing other critical interventions and referrals to community services. CNSD is experienced in providing home visitation to the MCAH populations through CNSD programs serving pregnant and parenting women, and children ages birth to three years. This grant will allow CNSD to expand services to improve the system level work of Family Wellness Plans/Plans of Safe Care.

Board Resolution Required? **Deputy County Counsel Name:**	No

Recommended Action(s)
(Please specify below)

The Health Care Agency requests that the Board of Supervisors:

1. Approve the Recommended Action authorizing the Agency to apply for this grant award, and delegate authority to the Health Care Agency Director, or designee, to execute the application and any forms needed for this application.

2. Authorize the Health Care Agency Director, or designee, to execute such future amendments to the application referenced above that do not change the application amount by more than 10% of the original amount and/or make immaterial changes to the scope of work.

Department Contact:	List the name and contact information (telephone, email) of the person to be contacted for further information.
Jennifer Sarin 714-834-4099 JSarin@ochca.com	
Name of individual attending the Board Meeting:	List the name of the individual who will be attending the Board Meeting for this Grant item:
Veronica Kelley	

CEO-Legislative Affairs Office
Grant Authorization eForm

GRANT APPLICATION / GRANT AWARD

Today's Date:	October 8, 2025
Requesting Agency/Department:	Health Care Agency
Grant Name and Project Title:	Voluntary Intergovernmental Transfer (IGT) Agreement
Sponsoring Organization/ Grant Source: (If the grant source is not a government entity, please provide a brief description of the organization/foundation)	Department of Health Care Services
Application Amount Requested:	N/A
Application Due Date:	N/A
Board Date when Board Approved this Application:	June 24, 2025
Awarded Funding Amount:	N/A
Notification Date of Funding Awarded:	June 6, 2025
Is this an Authorized Retroactive Grant Application/Award? No	
Recurrence of Grant:	Yes
If this is a recurring grant, please list the funding amount applied for and awarded in the past:	CY 2021 total $8,074,204 CY 2022 total $9,809,602 CY 2023 total $10,704,601
Does this grant require CEQA findings?	No
What Type of Grant is this?	**Other** - IGT
County Match?	No
How will the County Match be fulfilled? (Please include the specific budget)	N/A
Will the grant/program create new part or full-time positions?	No
Purpose of Grant Funds:	Provide summary and brief background on why the Board of Supervisors should accept this grant application/award, and how the grant will be implemented.

Since 2006, the California Department of Health Care Services (DHCS) has offered local governments that provide health care the opportunity to secure additional Medi-Cal revenues by participating in a voluntary Intergovernmental Transfer (IGT) program with their local Medi-Cal Managed Care Plan (MCP). Orange County Health dba CalOptima (CalOptima) is the Medi-Cal MCP that serves Orange County, CA.

The Orange County Health Care Agency (HCA) was invited by CalOptima to participate in an IGT to obtain Federal reimbursement for uncompensated health care provided to their patients. The Federal Centers for Medicare and Medicaid Services (CMS) provides a rate range for Medi-Cal managed care services, but the actual reimbursement rates that the plans receive are set by the DHCS. The difference between the allowable rate and State actual rate represents the potential amount of Federal reimbursement that counties can claim through the IGT to offset costs of uncompensated health care provided.

In order to opt into the IGT, HCA will need to execute an agreement with the MCP, CalOptima. The Board approved HCA entering into the agreement with CalOptima on June 24th, 2025, however, CalOptima recently updated their agreement template to include arbitration language. HCA's assigned Deputy County Counsel has asked HCA to seek Board approval for the updated agreement, including, but not limited to, the new arbitration language.

Board Resolution Required? **Deputy County Counsel Name:**	No

Recommended Action(s)
(Please specify below)

Authorize the Health Care Agency Director, or designee, to execute the Approval of Health Plan-Provider Intergovernmental Transfer Rate Range Program Agreement for the service period of January 1, 2024, through December 31, 2024 upon review and approval by County Counsel.

Department Contact:	List the name and contact information (telephone, email) of the person to be contacted for further information.
Jenna Sarin 714-834-4099 JSarin@ochca.com Veronica Kelley 714-834-7024 vkelley@ochca.com	
Name of individual attending the Board Meeting:	List the name of the individual who will be attending the Board Meeting for this Grant item:
Jenna Sarin	

CEO-Legislative Affairs Office
Grant Authorization eForm

GRANT APPLICATION / GRANT AWARD

Today's Date:	October 8, 2025
Requesting Agency/Department:	OC Community Resources
Grant Name and Project Title:	Breakaway Fund
Sponsoring Organization/ Grant Source: (If the grant source is not a government entity, please provide a brief description of the organization/foundation)	Samueli Foundation
Application Amount Requested:	$100,000
Application Due Date:	June 13, 2025
Board Date when Board Approved this Application:	June 24, 2025
Awarded Funding Amount:	$100,000
Notification Date of Funding Awarded:	September 16, 2025
Is this an Authorized Retroactive Grant Application/Award? No	
Recurrence of Grant:	Yes
If this is a recurring grant, please list the funding amount applied for and awarded in the past:	FY 2024-25 $250,000 FY 2023-24 $250,000
Does this grant require CEQA findings?	No
What Type of Grant is this?	**Award** - Competitive
County Match?	No
How will the County Match be fulfilled? (Please include the specific budget)	
Will the grant/program create new part or full-time positions?	No
Purpose of Grant Funds:	Provide summary and brief background on why the Board of Supervisors should accept this grant application/award, and how the grant will be implemented.

On September 16, 2025, OC Community Resources/OC Public Libraries (OOCR/OCPL) was notified by the Samueli Foundation of a grant award from its Breakaway Fund in the amount of $100,000.

This grant award will be used to implement OCCR/OCPL's "Regulation Station" project. This project will strengthen the library's capacity to serve neurodiverse families by creating inclusive, sensory-friendly story times for children ages two through eight, as well as fund programs and resources for the community to support families with children on the autism spectrum. The goal is to foster a sense of belonging, community support and confidence among families, empowering them to see their children as active participants in library programs and offerings.

Board Resolution Required? **Deputy County Counsel Name:**	
Recommended Action(s) (Please specify below)	
1. Authorize the OC Community Resources Director, or designee, to accept a grant award from the Samueli Foundation's Breakaway Fund in the amount of $100,000. 2. Authorize the OC Community Resources Director, or designee, to execute any related documents necessary to accept the grant award.	
Department Contact:	List the name and contact information (telephone, email) of the person to be contacted for further information.
Dylan Wright 714-480-2788 dylan.wright@occr.ocgov.com Julie Quillman 714-566-3086 julie.quillman@occr.ocgov.com	
Name of individual attending the Board Meeting:	List the name of the individual who will be attending the Board Meeting for this Grant item:
Dylan Wright	

CEO-Legislative Affairs Office
Grant Authorization eForm

GRANT APPLICATION / GRANT AWARD

Today's Date:	October 9, 2025
Requesting Agency/Department:	OC Public Works
Grant Name and Project Title:	INVEST CLEAN: Charging Infrastructure Deployment Incentive Program
Sponsoring Organization/ Grant Source: (If the grant source is not a government entity, please provide a brief description of the organization/foundation)	South Coast Air Quality Managment District
Application Amount Requested:	$336,000
Application Due Date:	November 28, 2025
Board Date when Board Approved this Application:	N/A
Awarded Funding Amount:	N/A
Notification Date of Funding Awarded:	N/A
Is this an Authorized Retroactive Grant Application/Award? No	
Recurrence of Grant:	No
If this is a recurring grant, please list the funding amount applied for and awarded in the past:	N/A
Does this grant require CEQA findings?	No
What Type of Grant is this?	**Application** - Competitive
County Match?	No
How will the County Match be fulfilled? (Please include the specific budget)	N/A
Will the grant/program create new part or full-time positions?	No
Purpose of Grant Funds:	Provide summary and brief background on why the Board of Supervisors should accept this grant application/award, and how the grant will be implemented.

Advanced Clean Cars II (ACFII) was adopted in 2022 and dictates what percent of vehicles sold in California (CA) must be Zero Emission Vehicles (ZEV) or Plug-In Hybrid Electric Vehicles (PHEV) for each model year between 2026 and 2035. By 2035 all new passenger cars, trucks and SUVs sold in CA will be zero emissions. Additionally, the California Air Resource Board (CARB) passed the Advanced Clean Fleet (ACF) rule on April 28, 2023. The ACF rule applies to agency feet vehicles that have a gross vehicle weight rating (GVWR) greater than 8,500lbs. The rule provided milestones to ensure applicable fleet vehicles are ZEV in the future. The ACF rule requires that state and local governments entities increase the percent of their affected fleet vehicles that are ZEV.

In an effort to meet these requirements Orange County Public Works (OCPW), has identified and prioritized the

top five County fleet locations in need of charging infrastructure. The County of Orange, Operations & Maintenance, Environmental Resources and Agricultural Commissioner office locations in Orange, make up the Glassell Campus, and is one of five prioritized fleet locations. The Glassell Campus meets the eligibility for the INVEST CLEAN rebate-based incentives, that can offset the cost of eligible charging equipment that directly supports class 4 to 8 medium heavy duty (MHD) and heavy, heavy duty (HH) vehicles located at the Glassell Campus. Over the course of the next five years, from 2025 through 2030, the Glassell Campus will need to replace at minimum 36 class 4 to 8 gas vehicles with electric vehicles. Applying for the INVEST CLEAN rebate incentives will provide partial reimbursement of the establishment of infrastructure to meet the charging infrastructure needed for these new vehicles.

Board Resolution Required? **Deputy County Counsel Name:**	No

Recommended Action(s)
(Please specify below)

Authorize the Director of OCPW or designee to submit, on behalf of the County of Orange, a grant application for INVEST CLEAN: Charging Infrastructure Deployment Incentive Program to the South Coast AQMD for rebate incentive funding to support the acquisition of Electric Vehicle Chargers for Orange County Fleet development of fast charging infrastructure that facilitates the timely deployment of battery electric medium and heavy-duty vehicles.

Department Contact:	List the name and contact information (telephone, email) of the person to be contacted for further information.

Sarah Jones (714)667-9607 sarah.jones@ocpw.ocgov.com
Zac Henson (714)834-7452 Zac.Henson@ocpw.ocgov.com

Name of individual attending the Board Meeting:	List the name of the individual who will be attending the Board Meeting for this Grant item:

Kevin Onuma

CEO-Legislative Affairs Office
Grant Authorization eForm

GRANT APPLICATION / GRANT AWARD

Today's Date:	October 8, 2025
Requesting Agency/Department:	Public Defender
Grant Name and Project Title:	Expanded Public Defense Grant (Holistic Defense)
Sponsoring Organization/ Grant Source: (If the grant source is not a government entity, please provide a brief description of the organization/foundation)	California Office of the State Public Defender
Application Amount Requested:	$850,000
Application Due Date:	October 28, 2025
Board Date when Board Approved this Application:	N/A
Awarded Funding Amount:	N/A
Notification Date of Funding Awarded:	N/A
Is this an Authorized Retroactive Grant Application/Award? No	
Recurrence of Grant:	No
If this is a recurring grant, please list the funding amount applied for and awarded in the past:	N/A
Does this grant require CEQA findings?	No
What Type of Grant is this?	**Application** - Competitive
County Match?	No
How will the County Match be fulfilled? (Please include the specific budget)	N/A
Will the grant/program create new part or full-time positions?	Yes
Purpose of Grant Funds:	Provide summary and brief background on why the Board of Supervisors should accept this grant application/award, and how the grant will be implemented.

In 2024 Proposition 36 was passed which allowed for tougher penalties for drug offenses and some theft offenses. It also provided for mandated drug treatment for certain drug offenses. Since Proposition 36 was implemented in December 2024, Orange County has had the highest number of Proposition 36 felony filings in the state. The majority of these Proposition 36 felony filings are drug treatment mandated felonies. These individuals have complex needs such as housing, medical, and mental health concerns. The funding for this grant comes from the Budget Act for fiscal year 2025-2026 (SB 102) which allocated $14,250,000 to the Office of the State Public Defender to provide grants to public defense services for holistic defense. The grant period for recipients is 26 months and is intended to expand public defense services, specifically holistic defense. Holistic defense is a client-centered approach to public defense that addresses client needs beyond their immediate criminal case. Utilizing grant funding, Public Defender would add staff for client representation in Proposition 36 Court, a program that continues to expand exponentially.

Board Resolution Required?	Yes
Deputy County Counsel Name:	Christopher Anderson

Recommended Action(s)
(Please specify below)

1. Authorize the OC Public Defender, or designee, to submit the Expanded Public Defense Services grant application and execute any documents required for the application.

2. Adopt resolution as approved by County Counsel to apply for funds from Office of the State Public Defender.

Department Contact:	List the name and contact information (telephone, email) of the person to be contacted for further information.
Sara Nakada 657-251-8696 sara.nakada@ocpubdef.com	
Name of individual attending the Board Meeting:	List the name of the individual who will be attending the Board Meeting for this Grant item:
Sara Nakada	

RESOLUTION OF THE BOARD OF SUPERVISORS OF
ORANGE COUNTY, CALIFORNIA
October 14, 2025

WHEREAS the County of Orange desires to participate in Expanded Public Defense Services Grant (Holistic Defense) funded through the State Budget Act of 2025-2026 (Senate Bill 102) and administered by the Office of the State Public Defender (hereafter referred to as the OSPD).

NOW, THEREFORE, BE IT RESOLVED that the County Executive Officer be authorized on behalf of the County of Orange to delegate authority to submit the grant proposal for this funding to the Orange County Public Defender and sign the Grant Agreement with the OSPD including any amendments thereof.

BE IT FURTHER RESOLVED that grant funds received hereunder shall not be used to supplant expenditures controlled by this body.

BE IT FURTHER RESOLVED that the County of Orange agrees to abide by the terms and conditions of the Grant Agreement as set forth by the OSPD.

CEO-Legislative Affairs Office
Grant Authorization eForm

GRANT APPLICATION / GRANT AWARD

Today's Date:	October 8, 2025
Requesting Agency/Department:	Sheriff-Coroner
Grant Name and Project Title:	BJA FY25 Body-Worn Camera Policy and Implementation Program to Support Law Enforcement Agencies
Sponsoring Organization/ Grant Source: (If the grant source is not a government entity, please provide a brief description of the organization/foundation)	U.S Department of Justice, Office of Justice Programs, Bureau of Justice Assistance
Application Amount Requested:	$3,000,000
Application Due Date:	November 3, 2025
Board Date when Board Approved this Application:	N/A
Awarded Funding Amount:	N/A
Notification Date of Funding Awarded:	N/A
Is this an Authorized Retroactive Grant Application/Award? No	
Recurrence of Grant:	Yes
If this is a recurring grant, please list the funding amount applied for and awarded in the past:	Year / Applied / Amount / Awarded 2020 / Yes / $2,000,000 / No 2021 / Yes / $2,000,000 / No 2022 / Yes / $400,000 / Yes 2023 / No / N/A / N/A 2024 / Yes / $2,000,000 / No
Does this grant require CEQA findings?	No
What Type of Grant is this?	**Application** - Competitive
County Match?	Yes
How will the County Match be fulfilled? (Please include the specific budget)	The Orange County Sheriff's Department plans to meet the matching requirement with expenditures related to the project including the purchase of cabinets, docks, and network cable installation. Additionally, establishing camera feeds with network circuits and hardware.
Will the grant/program create new part or full-time positions?	No
Purpose of Grant Funds:	Provide summary and brief background on why the Board of Supervisors should accept this grant application/award, and how the grant will be implemented.
If awarded this grant opportunity, the Orange County Sheriff's Department (OCSD) plans to deploy a body-worn camera (BWC) program through custody implementation. Of the 3 funding categories that the grant outlines,	

Category 1 supports the implementation or expansion of BWC programs for publicly funded law enforcement agencies. OCSDs Technology Division will oversee the purchase of new cameras, as well as licenses for footage, and docking stations for the equipment. Expanding OCSDs body-worn camera program will further support the department's goals of addressing public safety challenges.	
Board Resolution Required? **Deputy County Counsel Name:**	No
Recommended Action(s) (Please specify below)	
Authorize the Sheriff-Coroner, or designee, to apply for the FY 25 Body-Worn Camera Policy and Implementation Program and sign all necessary application documents required for submitting the application to the U.S. Department of Justice.	
Department Contact:	List the name and contact information (telephone, email) of the person to be contacted for further information.
Meenal Gore, IT Supervisor (714) 322-5638 mgore@ocsheriff.gov Mark Thomas, Technology Services Assistant Deputy (714) 809-0190 mathomas@ocsheriff.gov	
Name of individual attending the Board Meeting:	List the name of the individual who will be attending the Board Meeting for this Grant item:
Mark Thomas, Technology Services Assistant Deputy	

CEO-Legislative Affairs Office
Grant Authorization eForm

GRANT APPLICATION / GRANT AWARD

Today's Date:	October 8, 2025
Requesting Agency/Department:	Sheriff-Coroner
Grant Name and Project Title:	FY 25/26 Boating Safety and Enforcement Equipment (BSEE) Grant
Sponsoring Organization/ Grant Source: (If the grant source is not a government entity, please provide a brief description of the organization/foundation)	State of California, Division of Boating and Waterways
Application Amount Requested:	$150,000
Application Due Date:	April 30, 2025
Board Date when Board Approved this Application:	April 22, 2025
Awarded Funding Amount:	$106,262.40
Notification Date of Funding Awarded:	September 23, 2025
Is this an Authorized Retroactive Grant Application/Award? No	
Recurrence of Grant:	Yes

If this is a recurring grant, please list the funding amount applied for and awarded in the past:

Year	Applied	Amount	Awarded
2020	Yes	$40,000	Yes
2021	No	$0	N/A
2022	Yes	$101,500	Yes
2023	Yes	$74,000	Yes
2024	Yes	$140,000	Yes

Does this grant require CEQA findings?	No
What Type of Grant is this?	**Award** - Competitive
County Match?	No
How will the County Match be fulfilled? (Please include the specific budget)	N/A
Will the grant/program create new part or full-time positions?	No
Purpose of Grant Funds:	Provide summary and brief background on why the Board of Supervisors should accept this grant application/award, and how the grant will be implemented.

The Orange County Sheriff's Department's Harbor Patrol Bureau provides perpetual service to the citizens of Orange County by patrolling the 42 miles of coastline and three major harbors: Newport Beach, Sunset-Huntington, and Dana Point, that are within the county's jurisdiction. The unit plays a critical role in marine law enforcement, emergency response, and public safety operations across various marine environments, including coastal waters, harbors, marinas, and inland waterways. These missions often involve high-risk situations such

as vessel stops, water rescues, search and recovery operations, and coordination with other agencies during maritime incidents. To enhance personal safety and communication, the Harbor Patrol seeks to upgrade their equipment to ensure personnel are properly equipped to perform for both routine and emergency situations. This includes replacing aging personal flotation devices, upgrading radio communication headsets, and having protective rugged storage and transport cases to protect sensitive equipment from marine weather conditions. These improvements will increase officer safety, reduce equipment failures, and strengthen the unit's overall readiness. These tools are essential to day-to-day marine operations and support public safety goals, including faster response times and safer engagement during maritime enforcement actions.

Board Resolution Required?	Yes
Deputy County Counsel Name:	Supervising Deputy County Counsel Wendy Phillips

Recommended Action(s)
(Please specify below)

1. Authorize the Sheriff-Coroner, or designee, to accept the grant award from the State of California, Division of Boating and Waterways, for the FY 25/26 Boating Safety and Enforcement Equipment (BSEE) Grant.

2. Authorize the Sheriff-Coroner, or designee, to execute the FY 25/26 Grant Agreement, any subsequent amendments, and related documents that do not materially alter the terms of the grant award.

3. Adopt a governing resolution that authorizes the Sheriff-Coroner, or designee, to execute any actions necessary to obtain grant funding provided by the state of California, Division of Boating and Waterways.

Department Contact:	List the name and contact information (telephone, email) of the person to be contacted for further information.

Sgt. Charles Johnson (949) 673-0933 cajohnson@ocsheriff.gov
Deputy Ryan Skutvik (949) 425-1800 rskutvik@ocsheriff.gov

Name of individual attending the Board Meeting:	List the name of the individual who will be attending the Board Meeting for this Grant item:

Commander Jared Dahl, Sgt. Charles Johnson

RESOLUTION OF THE BOARD OF SUPERVISORS OF
ORANGE COUNTY, CALIFORNIA

October 14, 2025

WHEREAS, the County of Orange, Sheriff-Coroner, applied to the California Department of Parks and Recreation, Division of Boating and Waterways, for boating and enforcement equipment for the Sheriff-Coroner of the County of Orange; and

WHEREAS, the California Department of Parks and Recreation, Division of Boating and Waterways, has approved Sheriff-Coroner of the County of Orange to receive $106,262.40 in boating safety and enforcement equipment grant funds and now requires a resolution accepting these grant funds.

NOW, THEREFORE, BE IT RESOLVED that the Sheriff-Coroner Don Barnes is hereby authorized to accept $106,262.40 from the California Department of Parks and Recreation, Division of Boating and Waterways on behalf of the County of Orange. This funding is intended for boating safety and enforcement equipment for the County of Orange, a public entity established under the laws of the State of California.

BE IT FURTHER RESOLVED, that the Sheriff-Coroner, or designee, be authorized to sign the Grant Agreement with the California Department of Parks and Recreation, including any amendments thereof. This authorization is contingent on these actions, not materially changing the terms or amounts of the County's commitment as reflected in the grant application.

BE IT FURTHER RESOLVED that County of Orange will not provide matching grant funds.

Resolution No._____Item No._____

CEO-Legislative Affairs Office
Grant Authorization eForm

GRANT APPLICATION / GRANT AWARD

Today's Date:	October 8, 2025
Requesting Agency/Department:	Sheriff-Coroner
Grant Name and Project Title:	Edward Byrne Memorial Justice Assistance Grant (JAG) Equipment and Training Program
Sponsoring Organization/ Grant Source: (If the grant source is not a government entity, please provide a brief description of the organization/foundation)	California Board of State and Community Corrections (BSCC) passed-through the Bureau of Justice Assistance (BJA)
Application Amount Requested:	$1,948,894
Application Due Date:	September 8, 2025
Board Date when Board Approved this Application:	September 23, 2025
Awarded Funding Amount:	$1,941,555
Notification Date of Funding Awarded:	September 24, 2025
Is this an Authorized Retroactive Grant Application/Award? No	
Recurrence of Grant:	No
If this is a recurring grant, please list the funding amount applied for and awarded in the past:	N/A
Does this grant require CEQA findings?	No
What Type of Grant is this?	**Award** - Non Competitive
County Match?	No
How will the County Match be fulfilled? (Please include the specific budget)	N/A
Will the grant/program create new part or full-time positions?	No
Purpose of Grant Funds:	Provide summary and brief background on why the Board of Supervisors should accept this grant application/award, and how the grant will be implemented.

The Edward Byrne Memorial Justice Assistance Grant (JAG) Program aims to enhance mental health crisis interventions, prevent school violence, implement co-responding initiatives, and prosecute violent crimes. This program will involve collaboration among the Orange County Sheriff's Department (OCSD), the Orange County District Attorney's (OCDA) Office, and the Probation Department. OCSD will act as the lead agency, ensuring the successful implementation of the grant program.

OCSD will utilize the grant funding to provide training to help law enforcement officers enhance their crisis de-escalation skills and develop more effective strategies for assisting individuals with mental health issues. The funding will also support training for School Resource Officers to educate, counsel, and protect school

communities. The OCDA will purchase a mobile command vehicle to support operations in high-crime areas and provide training to keep prosecutors informed about various legal and practical issues. The Probation Department will implement training focused on crisis intervention, de-escalation techniques, and trauma-informed responses. They will also implement a canine program designed to assist in crisis de-escalation and enhance the wellness and resilience of staff personnel. This initiative will include the creation of wellness spaces and the upgrading of fitness with gym equipment to improve staff effectiveness, resilience, and overall community safety.

Board Resolution Required?	Yes
Deputy County Counsel Name:	Supervising Deputy County Counsel Wendy Phillips

Recommended Action(s)
(Please specify below)

1. Authorize the Sheriff-Coroner, or designee, to accept the grant award from the California Board of State and Community Corrections (BSCC) for the Edward Byrne Memorial Justice Assistance Grant (JAG) Equipment and Training Program.

2. Authorize the Sheriff-Coroner, or designee, to execute the FY 25/26 Grant Agreement, any subsequent amendments, and related documents that do not materially alter the terms of the grant award.

3. Adopt a governing resolution that authorizes the Sheriff-Coroner, or designee, to execute any actions necessary to obtain the grant funding provided by BSCC and sub-granted through the Bureau of Justice Assistance.

Department Contact:	List the name and contact information (telephone, email) of the person to be contacted for further information.

Commander Virgil Asuncion (949) 425-1818 vdasuncion@ocsheriff.gov
Fiscal Administrator Miriam Torrez (714) 834-4347 mtorrez@ocsheriff.gov

Name of individual attending the Board Meeting:	List the name of the individual who will be attending the Board Meeting for this Grant item:

Commander Virgil Asuncion

RESOLUTION OF THE BOARD OF SUPERVISORS OF ORANGE COUNTY CALIFORNIA

October 14, 2025

WHEREAS the Sheriff-Coroner of the County of Orange desires to participate in the 2025 Edward Byrne Memorial Justice Assistance Grant Equipment and Training Program administered by the Board of State and Community Corrections (hereafter referred to as the BSCC).

WHEREAS, the BSCC, has approved the Sheriff-Coroner of the County of Orange to receive $1,941,555 to enhance mental health crisis interventions, prevent school violence, implement co-responding initiatives, and prosecute violent crimes.

NOW, THEREFORE, BE IT RESOLVED that the Sheriff-Coroner Don Barnes is hereby authorized to accept $1,941,555 from the BSCC on behalf of the County of Orange. This funding is intended for equipment and training, for the County of Orange, a public entity established under the laws of the State of California.

BE IT FURTHER RESOLVED, that the Sheriff-Coroner, or designee, be authorized to sign the Grant Agreement with the BSCC, including any amendments thereof. This authorization is contingent on these actions, not materially changing the terms or amounts of the County's commitment as reflected in the grant application.

BE IT FURTHER RESOLVED that grant funds received hereunder shall not be used to supplant expenditures controlled by this body.

Resolution No._____ Item No._____

ORANGE COUNTY SHERIFF'S DEPARTMENT

INTERNAL MEMO

Digitally signed by Michelle Aguirre
Date: 2025.10.08 08:03:15 -07'00'

To: County Executive Officer, Michelle Aguirre
From: Sheriff-Coroner, Don Barnes
Date: October 6, 2025
RE: Retroactive Request to Accept the Award for FY 2024 Homeland Security Grant Program (HSGP)

The Sheriff-Coroner Department requests that the County Executive Officer place the subject grant award on the agenda for the October 14, 2025, Board of Supervisors Meeting. The Sheriff also requests retroactive approval to accept the grant award for the FY 2024 Homeland Security Grant Program (HSGP). While the Sheriff-Coroner was awarded on August 20, 2025, we did not receive the award email notification from Cal OES until September 29, 2025.

The 2024 HSGP is focused on preventing, protecting against, and responding to acts of terrorism and other significant hazards that threaten the security of the United States. The funding provided through this grant program supports the implementation of strategies and capabilities designed to achieve the national preparedness goal of establishing a secure and resilient nation. These goals include planning, organization, equipment, training, exercises, management and administration across all core capabilities and mission areas. The grant funds will directly support staff salaries at the Orange County Intelligence Center, the Sheriff's Homeland Security Division, and the Sheriff's Emergency Management Division. The funding will also enable effective planning, training, awareness campaigns, exercises, and equipment purchases that are aligned with state priorities.

If you have any questions about the 2024 HSGP award, please contact Monique Vansuch, Fiscal Administrator, at (714) 834-3201 or mvansuch@ocsheriff.gov or Miriam Torrez, Fiscal Administrator, at (714) 834-4347 or mtorrez@ocsheriff.gov.

c: Executive Director Brian Wayt, Administrative Services Command
Financial Director Noma M. Crook, Financial/Administrative Services Division
Karla Lazaridis, Senior Fiscal Manager, Financial/Administrative Services Division
Monique Vansuch, Fiscal Administrator, Financial/Administrator Services Division
Miriam Torrez, Fiscal Administrator, Financial/Administrative Services Division

CEO-Legislative Affairs Office
Grant Authorization eForm

GRANT APPLICATION / GRANT AWARD

Today's Date:	October 8, 2025
Requesting Agency/Department:	Sheriff-Coroner
Grant Name and Project Title:	2024 Homeland Security Grant Program (HSGP)
Sponsoring Organization/ Grant Source: (If the grant source is not a government entity, please provide a brief description of the organization/foundation)	U.S. Department of Homeland Security
Application Amount Requested:	$2,718,746
Application Due Date:	February 10, 2025
Board Date when Board Approved this Application:	January 28, 2025
Awarded Funding Amount:	$2,718,746
Notification Date of Funding Awarded:	August 20, 2025
Is this an Authorized Retroactive Grant Application/Award? Retroactive	
Recurrence of Grant:	Yes
If this is a recurring grant, please list the funding amount applied for and awarded in the past:	Grant Year / Grant Amount 2019 $3,389,080 2020 $3,380,749 2021 $3,216,641 2022 $3,091,412 2023 $3,091,413
Does this grant require CEQA findings?	No
What Type of Grant is this?	**Award** - Allocation through DHS
County Match?	No
How will the County Match be fulfilled? (Please include the specific budget)	N/A
Will the grant/program create new part or full-time positions?	No
Purpose of Grant Funds:	Provide summary and brief background on why the Board of Supervisors should accept this grant application/award, and how the grant will be implemented.
The purpose of the 2024 Homeland Security Grant Program (HSGP) grant funding is to support the implementation of strategies and capabilities that aim to achieve the national preparedness goal of a secure and resilient nation. These strategies and capabilities encompass planning, organization, equipment, training,	

exercises, and management and administration across all core capabilities and mission areas. The grant funds will support staff salaries at the Orange County Intelligence Center, the Sheriff's Homeland Security Division, and the Sheriff's Emergency Management Division. Additionally, the funding will facilitate effective planning, training, awareness campaigns, exercises, and equipment purchases that are aligned with state priorities.

Board Resolution Required? **Deputy County Counsel Name:**	No

Recommended Action(s)
(Please specify below)

Authorize the Sheriff-Coroner, or designee, to retroactively accept the grant award in the amount of $2,718,746 from the U.S. Department of Homeland Security for the 2024 Homeland Security Grant Program.

Department Contact:	List the name and contact information (telephone, email) of the person to be contacted for further information.

Fiscal Administrator Monique Vansuch (714) 834-3201 mvansuch@ocsheriff.gov
Fiscal Administrator Miram Torrez (714) 834-4347 mtorrez@ocsheriff.gov

Name of individual attending the Board Meeting:	List the name of the individual who will be attending the Board Meeting for this Grant item:

Captain Jerry Millhollon

Board of Supervisors

RECEIVED
25 OCT -8 AM 10: 20
CLERK OF THE BOARD
COUNTY OF ORANGE

Memorandum

Date:	10/08/2025
To:	Robin Stieler, Clerk of the Board
From:	Vice Chair Katrina Foley, Fifth District
Re:	Supplemental Item for the 10/14/2025 Meeting of the Board of Supervisors

NA for KF

S25A

Agenda Item Title: Allocation of $25,000 to Serving People in Need, Inc.

Summary: Vice Chair Foley requests approval for the allocation of $25,000 from the Fifth District discretionary funds to support Serving People in Need, Inc.

Purpose of Funding: Serving People in Need (SPIN) was founded in 1987 with the mission to create stable homes for families and bright futures for kids in our community. They focus on individuals and families in crisis and at risk of becoming homeless, or currently experiencing homelessness. In addition to offering immediate housing and food assistance, SPIN focuses on addressing underlying challenges and offering resources to promote self-sufficiency, including job development, counseling, budgeting, credit repair, and more. This funding will support SPIN's comprehensive programs to serve clients in the Fifth District.

Recommended Action Items:

1. Approve the allocation of $25,000 from Fifth District discretionary funds to Serving People in Need, Inc.
2. Find under Government Code section 26227 that this expenditure is necessary to meet the public safety needs of County residents and visitors.
3. Authorize and direct the County Executive Officer, or designee, to negotiate and enter into an agreement with the Serving People in Need, Inc. as necessary to effectuate the purposes of this allocation.
4. Authorize and direct the Auditor-Controller, or designee, to make related payments as necessary to effectuate the purposes of this allocation.

RECEIVED
2025 OCT -8 AM 10:20
CLERK OF THE BOARD
COUNTY OF ORANGE

Board of Supervisors

Memorandum

Date:	10/08/2025
To:	Robin Stieler, Clerk of the Board
From:	Vice Chair Katrina Foley, Fifth District
Re:	Supplemental Item for the 10/14/2025 Meeting of the Board of Supervisors

NA for KF

S25B

Agenda Item Title: Allocation of $30,000 to the Sherman Library & Gardens.

Summary: Vice Chair Foley requests approval for the allocation of $30,000 from the Fifth District discretionary funds to support the Sherman Library and Gardens.

Purpose of Funding: Sherman Library & Gardens is a local non-profit 501 (C)(3) endeavors to be the premier resource for ecotonal horticulture and historical collections of the Pacific Southwest, and strives to enrich people's lives through educational and artistic experiences. This funding will support two projects at Sherman Gardens and Library.

- Corona Del Mar Mural Program ($15,000): This program will transform highly visible, public facing walls into murals from local artists with the goal to promote Sherman Library & Gardens' mission to provide education and appreciation for regional history, horticulture, and the arts.
- "Grow the Gardens" Capital Campaign ($15,000): Built in 1966 and last remodeled in 1970, Sherman Library & Gardens' aging infrastructure is limiting their ability to serve the public in education, arts, and preservation of the botanical collection. The revitalization will protect collections, increase public displays, and improve sustainability.

Recommended Action Items:

1. Approve the allocation of $30,000 from Fifth District discretionary funds to the Sherman Library & Gardens
2. Find under Government Code section 26227 that this expenditure is necessary to meet the public safety needs of County residents and visitors.
3. Authorize and direct the County Executive Officer, or designee, to negotiate and enter into an agreement with the Sherman Library & Gardens as necessary to effectuate the purposes of this allocation.
4. Authorize and direct the Auditor-Controller, or designee, to make related payments as necessary to effectuate the purposes of this allocation.

Board of Supervisors

RECEIVED
2025 OCT -8 AM 10: 20
CLERK OF THE BOARD
COUNTY OF ORANGE

Memorandum

Date:	10/08/2025
To:	Robin Stieler, Clerk of the Board
From:	Vice Chair Katrina Foley, Fifth District
Re:	Supplemental Item for the 10/14/2025 Meeting of the Board of Supervisors

NA for KF

S25C

Agenda Item Title: Allocation of $25,000 to the Dana Point Sister Cities International Association

Summary: Vice Chair Foley requests approval for the allocation of $25,000 from the Fifth District discretionary funds to support the Dana Point Sister Cities International Association.

Purpose of Funding: The Dana Point Sister City Association is a 510(c)3 nonprofit volunteer organization dedicated to advancing cultural exchanges, educational opportunities, and international friendships. They have a focus on education of youth and exchanging cultural values and experiences with our citizens. This funding will support the creation of a lecture series to promote cultural arts and tourism throughout the Fifth District. The lecture series will incorporate education, theater, music, business, tourism, and art.

Recommended Action Items:

1. Approve the allocation of $25,000 from Fifth District discretionary funds to Dana Point Sister Cities International Association
2. Find under Government Code section 26227 that this expenditure is necessary to meet the public safety needs of County residents and visitors.
3. Authorize and direct the County Executive Officer, or designee, to negotiate and enter into an agreement with Dana Point Sister Cities International Association as necessary to effectuate the purposes of this allocation.
4. Authorize and direct the Auditor-Controller, or designee, to make related payments as necessary to effectuate the purposes of this allocation.

Board of Supervisors

RECEIVED
2025 OCT -8 AM 10: 20
CLERK OF THE BOARD
COUNTY OF ORANGE

Memorandum

NA for KF

Date:	10/07/2025
To:	Robin Stieler, Clerk of the Board
From:	Vice Chair Katrina Foley, Fifth District
Re:	Supplemental Item for the 10/14/2025 Meeting of the Board of Supervisors

S25D

Please add this as a supplemental item for the October 14, 2025, Board of Supervisors meeting:

Approve the sponsorship of the following nonprofit entities from the Fifth District events funds:

- Otra-Mas, Inc. - $5,000
- City of Costa Mesa - $150
- St. Basil Greek Orthodox Church - $500
- J.F. Shea Therapeutic Riding Center, Inc. - $12,000
- Performance Paddling - $500
- Assistance League of Capistrano Valley, Inc. - $1,000
- Surf Industry Members Association - $2,500
- Estancia High School Drama Boosters, Inc. - $3,000
- San Clemente Village - $2,500
- Girls Incorporated of Orange County - $2,500

Recommended Actions:

1. Approve the addition or revisions of events to the FY 2025-26 County Event Calendar, as set forth in Attachment A, and per Government Code Section 26227, find that the events therein will serve a public purpose of the County of Orange and will meet the social needs of the population of the County, including but not limited to, the areas of health, law enforcement, public safety, rehabilitation, welfare, education, and legal services, and the needs of physically, mentally and financially handicapped persons and aged persons; that County staff and resources may be used in furtherance of such events; and that County staff may solicit donations of funds and services for such events.

2. Authorize Auditor-Controller to make related payments.

County Event Calendar
FY 25-26 Events

Date	Department	Event	Awards to Nonprofits and Community Organizations	Not to Exceed Amount	Location	Organizer	Other County Participants
September 2025	BOS-5	Icon of San Juan Capistrano	Otra-Mas, Inc.	$ 5,000.00	San Juan Capistrano	Otra-Mas, Inc.	TBD
September 2025	BOS-5	Costa Mesa Senior Center Knowledge & Health Fair Expo	City of Costa Mesa	$ 150.00	Costa Mesa	City of Costa Mesa	TBD
September 2025	BOS-5	San Juan Capistrano Greek Festival	St. Basil Greek Orthodox Church	$ 500.00	San Juan Capistrano	St. Basil Greek Orthodox Church	TBD
September 2025	BOS-5	Shea Center BBQ & Family Faire	J.F. Shea Therapeutic Riding Center, Inc.	$ 12,000.00	San Juan Capistrano	J.F. Shea Therapeutic Riding Center, Inc.	TBD
October 2025	BOS-5	Dana Point Harbor Hoot	Performance Paddling	$ 500.00	Dana Point	Performance Paddling	TBD
October 2025	BOS-5	Step Up for Kids Walkathon	Assistance League of Capistrano Valley, Inc.	$ 1,000.00	Dana Point	Assistance League of Capistrano Valley, Inc.	TBD
October 2025	BOS-5	SIMA Super Summit	Surf Industry Members Association	$ 2,500.00	Laguna Beach	Surf Industry Members Association	TBD
October 2025	BOS-5	The Curtain Rises	Estancia High School Drama Boosters, Inc.	$ 3,000.00	Costa Mesa	Estancia High School Drama Boosters, Inc.	TBD
November 2025	BOS-5	Decade of Difference Luncheon	San Clemente Village	$ 2,500.00	San Clemente	San Clemente Village	TBD
November 2025	BOS-5	The College Bound Luncheon	Girls Incorporated of Orange County	$ 2,500.00	Irvine	Girls Incorporated of Orange County	TBD

Glossary of Acronyms

BOS-1	Board of Supervisors District 1
BOS-2	Board of Supervisors District 2
BOS-3	Board of Supervisors District 3
BOS-4	Board of Supervisors District 4
BOS-5	Board of Supervisors District 5
TBA	To Be Announced
TBD	To Be Determined
N/A	Not Applicable

RECEIVED
2025 OCT -8 PM 2:24
CLERK OF THE BOARD
COUNTY OF ORANGE
BOARD OF SUPERVISORS

County Executive Office

Memorandum

October 6, 2025

To: Clerk of the Board of Supervisors

From: Michelle Aguirre, County Executive Officer

Digitally signed by Michelle Aguirre
DN: cn=Michelle Aguirre, o=Interim County Executive Officer, ou=County of Orange, email=michelle.aguirre@ocgov.com, c=US
Date: 2025.10.06 15:19:45 -07'00'

Subject: Supplemental Request According to Board Rule 21

S25E

The County Executive Office is requesting a Supplemental Agenda Staff Report for the October 14, 2025, Board Hearing.

Agency: **John Wayne Airport**
Subject: **Approve John Wayne Airport Airline Leases**
Districts: **5**

Reason Item is Supplemental: This Agenda Staff Report and attachments were finalized after the filing deadline to the Clerk of the Board. The delay was due to the complex and time-sensitive nature of finalizing the Commercial Airline agreements, which required extensive coordination and review by multiple airline legal departments. This prolonged review process impacted the ability to submit the ASR by the standard deadline.

Justification: This item must be heard at the October 14, 2025, Board meeting to align with the Airline Allocations item scheduled for the same agenda. Synchronizing the approval of the Commercial Airline agreements with the Airline Allocations ensures operational and contractual continuity. If this item is delayed to a later meeting, it could disrupt the implementation timeline, hinder coordination with the airlines, and potentially result in administrative delays that may impact service planning and execution leading up to the expiration of current agreements on December 31, 2025.

Concur: Doug Chaffee

Doug Chaffee, Chair of the Board of Supervisors

cc: Board of Supervisors
County Executive Office
County Counsel

Agenda Item S25E
Clerk's Use Only

SUPPLEMENTAL AGENDA ITEM
AGENDA STAFF REPORT

MEETING DATE:	10/14/25
LEGAL ENTITY TAKING ACTION:	Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S):	5
SUBMITTING AGENCY/DEPARTMENT:	John Wayne Airport
DEPARTMENT HEAD REVIEW:	C. V. Reynolds *Department Head Signature*
DEPARTMENT CONTACT PERSON(S):	Charlene V. Reynolds (949) 252-5183 Evanna Barbic (949) 252-5232

SUBJECT: Approve John Wayne Airport Airline Leases

CEO CONCUR	COUNTY COUNSEL REVIEW	CLERK OF THE BOARD
Digitally signed by Michelle Aguirre DN: cn=Michelle Aguirre, o=Interim County Executive Officer, ou=County of Orange, email=michelle.aguirre@ocgov.com, c=US Date: 2025.10.06 15:23:00 -07'00'	Approved to Form	Discussion
CEO Signature	*Action* *County Counsel Signature*	3 Votes Board Majority

Budgeted: N/A **Current Year Cost:** N/A **Annual Cost:** N/A

Staffing Impact: No **# of Positions:** **Sole Source:** N/A

Current Fiscal Year Revenue: See Financial Impact Section

Funding Source: N/A **County Audit in last 3 years** No

Levine Act Review Completed: Yes

Prior Board Action: 11/3/2020 #S33D

RECOMMENDED ACTION(S)

1. Approve and execute the Amended and Restated Certificated Passenger Airline Leases with an effective date of January 1, 2026, upon Board of Supervisors approval, for the term effective January 1, 2021, through December 31, 2030 with Air Canada, Alaska Airlines, Inc., Allegiant Air LLC, American Airlines, Inc., Breeze Aviation Group, Inc., Delta Air Lines, Frontier Airlines, Inc., Southwest Airlines Co., Spirit Airlines, Inc., United Airlines, Inc., and WestJet, an Alberta Partnership; the Amended and Restated Certificated Passenger Airline Operating Licenses with Horizon Air Industries, Inc. and SkyWest Airlines, Inc.; the Amended and Restated Commuter Airline Operating License with SkyWest Airlines, Inc.; the Amended and Restated Cargo Leases with Federal Express Corporation and United Parcel Service Co.

2. Authorize the Airport Director or designee to make minor modifications and amendments to the airline agreements that do not materially alter the terms or financial obligations to the County, and perform all activities specified under the terms of the lease.

SUMMARY:

Approval of the Amended and Restated Certificated Passenger Airline Leases, Amended and Restated Certificated Passenger Airline Operating License, Amended and Restated Commuter Airline Operating License, and Amended and Restated Cargo Leases will allow the various Commercial and Commuter Airlines, as well as the Cargo Carriers, to continue operations at John Wayne Airport.

BACKGROUND INFORMATION:

On November 3, 2020, the Board of Supervisors (Board) approved Certificated Passenger Airline Leases, Certificated Passenger Airline Operating License, Commuter Airline Operating License, and Cargo Leases (Agreements). Approval of these Agreements will allow the various Commercial Airlines, Cargo Carriers and Commuter Airlines (Carriers) serving John Wayne Airport to continue operations.

The existing Agreements with the various Carriers are set to expire on December 31, 2025. The amended and restated Agreements will extend the term by five years, with a new expiration date of December 31, 2030. In addition to the term extension, the amended and restated leases include minor updates to provisions related to lease security deposit requirements, compliance requirements under applicable environmental laws, and federal contract provisions related to civil rights and non-discrimination. Furthermore, adjustments have been made to the square footage of the airline-leased premises, based on the findings of a recently completed airport space survey.

John Wayne Airport (JWA) requests Board approval of Amended and Restated Certificated Passenger Airline Leases, Amended and Restated Certificated Passenger Airline Operating License, Amended and Restated Commuter Airline Operating License, and Amended and Restated Cargo Leases.

Compliance with CEQA: This project is a necessarily included element of the project considered in Final EIR No. 617, certified by the Board of Supervisors on September 30, 2014, which adequately addressed the effects of the proposed project. No substantial changes have been made in the project, no substantial changes have occurred in the circumstances under which the project is being undertaken, and no new information of substantial importance to the project which was not known or could not have been known when the Final EIR No. 617 was certified has become known; therefore no further environmental review is required.

FINANCIAL IMPACT:

Revenues for these Agreements are included in Fund 280, Airport Operating Fund, FY 2025-26 Budget, and will be included in the budgeting process for future years.

The estimated average annual cost recovery revenue is approximately $94 million, totaling around $464 million over the term of the amended Agreements.

The Agreements contain a Termination for Convenience clause, which states the Lease may be terminated for convenience by either Party for any reason and without cause upon ninety days' written notice.

STAFFING IMPACT:

N/A

ATTACHMENT(S):

Attachment A – Amended and Restated Certificated Passenger Airline Lease with Air Canada
Attachment B – Amended and Restated Certificated Passenger Airline Lease with Alaska Airlines, Inc.
Attachment C – Amended and Restated Certificated Passenger Airline Lease with Allegiant Air LLC
Attachment D – Amended and Restated Certificated Passenger Airline Lease with American Airlines, Inc.
Attachment E – Amended and Restated Certificated Passenger Airline Lease with Breeze Aviation Group, Inc.
Attachment F – Amended and Restated Certificated Passenger Airline Lease with Delta Air Lines
Attachment G – Amended and Restated Certificated Passenger Airline Lease with Frontier Airlines, Inc.
Attachment H – Amended and Restated Certificated Passenger Airline Lease with Southwest Airlines, Co.
Attachment I – Amended and Restated Certificated Passenger Airline Lease with Spirit Airlines, Inc.
Attachment J – Amended and Restated Certificated Passenger Airline Lease with United Airlines, Inc.
Attachment K – Amended and Restated Certificated Passenger Airline Lease with WestJet, an Alberta Partnership
Attachment L – Amended and Restated Certificated Passenger Airline Operating License with Horizon Air Industries, Inc.
Attachment M – Amended and Restated Certificated Passenger Airline Operating License with SkyWest Airlines, Inc.
Attachment N – Amended and Restated Commuter Airline Operating License with SkyWest Airlines, Inc.
Attachment O – Amended and Restated Cargo Lease with Federal Express Corporation
Attachment P – Amended and Restated Cargo Lease with United Parcel Service Co.

JOHN WAYNE AIRPORT
ORANGE COUNTY

AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

Dated _____

Between

County of Orange

and

Air Canada

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

RECITALS 1
ARTICLE I - DEFINITIONS 2
SECTION 1.01 AAAC 2
SECTION 1.02 AAAC CHAIR 2
SECTION 1.03 ACCESS PLAN 2
SECTION 1.04 ADD 2
SECTION 1.05 AIRLINE RATES AND CHARGES 3
SECTION 1.06 AIRPORT 3
SECTION 1.07 AIRPORT DIRECTOR 3
SECTION 1.08 APRON AREA 3
SECTION 1.09 AUDITOR-CONTROLLER 3
SECTION 1.10 BOARD OF SUPERVISORS 3
SECTION 1.11 CBP 3
SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT 3
SECTION 1.13 COMMON USE AREA 3
SECTION 1.14 COUNTY 4
SECTION 1.15 CUPPS 4
SECTION 1.16 CUSS 4
SECTION 1.17 DOT 4
SECTION 1.18 EMV 4
SECTION 1.19 ENVIRONMENTAL LAWS 4
SECTION 1.20 EXCLUSIVE USE AREA 5
SECTION 1.21 FAA 5
SECTION 1.22 GSE 5
SECTION 1.23 HAZARDOUS SUBSTANCES 5
SECTION 1.24 IAF 6
SECTION 1.25 NON-STORMWATER DISCHARGE 6
SECTION 1.26 PFC 6
SECTION 1.27 POLLUTANT 6
SECTION 1.28 RON 7
SECTION 1.29 STORMWATER 7
SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES 7
SECTION 1.31 TERMINAL 7
SECTION 1.32 TSA 7
ARTICLE II – TERM OF LEASE 7
SECTION 2.01 TERM OF LEASE 7
SECTION 2.02 HOLDING OVER 7
SECTION 2.03 TERMINATION FOR CONVENIENCE 8
ARTICLE III – LEASED PREMISES 8
SECTION 3.01 LEASED PREMISES 8

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 3.02 NATURE OF AIRLINE'S ESTATE 9
SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES 9
ARTICLE IV - RENT, FEES AND CHARGES 9
SECTION 4.01 RENT, FEES AND CHARGES 9
SECTION 4.02 PAYMENT PROCEDURE 13
SECTION 4.03 CHARGE FOR LATE PAYMENT 14
SECTION 4.04 PASSENGER FACILITY CHARGE 14
SECTION 4.05 PROVISION AGAINST SET-OFFS 15
SECTION 4.06 SECURITY DEPOSIT 16
SECTION 4.07 NEW ENTRANT DEPOSIT 17
SECTION 4.08 MARKETING FUND FEE 17
ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES 18
SECTION 5.01 USE 18
SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES 19
SECTION 5.03 RULES AND REGULATIONS 19
SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE 20
SECTION 5.05 OPERATIONAL REQUIREMENTS 21
SECTION 5.06 RECORDS AND ACCOUNTS 22
SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS 25
SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON 27
SECTION 5.11 AIRCRAFT PARKING 27
SECTION 5.12 PORTER SERVICES 28
ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT 28
SECTION 6.01 COMMON USE EQUIPMENT 28
SECTION 6.02 COMMON USE EQUIPMENT STOCK 29
SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK 29
SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT 30
SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT 30
SECTION 6.06 NETWORK USAGE 31
SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES 32
SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES 32
ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION 33
SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE 33
SECTION 7.02 SPILL RESPONSE PLAN 34

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION 35
SECTION 7.04 ENVIRONMENTAL STEWARDSHIP 36
SECTION 7.05 RESERVED 38
SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION 38
SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS 39
SECTION 7.08 ANTI-IDLING POLICY 39
ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS 39
SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY 39
SECTION 8.02 IMPROVEMENTS BY THE AIRLINE 40
SECTION 8.03 AIRLINE REIMBURSEMENT 42
SECTION 8.04 EXCLUSIVE REMEDY 42
SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION 43
SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES 43
SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS 44
SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS 45
SECTION 8.09 HEALTH AND SAFETY 46
ARTICLE IX - ACCOMMODATION 46
SECTION 9.01 JOINT USE REQUIREMENT 46
ARTICLE X - ASSIGNMENT AND SUBLEASE 47
SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING 47
SECTION 10.02 SUCCESSORS IN INTEREST 51
ARTICLE XI - TERMINATION AND DEFAULT 51
SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS 51
SECTION 11.02 TERMINATION FOR DEFAULT 51
SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION 52
SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY 52
SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER 52
ARTICLE XII - SECURITY 53
SECTION 12.01 AIRPORT SECURITY 53
ARTICLE XIII - INSURANCE AND INDEMNITY 55
SECTION 13.01 INSURANCE 55
SECTION 13.02 INDEMNITY 59
ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS 59
SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION 59
SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT 63
SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A. 63
SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS . 63

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 14.05 FEDERAL LAW PREEMPTION 64
SECTION 14.06 NONEXCLUSIVE RIGHT 64
SECTION 14.07 WAR OR NATIONAL EMERGENCY 64
SECTION 14.08 RESERVED 64
SECTION 14.09 AMERICANS WITH DISABILITIES ACT 64
SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT 65
ARTICLE XV - MISCELLANEOUS PROVISIONS 65
SECTION 15.01 TIME 65
SECTION 15.02 LEASE ORGANIZATION 65
SECTION 15.03 AMENDMENTS 65
SECTION 15.04 SIGNS 65
SECTION 15.05 PERMITS AND LICENSES 66
SECTION 15.06 RESERVED 66
SECTION 15.07 TAXES AND ASSESSMENTS 66
SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE 66
SECTION 15.09 PARTIAL INVALIDITY 67
SECTION 15.10 WAIVER OF RIGHTS 67
SECTION 15.11 RESERVATIONS TO THE COUNTY 67
SECTION 15.12 AUTHORITY OF THE AIRLINE 68
SECTION 15.13 PUBLIC RECORDS 68
SECTION 15.14 RELATIONSHIP OF PARTIES 68
SECTION 15.15 GOVERNING LAW AND VENUE 68
SECTION 15.16 ATTORNEY'S FEES 68
SECTION 15.17 EMERGENCY SERVICES 69
SECTION 15.18 NOTICES 69

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

LIST OF EXHIBITS

EXHIBIT A LEASED PREMISES DESCRIPTION – TERMINAL EXCLUSIVE USE AREA

EXHIBIT B FLOOR PLAN OF LEASED PREMISES – TERMINAL EXCLUSIVE USE AREA

EXHIBIT C MAP OF APRON AREA

EXHIBIT D MAP COMMON USE AREA

EXHIBIT E AIRLINE MAINTENANCE OBLIGATIONS

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

THIS AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE ("LEASE") is made and entered into this ___ day of _____, 2025, by and between the COUNTY OF ORANGE, a political subdivision of the State of California ("COUNTY"), and Air Canada ("AIRLINE"), with COUNTY and AIRLINE sometimes individually referred to as "Party" or collectively referred to as "Parties."

RECITALS

WHEREAS, the COUNTY, through its Board of Supervisors, is the owner and proprietor of John Wayne Airport ("JWA" or "Airport"), located in the County of Orange, State of California, and operates and maintains the Airport as a governmental function for the primary purpose of providing air transportation to the public; and

WHEREAS, COUNTY and AIRLINE entered into a Certificated Passenger Airline Lease dated November 3, 2020, with a term effective January 1, 2021, through December 31, 2025 ("Existing Lease"); and

WHEREAS, the AIRLINE is engaged in the business of commercial air transportation of persons, property, cargo, and mail as a scheduled air carrier and is certificated or otherwise authorized by the United States of America to engage in such business; and

WHEREAS, the AIRLINE desires to enter into an agreement addressing certain premises, facilities, rights, licenses, services, and privileges at the Airport; and

WHEREAS, as part of its ongoing effort to operate the Airport in a manner sensitive to the residents who live under the Airport's approach and departure corridors, the COUNTY has developed one of the most stringent access and noise abatement programs in the country. The Airport monitors all aircraft operations, both commercial and private, for compliance with the program. These noise abatement and access restrictions derive from the 1985 Settlement Agreement between the COUNTY, City of Newport Beach, and other parties and are implemented through ordinances, resolutions (including Resolutions No. 85-255, 85-256, 85-259, 85-1231, 85-1232, and 85-1233), regulations (including the Phase 2 Commercial Airline Access Plan and Regulation) and policies of the COUNTY, as they may be amended from time to time; and

WHEREAS, the 1985 Settlement Agreement has been periodically amended by its parties to, among other things, increase the authorized passenger levels at the Airport; and

WHEREAS, the amendments to the 1985 Settlement Agreement preserve and continue to implement important restrictions on the use of JWA, "grandfathered" under the AIRPORT NOISE AND CAPACITY ACT OF 1990 ("ANCA"), which reflect and accommodate historical policy decisions of the Board of Supervisors regarding the appropriate point of balance between the competing interests of the air transportation and aviation community and local residents living in the vicinity of the Airport. These policy decisions address, among other issues, nighttime operational restrictions and maximum permitted single-event noise levels; and

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

WHEREAS, the COUNTY and the AIRLINE mutually desire to enter into this LEASE, which amends and restates the Existing Lease, in order to provide air transportation services to the community and its visitors through December 31, 2030; and

WHEREAS, the COUNTY has the right to permit and grant the use of its property at the Airport to the AIRLINE for the operation of the AIRLINE's air transportation services; and

WHEREAS, the AIRLINE acknowledges that this LEASE is being entered into under the provisions of CAL. PUBLIC UTIL. CODE §§21690.5 *et seq.*, and, in particular, §21690.9.

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained to be observed and performed by the respective Parties hereto:

THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I - DEFINITIONS

The following words, terms, and phrases, whenever used in this LEASE, shall have the meaning and significance attached to them in this Article unless otherwise apparent from context.

SECTION 1.01 AAAC

"AAAC" shall mean the JWA – Airport Airline Affairs Committee. The AAAC is composed of the airline properties representatives for the carriers serving JWA.

SECTION 1.02 AAAC CHAIR

"AAAC Chair" shall mean the Chairperson elected by the AAAC to act as the spokesperson for carriers serving JWA.

SECTION 1.03 ACCESS PLAN

"Access Plan" shall mean the Phase 2 Commercial Airline Access Plan and Regulation for John Wayne Airport, Orange County, as that plan existed when originally adopted and approved by the Orange County Board of Supervisors in 1990, as it has been amended by the Board of Supervisors from time to time, and as it may be amended by the Board of Supervisors at any time during the term of this LEASE.

SECTION 1.04 ADD

"ADD" shall mean Average Daily Departure, as defined in the Access Plan. Except as expressly provided in the Access Plan, all commercial air carrier departures at JWA are regulated departures and require an ADD allocation. ADD allocations are the exclusive property of the COUNTY.

SECTION 1.05 AIRLINE RATES AND CHARGES

"Airline Rates and Charges" shall mean all rates, fees, and charges payable to the COUNTY by the AIRLINE, as specified herein**.**

SECTION 1.06 AIRPORT

"Airport" shall mean the John Wayne Airport, Orange County, California.

SECTION 1.07 AIRPORT DIRECTOR

"Airport Director" shall mean the Director of JWA or his or her duly authorized designee.

SECTION 1.08 APRON AREA

"Apron Area" shall mean the land identified as Apron Area in Exhibit C attached hereto, and, except as otherwise provided herein, all facilities, equipment, and improvements now or hereafter located thereon.

SECTION 1.09 AUDITOR-CONTROLLER

"Auditor-Controller" shall mean the Auditor-Controller, County of Orange, or designee.

SECTION 1.10 BOARD OF SUPERVISORS

"Board of Supervisors" shall mean the COUNTY's governing body.

SECTION 1.11 CBP

"CBP" shall mean Customs and Border Protection, U.S. Department of Homeland Security.

SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT

"Certificated Maximum Landing Weight" shall mean the current maximum allowable gross landing weight of aircraft operated by the AIRLINE and certificated by the Federal Aviation Administration (FAA) for operation at the Airport.

SECTION 1.13 COMMON USE AREA

"Common Use Area" shall mean the nonexclusive use of space, in common with other airlines, located in the Terminal, as shown in Exhibit D.

SECTION 1.14 COUNTY

"COUNTY" shall mean the County of Orange, a political subdivision of the State of California.

SECTION 1.15 CUPPS

"CUPPS" shall mean the Airport's Common Use Passenger Processing System.

SECTION 1.16 CUSS

"CUSS" shall mean Common Use Self Service.

SECTION 1.17 DOT

"DOT" shall mean the U.S. Department of Transportation.

SECTION 1.18 EMV

"EMV" shall mean Europay, Mastercard, or Visa.

SECTION 1.19 ENVIRONMENTAL LAWS

“Environmental Laws” shall mean any federal, State, or local laws, statutes, ordinances, codes, judgments, orders, rules, or regulations pertaining to the environment and/or human health, Hazardous Substances, Pollutants, occupational safety and health, industrial hygiene, or the environmental conditions on, at, under or about the Airport, and includes, without limitation, the following: (i) the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; (ii) Clean Water Act, 33 U.S.C. § 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 C.F.R. Parts 173 and 175; (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 U.S.C. § 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 (“Proposition 65”); (ix) California Health and Safety Code §§25100, 25395.7, 25915 *et seq.*; (x) the Porter-Cologne Water Quality Control Act (California Water Code); (xi) California Civil Code § 3479 *et seq.*; (xii) Stormwater Discharge Rules, 40 C.F.R. §§ 122.26, 122.30-37; (xiii) the Carpenter-Presley-Tanner Hazardous Substances Account Act; (xiv) the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; (xv) the Safe Drinking Water Act, 24 U.S.C. § 300f, *et seq.*; xvi) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Industrial Activities, Order No. 2014-0057-DWQ (or most current); xvii) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, Order No. 2009-0009-DWQ amended by 2010-0014-DWQ & 2012-0006-DWQ; xviii) The County of Orange, Orange County Flood Control District, and The

Incorporated Cities of Orange County within the Santa Ana Region Areawide Urban Stormwater Runoff Orange County Municipal Separate Storm Sewer System (MS4) Permit Order No. R8-2009-0030 (National Pollutant Discharge Elimination System No. CAS618030) as amended by Order No. R8-2010-0062; xix) South Coast Air Quality Management District Regulations and Rules; and (xx) all other federal, State, and local laws, rules, orders, directives, and codes, regulations, judgments, and orders relating to (a) emissions, discharges, releases, and/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 (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Substances, as such laws are amended, and the regulations and administrative codes applicable thereto.

SECTION 1.20 EXCLUSIVE USE AREA

"Exclusive Use Area" shall mean the areas of the Terminal and on the Terminal Apron that the COUNTY has granted the AIRLINE the right to use on an exclusive-use basis, subject to the Joint Use Requirement, during the term of this LEASE. The AIRLINE's Exclusive Use Area is described in Exhibit A and shown in Exhibits B and C.

SECTION 1.21 FAA

"FAA" shall mean the Federal Aviation Administration created under the FEDERAL AVIATION ACT OF 1958 or such successor agency as may have similar jurisdiction over the AIRLINE or its business and the Airport.

SECTION 1.22 GSE

"GSE" shall mean Ground Service Equipment and include any auxiliary power unit, mobile stairs, aircraft support equipment, machinery, spare parts, or other equipment used or stored by any qualified air carrier or ground service provider in support of operations at JWA.

SECTION 1.23 HAZARDOUS SUBSTANCES

“Hazardous Substances” shall mean any pollutant, contaminant, chemical, compound, substance, hazardous or toxic substance, material, waste, and/or any other matter, which is or shall become regulated by any governmental entity, including, but not limited to COUNTY acting in its governmental capacity, the State of California, and/or the United States Government. 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, nuisance, and/or is controlled or governed under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos-containing materials; (iv) flammable or explosive substances; (v) mold-containing materials; poly-chlorinated biphenyl compounds; and/or (vi) substances designated by any governmental entity to cause cancer and/or reproductive toxicity.

SECTION 1.24 IAF

"IAF" shall mean the International Arrival Facility and include the areas of the Terminal that house U.S. Customs and Border Protection and are for the use of arriving international passengers.

SECTION 1.25 NON-STORMWATER DISCHARGE

"Non-Stormwater Discharge" shall mean any discharge to storm sewer systems that is not entirely composed of Stormwater. "Non-Stormwater Discharge" includes "Unauthorized Non-Stormwater Discharges" and "Authorized Non-Stormwater Discharges" as defined by the California Environmental Protection Agency State Water Resources Control Board's National Pollutant Discharge Elimination System General Permit for Discharges of Stormwater Associated with Industrial Activities and Construction Activities.

SECTION 1.26 PFC

"PFC" shall mean federally approved Passenger Facility Charges or passenger facility fees, as authorized by 49 U.S.C. §40117 and regulated by 14 C.F.R. Part 158, as such statute and regulation currently exist or as they may be amended during the term of this LEASE.

SECTION 1.27 POLLUTANT

“Pollutant” means any chemical, compound, substance, liquid, solid or semi-solid substance, or combination thereof, including but not limited to:

a. Artificial materials (such as floatable plastics, wood products or metal shavings);

b. Household waste (such as trash, paper, and plastics; cleaning chemicals, yard wastes, animal fecal materials, used oil and fluids from vehicles, lawnmowers, and other common household equipment);

c. Metals and nonmetals, including compounds of metals and nonmetals (such as cadmium, lead, zinc, copper, silver, nickel, chromium, cyanide, phosphorus, and arsenic) with characteristics that cause an adverse effect on living organisms;

d. Petroleum and related hydrocarbons (such as fuels, lubricants, surfactants, waste oils, solvents, coolants, and grease);

e. Substances having a pH less than 6.5 or greater than 8.6, or unusual coloration, turbidity, or odor;

f. Materials causing an increase in biochemical oxygen demand, chemical oxygen demand, or total organic carbon;

g. Materials that contain base/neutral or acid-extractable organic compounds;

h. Those pollutants defined in Section 1362(6) of the Federal Clean Water Act;

i. Any other constituent or material, including but not limited to pesticides, herbicides, fertilizers, fecal coliform, fecal streptococcus, or enterococcus, or eroded soils, sediment, and particulate materials in quantities that will interfere with or adversely affect the beneficial use of the receiving waters, flora or fauna of the State; and

j. Any substance listed under Health and Safety Code, §25316.

SECTION 1.28 RON

"RON" shall mean the remain overnight positions where the AIRLINE's aircraft are required to park when they "remain overnight" at JWA.

SECTION 1.29 STORMWATER

"Stormwater" shall mean stormwater runoff, snowmelt runoff, and stormwater surface runoff and drainage.

SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES

"Tenant Design and Construction Guidelines" shall mean the Tenant Criteria Manual, CAD Standards, BIM Standards Manual, and GIS Data Standard which can be found on the OCAIR.COM website.

SECTION 1.31 TERMINAL

"Terminal" shall mean the Thomas F. Riley commercial passenger terminal and concourses at JWA, as may be modified at any time during the term of this LEASE.

SECTION 1.32 TSA

"TSA" shall mean the Transportation Security Administration of the U.S. Department of Homeland Security, the federal agency responsible for regulation of airport security, or any such successor agency.

ARTICLE II – TERM OF LEASE

SECTION 2.01 TERM OF LEASE

The term of this LEASE shall commence on January 1, 2021, and expire on December 31, 2030.

SECTION 2.02 HOLDING OVER

In the event the AIRLINE shall continue in possession of the Leased Premises after the term of this LEASE, such possession shall not be considered an extension or renewal of this LEASE but

a tenancy from month-to-month and shall be governed by the conditions and covenants contained in this LEASE.

SECTION 2.03 TERMINATION FOR CONVENIENCE

This LEASE may be terminated for convenience by either Party for any reason and without cause upon ninety (90) days' written notice.

ARTICLE III – LEASED PREMISES

SECTION 3.01 LEASED PREMISES

The COUNTY leases to the AIRLINE that certain property hereinafter referred to as "Leased Premises." Said premises shall be leased to the AIRLINE in "as-is" condition and shall consist of the following:

A. **Exclusive Use Area**. Exclusive use of the space, subject to the requirements set forth in Section 9.01 of this LEASE entitled "JOINT USE REQUIREMENT," located in the Terminal and on the Apron and Airfield, as described on Exhibit A and shown in Exhibits B and C, which exhibits are attached hereto and by reference made a part hereof and hereinafter referred to as "Exclusive Use Area."

B. **Common Use Area**. Nonexclusive use, in common with other airlines, of space located in the Terminal as shown on Exhibit D, which exhibit is attached hereto and by reference made a part hereof, and hereinafter referred to as "Common Use Areas." Common Use Areas include:

(1) Baggage Claim and Baggage Make-up Areas;

(2) Hold rooms (departure lounges);

(3) Airside Concourses;

(4) Landside Concourses;

(5) Loading Bridges

(6) Baggage and Passenger Screening Areas;

(7) Security Areas.

The use of these Common Use Areas shall be subject to the reasonable control and regulation of the Airport Director.

SECTION 3.02 NATURE OF AIRLINE'S ESTATE

The AIRLINE acknowledges and agrees:

A. That the COUNTY has granted to the AIRLINE a leasehold interest in the Leased Premises only.

B. That the COUNTY retains a fee ownership for federal income tax purposes in and to the Leased Premises, as well as all other ownership burdens and benefits connected with such fee ownership.

C. That the AIRLINE has not been granted any direct or indirect right or option to purchase the Leased Premises from the COUNTY at any time during or after the termination of this LEASE.

SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES

The AIRLINE shall not install equipment of any kind outside the Leased Premises unless authorized in writing by the Airport Director and/or designee prior to installation.

ARTICLE IV - RENT, FEES AND CHARGES

SECTION 4.01 RENT, FEES AND CHARGES

The rents, fees, and charges contained in this LEASE are established in accordance with (i) Resolution 02-062 dated March 12, 2002 (or as subsequently amended), which reasserts and establishes the John Wayne Airport Revenue Planning Policy, and (ii) the Bond Indenture for the Airport Revenue Bonds, Series 1987, and the First Supplemental, Second Supplemental, Third Supplemental, Fourth Supplemental, Fifth Supplemental, and Sixth Supplemental Indenture Series 1993, 1997, 2003, 2009 and 2019, as well as any future bond indentures or supplemental indentures that may be issued or adopted from time to time. The Airport Director and the AAAC Chair shall present any modifications to the rents, fees, and charges to the AAAC prior to implementation.

A. The AIRLINE shall make payment of the following rents, fees, and charges, which shall be due and payable monthly in advance on the first day of each month with a 15-day grace period, and the AIRLINE agrees that the COUNTY will not invoice for such rents, fees, and charges:

(1) **Exclusive Use Areas**

(a) Terminal Building. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use terminal space.

Exclusive use terminal space consists of the airline ticket counter, airline ticket office, baggage service office, and operations/ramp office.

For the purpose of calculating terminal building rent, the AIRLINE's Exclusive Use Area(s) of the terminal building contains the square feet described in Exhibit A and shown in Exhibit B.

(b) Terminal Apron. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use of terminal apron space used for GSE. For purposes of calculating terminal apron rent, the AIRLINE's Exclusive Use Area(s) of the apron contains the square feet shown on Exhibit C. Exhibit C may be modified at any time by Airport Director.

(c) Airport Tenant Improvement Amortization Schedule. The AIRLINE shall reimburse the COUNTY for tenant improvement by the COUNTY based on the amortization schedule established by the Airport Director.

(2) **Common Use Areas**

(a) Arrival Level. The COUNTY shall establish fees for shared use of baggage claim and baggage make-up areas. Said fees shall be established on the basis of allocating the Airport's total costs and expenses associated with the baggage claim and baggage make-up areas to the commercial airlines in the terminal accordingly: twenty percent (20%) of the costs to be shared evenly among the commercial airlines and eighty percent (80%) of the costs to be shared based on each commercial airline's percentage of total deplaned passengers at the Airport, including their commuter affiliates.

(b) Departure Level. The COUNTY shall establish fees for shared use of departure level common areas, including hold-rooms, airside concourses, baggage/passenger screening areas, and security areas. Said fees shall be established by allocating the Airport's total costs and expenses associated with departure level common areas accordingly: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

The COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Modifications may include fee revisions, the establishment of new fee classifications, or such

other changes as needed to respond to the AIRLINE's use of the Airport. At the end of each modification period, the COUNTY shall establish monthly fees and issue credits for any overpayments by the AIRLINE or invoice the AIRLINE for any underpayments for the previous period.

In the event an obligation to pay fees begins or terminates on some day other than the first or last day of the month, the fees shall be prorated to reflect the actual period of use based on a thirty (30) day month. The fees for any partial calendar month during which this LEASE becomes effective will be payable on such effective date.

(c) IAF. Fees shall be established by the COUNTY for shared use of the IAF. Said fees shall be established based on the Airport's total costs and expenses associated with the IAF area. The IAF fees shall be allocated to commercial carriers operating international flights according to the carrier's ratio of international deplaned passengers and the fee schedule established by the COUNTY.

(d) CBP. Costs shall be passed through to commercial carriers operating international flights based on international deplaned passengers at JWA and the fee schedule established by the COUNTY.

(e) CUPPS. Fees shall be established by the COUNTY for the implementation, maintenance, support, services and supplies, and periodic upgrades of the Common Use Passenger Processing System (CUPPS). Said fees shall be established and allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

In the event of future CUPPS upgrade implementation due to technological requirements or regulatory compliance, the cost of CUPPS upgrade shall be amortized over three years, allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each airlines percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

(1) The JWA CUPPS has EMV credit card capability. JWA will not activate this capability until the JWA AAAC agrees to its activation, in whole or in part, using a processing system acceptable to the affected airlines and JWA.

(2) In the event AIRLINE does not use JWA's installed EMV credit card chip processing system, the COUNTY will not be liable for fraudulent credit card transactions by AIRLINE customers, and AIRLINE shall indemnify the COUNTY pursuant to Section 13.02 of this LEASE for such transactions.

(3) **Additional Fees**

The COUNTY shall establish additional fees including, but not limited to, utility expenses, janitorial expenses, and annual security expenses resulting from any security measures implemented after September 11, 2001. Such fees shall be established annually by allocating the Airport's total cost accordingly: ten percent (10%) of the cost to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the cost to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

B. The AIRLINE shall pay the following fees and charges payable monthly in arrears on or before the twentieth (20th) day of each month with no grace period. The AIRLINE agrees that the COUNTY will not invoice for the following fees and charges and may require the AIRLINE to submit future monthly reports electronically via JWA's portal and prescribed format. Airport will make reasonable efforts to develop an electronic format that allows AIRLINE to report requested information efficiently.

(1) Landing fees based on the latest schedule established by the COUNTY covering the operation of scheduled airlines and commercial operations at the Airport. Landing fees shall be expressed in terms of a rate per one thousand (1,000) pounds of maximum gross landing weight of aircraft certified by the FAA.

(2) Aircraft RON parking fees based on the latest schedule established by the COUNTY. Aircraft parking fees shall be expressed in dollars per night.

(3) Operations fees (gate use fees) based on the schedule established by the COUNTY. Operations fees shall be expressed in dollars per daily departure.

Upon thirty (30) days' written notice from the Airport Director, the COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Changes may include fee revisions, establishment of new fee classifications, or such other changes as needed to respond to the AIRLINE's use of the Airport, the need for the COUNTY to receive fair and equitable rents, fees, and charges for all uses of the Airport, and to ensure the Airport is operated at no cost to the local taxpayer. With regard to any dispute as to what may constitute reasonable rents, fees, and charges, the AIRLINE shall first exhaust all remedies provided by applicable federal law and FAA regulations. At the end of each modification period, the COUNTY shall establish monthly fees and apply any underpayments or overpayments by the AIRLINE to the subsequent rates and charges period. At the discretion of the COUNTY, overpayments may be refunded via credit memo and underpayments may be invoiced.

C. Based upon prior written agreement between the AIRLINE and the COUNTY, the AIRLINE may pay for facilities repairs or modifications that would normally be the responsibility of the COUNTY. Costs for such repairs or modifications shall be deducted from the AIRLINE rent by the COUNTY upon submittal to the COUNTY of invoices, receipts, statements, or other documentation acceptable to the COUNTY for said repairs or modifications. All invoices, receipts, statements, or other documentation shall include a detailed description of the nature of the work performed and the associated costs. Upon completion of all repairs or modifications, the AIRLINE shall submit to the COUNTY a written request for rent credit and all documentation for the repairs or modifications.

Notwithstanding anything in this LEASE to the contrary, all amounts payable by the AIRLINE to or on behalf of the COUNTY under this LEASE, whether or not expressly denominated as rent, shall constitute rent for the purposes of the U.S. BANKRUPTCY CODE, 11 U.S.C. §502(b)(6).

The AIRLINE shall notify the Airport in writing within thirty (30) days of filing a petition for bankruptcy.

SECTION 4.02 PAYMENT PROCEDURE

A. **Place of Payment and Filing**. Payments and statements required by Sections 4.01, 4.08, and 5.06 in this LEASE shall be delivered to the County of Orange, Office of the Auditor-Controller, John Wayne Airport Accounting Services, 3160 Airway Avenue, Costa Mesa, California 92626. The designated place of payment and filing may be changed at any time by the COUNTY upon ten (10) days' written notice to the AIRLINE. Payments may be remitted by automated clearing house (ACH) deposit to the COUNTY's designated bank account or made by check payable to the County of Orange. The AIRLINE assumes all risk of loss if payments are made by mail.

B. **Form of Payment**. All sums due under this LEASE shall be paid in lawful money of the United States of America without offset, deduction, or prior notice or demand. No payment by the AIRLINE or receipt by the COUNTY of a lesser amount than the payment due shall

be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and the COUNTY shall accept such check or payment without prejudice to the COUNTY's right to recover the balance of the amount due or pursue any other remedy in this LEASE. All electronic payments must be remitted by Automated Clearing House (ACH) deposit to the COUNTY's designated bank account, or any future mode prescribed by the COUNTY. Any fees assessed to the COUNTY's bank account due to the use of another form of payment (e.g., wire transfer) not prescribed or approved by the COUNTY shall be passed through to AIRLINE plus a twenty-five dollars ($25.00) processing fee.

C. **Penalty for NSF Check** In the event a check submitted by AIRLINE is returned for non-sufficient funds ("NSF"), the AIRLINE agrees to pay the COUNTY a service charge in the amount of twenty-five dollars ($25) for the first returned check, and thirty-five dollars ($35) for each subsequent check. AIRLINE may also be liable for treble damages pursuant to California Civil Code Section 1719.

SECTION 4.03 CHARGE FOR LATE PAYMENT

The AIRLINE hereby acknowledges that the late payment of rent or any other sums due hereunder will cause the COUNTY to incur costs not contemplated by this LEASE, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices, increased accounting costs, or lost interest income.

Accordingly, if any payment of rent as specified in Section 4.01 in this LEASE or of any other sum due the COUNTY is not received by the COUNTY by the due date, a late charge of one and one-half percent (1.5%) of the payment due shall be added to the payment, and the total sum shall become immediately due and payable to the COUNTY. An additional charge of one and one-half percent (1.5%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

The AIRLINE and the COUNTY hereby agree that such late charges represent a fair and reasonable estimate of the costs that the COUNTY will incur by reason of the AIRLINE's late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by the COUNTY shall in no event constitute a waiver of the AIRLINE's default with respect to such overdue payment or prevent the COUNTY from exercising any of the other rights and remedies granted hereunder.

SECTION 4.04 PASSENGER FACILITY CHARGE

The COUNTY expressly reserves the right to impose PFCs on airline passengers for the use of the Airport in accordance with 49 U.S.C. §40117 and applicable implementing regulations adopted by

the FAA, including 14 C.F.R. Part 158, as they may be amended from time to time (the "PFC Regulations").

The AIRLINE shall hold in trust for the COUNTY the net principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY. For the purposes of Section 4.04, net principal amount shall mean the total principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY, reduced by any amount that the AIRLINE is permitted to retain pursuant to 49 U.S.C. §40117 and the PFC Regulations. Monthly PFCs collected by the AIRLINE shall be remitted to the COUNTY no later than the last day of the following calendar month or, if that date falls on a weekend or holiday, the first business day thereafter. In addition, PFCs collected by the AIRLINE shall be remitted to the COUNTY at the address specified in Section 4.02, Part A, "Place of Payment and Filing" or at such other place as designated by the COUNTY.

Should the AIRLINE fail to remit the net principal amount of all PFCs to the COUNTY within five (5) days following the remittance date specified above, the AIRLINE shall be deemed to be in default pursuant to Article XI hereof. In addition, any late payment of PFCs shall be subject to late fees computed at the rate of one and one-half percent (1.5%) per month of the payment due and/or the highest rate allowable under applicable state law from the due date until paid in accordance with Section 4.03 of this LEASE.

Nothing contained herein shall be construed to supersede the rights and obligations provided in 14 C.F.R. Part 158 regarding PFCs. In the event that a conflict exists between such federal regulation and this agreement, the federal regulation shall govern.

Reporting and Auditing Requirement: Airlines are required to comply with Part 158 Subpart D Reporting, Recordkeeping and Audits of PFC accounts maintained by the collecting carriers, specifically refer to Part §158.65, §158.69 and §158.71. The PFC report must be filed by the last day of the month following the calendar quarter by the collecting carrier to the County/Airport. The collecting air carrier's quarterly report must state:

(i) The collecting air carrier and airport involved
(ii) The total PFC revenue collected
(iii) The total PFC revenue refunded to passengers
(iv) The collected revenue withheld for reimbursement of expenses under §158.53
(v) The dates and amounts of each remittance for the quarter

SECTION 4.05 PROVISION AGAINST SET-OFFS

It is the obligation of the AIRLINE to pay all fees and charges, free of any set-offs or claims, in the amount and at the times specified in this LEASE. In the event that the AIRLINE desires to contest the validity or amount of any such fees and charges, the AIRLINE shall first pay the same to the COUNTY and may then seek a refund in any appropriate forum.

SECTION 4.06 SECURITY DEPOSIT

The AIRLINE, prior to the commencement of operations, shall deposit with the COUNTY a security deposit approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director ("Security Deposit").

Concurrently with each revision of the rent pursuant to Section 4.01 in this LEASE, the Security Deposit to be provided by the AIRLINE shall be adjusted to approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director to guarantee the faithful performance by the AIRLINE of its obligations under this LEASE and the payment of all rents, fees, and charges due hereunder. In no event shall the amount of the Security Deposit be less than the existing Security Deposit. The amount of the Security Deposit will not be increased unless the adjusted Security Deposit is equal to or more than one hundred twenty percent (120%) of the prevailing Security Deposit. PFCs shall be excluded from the rents, fees, and charges used to determine the AIRLINE's Security Deposit.

The Security Deposit shall take one of the forms set out below and shall guarantee the AIRLINE's full and faithful performance of all the terms, covenants, and conditions of this LEASE:

A. A Letter of Credit from one or more financial institutions, subject to regulation by the State of California or Federal government, pledging that funds necessary to secure performance of the terms, covenants, and conditions of this LEASE are on deposit and guaranteed for payment, and agreeing that said funds shall be trust funds securing AIRLINE'S performance and that all or any part shall be paid to COUNTY, or order upon demand by Airport Director. Both the financial institution(s) and the form of the instrument(s) must be approved by Airport Director, or designee. The financial institution shall have a minimum long-term credit rating by two of the three Nationally Recognized Statistical Rating Organizations (NRSROs): Moody's (AA3), S&P Global (AA-), and Fitch (AA-).

B. A Faithful Performance Bond executed by a surety company or financial institution qualified and admitted to do business in the State of California and issued in a form approved by the COUNTY. The surety company must have a minimum A. M. Best rating of A-/VIII as determined by the most current edition of ambest.com. Under the bond, the surety company shall guarantee to COUNTY full and complete performance of all the terms, conditions and covenants herein to be performed on the part of AIRLINE, including the payment of use fees as well as any and all other payments. Said bond shall be maintained at the cost of AIRLINE throughout the existence of this LEASE. Said Surety shall give Airport Director or designee a minimum thirty (30) days' prior written notice of cancellation or material change in said bond. Such cancellation or material change without Airport Director's or designee's prior written consent shall constitute a default under this LEASE.

Regardless of the form in which the AIRLINE elects to make said Security Deposit, all or any portion of the principal sum shall be available unconditionally to the COUNTY for correcting any

default or breach of this LEASE by the AIRLINE, its successors or assigns, or for payment of expenses incurred by the COUNTY as a result of the failure of the AIRLINE, its successors or assigns, to faithfully perform all terms, covenants, and conditions of this LEASE.

Should the AIRLINE elect to provide either a Letter of Credit or a Faithful Performance Bond to fulfill the Security Deposit requirements of this LEASE, said Letter of Credit or bond shall have the effect of releasing the depository or creditor therein from liability on account of the payment of any or all of the principal sum to the COUNTY, or order upon demand by the Airport Director.

In the event the Airport Director withdraws all or any portion of the Security Deposit as provided herein, the AIRLINE shall, within ten (10) days of any withdrawal by the Airport Director, replenish the Security Deposit to maintain it at amounts herein required throughout the term of this LEASE. Failure to do so shall be deemed a default and shall be grounds for immediate termination of this LEASE as per Article XI of this LEASE.

The AIRLINE shall be obligated to maintain the Security Deposit in effect until the expiration date or earlier termination of this LEASE.

The Security Deposit, after deduction of all amounts due the COUNTY, shall be rebated, reassigned, released or endorsed by the COUNTY to the AIRLINE or order, as applicable, after one hundred twenty (120) days have elapsed, or at an earlier time to be determined by the Airport Director, following the expiration date of the term of this LEASE, provided the AIRLINE has fully and faithfully performed each and every term, covenant, and condition of this LEASE.

SECTION 4.07 NEW ENTRANT DEPOSIT

A cash security deposit in the sum of FIVE HUNDRED THOUSAND DOLLARS ($500,000.00) shall be provided by a new entrant AIRLINE prior to the commencement of operations.

This deposit shall be returned to the new entrant AIRLINE after six (6) months of continuous operation.

SECTION 4.08 MARKETING FUND FEE

The COUNTY has established a marketing fund for the Airport to conduct sales promotions, Airport-wide advertising, and related activities intended to promote the Airport and its tenants. Commencing January 1 of each calendar year, AIRLINE shall be required to make an annual marketing fund payment in the amount of ten thousand dollars ($10,000.00). AIRLINE agrees to pay this amount on or before January 1 of each year. All monies received by the Airport for the marketing fund shall be used solely for the purpose of Airport tenants' promotions and directly related expenses. In the event any year of this LEASE contains less than 12 months, AIRLINE shall pay a pro-rata portion of the annual amount corresponding to the number of months remaining in that calendar year.

For example, if the LEASE commenced on November 1, AIRLINE would pay the monthly pro-rata portion ($833.33 per month) of the annual marketing fund amount for November and December (totaling $1,666.66). Then, commencing on January 1, AIRLINE would make the full annual marketing fund payment of $10,000.00. Should the LEASE expire on September 15, AIRLINE would pay a pro-rata portion of the annual amount for the months of January through September.

ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES

SECTION 5.01 USE

The AIRLINE's use of the Leased Premises and its operations shall be limited to conducting a scheduled commercial airline operation. Subject to the limitations set forth in this Section and Sections 5.03, 5.04, 5.05, and 9.01 in this LEASE, AIRLINE'S operations are subject to the following authorized uses:

A. Loading and unloading of passengers.

B. Loading and unloading of baggage.

C. Passenger processing operations.

D. Flight operations office.

E. The AIRLINE shall have the right to have its aircraft and other equipment serviced by suppliers of its choice. Such suppliers may provide materials and services, including, but not limited to, aviation fuel, ground vehicle fuel, lubricating oil, greases, parts, and all other materials and supplies and services required by AIRLINE in the conduct of its air transportation service.

F. Mail, freight, and cargo operations, but only when such activity is incidental to, and conducted in connection with, regularly scheduled commercial passenger operations. The AIRLINE shall not conduct any operations at the Airport with aircraft which are:

   1) Used at the Airport exclusively or primarily for mail, freight, or cargo services; or

   2) Which have been modified in any manner for the purpose or the primary effect of reducing the passenger carrying capacity and increasing the cargo or freight carrying capacity of the aircraft.

G. Air charter activities in compliance with Access Plan.

H. Commissary services for the AIRLINE's employees at the Airport and in-flight catering services in support of the AIRLINE's air operations at the Airport. This does not permit

the AIRLINE to conduct commissary or in-flight services for any other airline or other person at the Airport without first obtaining a separate license to allow commissary or in-flight services for other airlines.

I. Handling of other airlines' operations and ticketing pursuant to Section 9.01 in this LEASE.

J. Employee training incidental to the other uses permitted under this Section.

K. Areas identified on the attached "Exhibits A, B, and C" as the AIRLINE Ticket Counter, AIRLINE Ticket Office, Baggage Service Office, Ramp/Operations Office, and Apron Equipment Storage are strictly limited to their identified uses.

L. Other uses as authorized by the Airport Director.

SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES

The COUNTY grants the AIRLINE a license for the nonexclusive use of all public Airport facilities including, but not limited to, taxiways, runways, navigational aids, and facilities relating thereto for purposes of landings, takeoffs, and taxiing of the AIRLINE's aircraft. All such use shall be in accordance with the laws of the United States of America, State of California, and the rules and regulations promulgated by their authority with reference to aviation and air navigation, and in accordance with all reasonable and applicable rules, regulations, and ordinances of the COUNTY now in force or hereafter prescribed or promulgated by ordinance or by law, including the Access Plan. The use of these areas shall be subject to the control and regulation of the Airport Director.

This license for non-exclusive use is subject to all rights reserved by the COUNTY to license, permit, authorize, regulate, and relocate concessionaires and other Airport tenants, including but not limited to booths, counters, offices, lockers, and wall space.

SECTION 5.03 RULES AND REGULATIONS

The COUNTY may adopt and enforce “Airport Rules and Regulations” that the AIRLINE agrees to observe and obey with respect to the use of the Airport and its appurtenances, facilities, improvements, equipment, and services, provided that such rules and regulations shall not be inconsistent with safety, with applicable rules, regulations and orders including those of the FAA and TSA with respect to all operations of the Airport, and with the terms of and AIRLINE’s rights under this LEASE. Except in the case of emergency, the COUNTY shall give the AIRLINE written notice and opportunity to comment on any proposed changes or additions to the Airport Rules and Regulations that could impact the AIRLINE's operations at the Airport before such proposed rules and regulations are adopted by the COUNTY. If requested, the COUNTY shall promptly provide a copy of such Airport Rules and Regulations to the AIRLINE.

The AIRLINE's operations under this LEASE shall comply with all Airport Rules and Regulations and shall observe, obey, comply with, and not otherwise hinder or obstruct any and all rules, regulations, laws, ordinances, statutes, or orders of any governmental authority, whether federal, state, or local, lawfully exercising authority over the Airport or the activities thereon, including compliance with FAA, TSA, and Airport security rules, regulations and plans.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines, or penalties of any nature whatsoever that may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE's operation under this LEASE, including, but not limited to, the payment of any fines or penalties for any breach of security, arising from the unauthorized entry of any person or vehicle onto the Airport or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE's operation under this LEASE.

The COUNTY shall not be liable to the AIRLINE for any diminution or deprivation of possession, or of its rights hereunder, on account of the exercise of such right or authority provided in this LEASE, nor shall the AIRLINE be entitled to terminate the whole or any portion of the leasehold estate herein created by reason of the exercise of such right or authority, unless the exercise thereof shall so interfere with the AIRLINE's use and occupancy of the Leased Premises so as to constitute a termination in whole or in part of this LEASE by operation of law in accordance with the laws of the State of California.

SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE

The AIRLINE agrees that:

A. Notwithstanding any provision in this LEASE to the contrary, the AIRLINE shall conduct all of its operations and activities at the Airport in strict conformity with the Access Plan and each of its regulations and limitations on the AIRLINE's activities and operations at the Airport.

B. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are privileges that may be revoked or modified by the COUNTY at any time during the term of this LEASE, and that such privileges do not constitute property rights of the AIRLINE.

C. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are not transferable, assignable, or delegable by the AIRLINE to any other person or entity by operation of law or otherwise, and that such allocations and other operating privileges may not be pledged, hypothecated or encumbered by the AIRLINE at any time for any purpose.

D. The remedies specified in the Access Plan for any Access Plan violation by the AIRLINE are not the exclusive remedies of the COUNTY, but shall constitute additional nonexclusive remedies that the COUNTY may enforce separately or cumulatively with other remedies under the enforcement provisions of this LEASE.

E. The AIRLINE shall not at any time, or for any reason, make any assertion to any court, administrative agency, administrative tribunal, or other similar forum that is in any respect inconsistent with the terms and provisions of this Section, except that nothing in this Section shall prevent the AIRLINE from making any argument or asserting any position to the COUNTY, as applicable, in connection with any action by the COUNTY to revoke or modify allocations of operating privileges or any amendments to the Access Plan.

F. All provisions of Section 5.01 and Article XI in this LEASE are subject to the terms, provisions, and limitations of this Section.

SECTION 5.05 OPERATIONAL REQUIREMENTS

The AIRLINE agrees to abide by the following operational conditions and requirements:

A. **Flight Operations and Reallocations**. The number of allocated ADDs, including "regularly scheduled," "charter," "maintenance, and "cargo," shall not exceed the number of departures authorized and allocated to the AIRLINE under the Access Plan. In addition to any and all remedies available to the COUNTY under this LEASE and all provisions of the Access Plan, the COUNTY may reallocate ADDs or other operating privileges granted to the AIRLINE under the provisions of the Access Plan. The AIRLINE shall not operate at JWA unless it conducts its operations with ADDs, allocated seat capacity, or other Authorized Departures directly and formally allocated to the AIRLINE by action of the Board of Supervisors; the AIRLINE conducts all of its operations with aircraft that have been certified for operation at the Airport consistent with Access Plan requirements; and, the AIRLINE has met all other applicable COUNTY requirements.

B. **Hours of Operation**. Except as expressly authorized, the AIRLINE's aircraft shall not depart from the Airport between the hours of 10:00 p.m. and 7:00 a.m. (8:00 a.m. on Sundays) and shall not arrive at the Airport between the hours of 11:00 p.m. and 7:00 a.m. (8:00 a.m. Sundays), as measured at any JWA noise monitoring station. All times shown are Pacific Time.

The AIRLINE acknowledges that the COUNTY may, by regulation, permit some operations by general aviation (nonscheduled, noncommercial) users of the Airport during the nighttime hours with certain specific aircraft types that have noise characteristics similar to the noise characteristics of aircraft that can operate as "Class E" aircraft, as that term is defined in the Access Plan. The AIRLINE does now, or may during the term of this LEASE, operate Class E aircraft at the Airport; nevertheless, the AIRLINE agrees that

the limitations on hours of operations contained in this Section shall be applicable to all of its operations at the Airport, including its Class E operations.

The AIRLINE further acknowledges that there is a rational basis for the COUNTY to distinguish between general aviation operations and regularly scheduled operations by Class E (or noise equivalent) aircraft during the nighttime hours and that this distinction does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The COUNTY agrees that this provision is, and during the term of this LEASE shall be, included in all leases, operating agreements, or other service operating agreements between the COUNTY and any person conducting regularly scheduled commercial operations at the Airport.

C. **Aircraft Types**. The AIRLINE agrees that it will not operate any aircraft at the Airport unless and until that aircraft type has been certified and qualified for operation by the COUNTY in accordance with the provisions and procedures of the Access Plan. The AIRLINE further agrees that it will abide by all aircraft-type restrictions and limitations contained in the Access Plan, as amended, or as it may hereafter be amended, and any other restrictions on aircraft types which may hereafter be adopted by the Board of Supervisors of the County of Orange.

D. **Gate Management.** AIRLINE agrees to utilize gate management software, access/equipment provided by Airport, to upload and maintain current daily arrival and departure information for aircraft operations to jetbridge/hardstand gates and RONs utilized by AIRLINE. Airport will make reasonable efforts to develop gate management software that allows for efficient uploading and maintaining of current daily arrival and departure information by AIRLINE.

E. **Noninterference**. The AIRLINE shall cooperate with and not interfere with the COUNTY's and other airlines' use of and operations at the Airport. The AIRLINE shall not place any ropes, barricades, and/or stanchions on the public or Common Use Area without prior written approval of the Airport Director.

F. **Disposal of Refuse from International Operations**. Airlines operating international service shall contract with a CBP-approved vendor for the disposal of refuse from arriving international flights.

SECTION 5.06 RECORDS AND ACCOUNTS

A. **Records**. The AIRLINE shall at all times keep true and complete records of all transactions in the operation of all business activities, of whatever nature, conducted in pursuance of the rights granted by this LEASE. The AIRLINE shall maintain such records for a period of five (5) years beyond the expiration or earlier termination of this LEASE.

B. **Reports**. The AIRLINE shall provide to the Auditor-Controller and the Airport Director at the end of each calendar month, on forms to be supplied by the COUNTY, statistical information respecting the AIRLINE's operations at the Airport, including, but not limited to, the total number of all aircraft operations conducted by the AIRLINE; the total combined certificated gross landing weight of all such aircraft operations; the total number of enplaned, deplaned and through passengers; the total number of pounds of airmail, cargo and express mail enplaned and deplaned; and the total number of aircraft stored daily and monthly at the Airport. Such reports shall be submitted to the Airport Director no later than fifteen (15) calendar days following the last day of each month. The AIRLINE must attest that the list is an accurate representation of the AIRLINE's activity for the month.

The AIRLINE shall also provide to the Airport Director, for each day, a copy of the AIRLINE's flight dispatch logs or a listing made from such logs, certified as correct by a responsible station manager or dispatcher, showing the type of equipment used for each flight and the actual takeoff and landing times, and not gate times. Said copy of logs or listing shall be made available for each day's activities by noon (12:00 p.m., Pacific Time) of the following day.

C. **Audits**. All the AIRLINE's records and supporting source documents related to rates and fees in this LEASE or business operations conducted within or from the Leased Premises shall be kept and made available to the COUNTY at one location within the geographical limits of the COUNTY or shall be made available at offices in the COUNTY within ten (10) working days after written notice to produce said records and source documents. The COUNTY shall, through its duly authorized agents or representatives, have the right to examine and audit said records and supporting source documents at any and all reasonable times, as set out herein, for the purpose of determining the accuracy thereof and of the monthly statements to the COUNTY.

The COUNTY, upon request of the AIRLINE, may authorize the above-referenced records and supporting source documents to be kept in a single location outside the limits of the COUNTY provided the AIRLINE shall agree to pay all expenses including, but not limited to transportation, food and lodging necessary for the COUNTY to send a representative to audit said records. Said right shall not, unless determined necessary by the COUNTY, be exercised by the COUNTY more than once each accounting year.

The full cost of said audit, as determined by the COUNTY, shall be borne by the AIRLINE if either or both of the following conditions exist:

(1) The audit reveals an underpayment of more than two percent (2%) between the rents and fees due as reported and paid by the AIRLINE in accordance with this LEASE and the rent due as determined by said audit; and/or

(2) The AIRLINE has failed to maintain true and complete records and supporting source documents in accordance with paragraph A above. The adequacy of records shall be determined at the sole discretion of the COUNTY.

Otherwise, the COUNTY shall bear the cost of said audit, excluding the aforementioned expenses related to an audit of documents kept outside the limits of the COUNTY. The cost of said audit, if due from the AIRLINE, shall be included as rent for the first month following invoice to the AIRLINE.

Upon the request of the COUNTY, the AIRLINE shall promptly provide necessary data to enable the COUNTY to fully comply with the requirements of the State of California or the United States of America for information or reports directly relating to this LEASE and to the AIRLINE's use of the Leased Premises.

D. **Failure to Maintain Adequate Records**. In addition to any other remedies available to the COUNTY under this LEASE, at law or in equity, in the event that the AIRLINE fails to maintain and keep records and accounts from business operations conducted on or from the Leased Premises and/or source documents relating thereto, or to make the same available to the COUNTY for examination and audit as required by this LEASE, the COUNTY, at the COUNTY's option, may:

(1) Perform such examinations, audits, and/or investigations itself or through agents or employees as the COUNTY and/or its auditors may deem appropriate to confirm the amount of rents, fees, and charges payable by the AIRLINE under this LEASE; and any and all costs and/or expenses incurred by the COUNTY in connection therewith shall be promptly reimbursed to the COUNTY by the AIRLINE upon demand.

(2) Require that the AIRLINE pay rents and fees based on the COUNTY's best good faith estimate of the AIRLINE's activities from business operations conducted on or from the Leased Premises and Airport; and any such determination made by the COUNTY shall be conclusive and binding upon the AIRLINE.

Costs payable by the AIRLINE pursuant to this Section shall include reimbursement to the COUNTY of the services provided at such rates as the COUNTY may, from time to time, in good faith, establish for such services. In the case of services provided by the COUNTY's employees, such rates shall be sufficient to reimburse the COUNTY for employees' salaries, including employee taxes and benefits, and the COUNTY's overhead; or, at the COUNTY's option, may be at the rate for such services that would be charged by a qualified third party or parties, approved by the COUNTY, if engaged by the COUNTY to perform such services. Said costs payable by the AIRLINE shall be included as rent for the first month following invoice to the AIRLINE.

SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS

The AIRLINE agrees to maintain Exclusive Use Areas in a safe, clean, sanitary condition and in compliance with all applicable laws. The AIRLINE shall be responsible for making all necessary repairs required to maintain the Exclusive Use Areas and improvements in good condition. All repairs and improvements made by the AIRLINE to the Exclusive Use Areas shall be in compliance with all current federal, state, local laws, regulations, ordinances, and building codes, and all Airport regulations (collectively, "Codes") adopted consistent with Section 5.03. The Codes encompass all fire, life, and structural safety aspects and apply to the construction, alteration, moving, demolition, repair, and use of the Exclusive Use Areas. Any additions, alterations, repairs, and changes of use or occupancy in the Exclusive Use Areas shall comply with the provisions for new buildings and structures as set forth in the Codes. All devices or safeguards that are required by the Codes shall be maintained in conformance with the edition of the Codes under which it was installed. Maintenance obligations of the AIRLINE are shown on Exhibit E, which exhibit is attached hereto and by reference made a part hereof.

The AIRLINE shall immediately notify the Airport Director and the Airport Operations Center ("AOC") of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings.

The AIRLINE further agrees to provide approved containers for trash and recycling and to keep the Leased Premises free and clear of rubbish and litter. The Airport Director shall have the right to enter upon and inspect the AIRLINE's Leased Premises and other Airport facilities at any time for cleanliness, safety, and maintenance inspections as set out herein. The Airport Director shall attempt to provide reasonable notice prior to entering AIRLINE's Leased Premises.

The AIRLINE shall designate in writing to the Airport Director an on-site representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness, and general order.

If the AIRLINE fails to maintain or make repairs or replacements as required herein, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

If the AIRLINE fails to maintain or make repairs or replacements, including removal of all its GSE and/or any AIRLINE materials at its loading and unloading operations at the end of its approved hours of operation as required herein, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

The AIRLINE expressly waives any and all claims against the COUNTY for compensation for any and all loss or damage to the AIRLINE's property sustained by reason of any defect, deficiency, or impairment of any water supply system, drainage or sewer system, gas supply system, telephone system, electrical supply system or electrical apparatus or wires serving the Leased Premises, except to the extent caused by the COUNTY's negligence or willful misconduct.

SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES

The COUNTY will provide a means of access for aircraft between the terminal complex and the taxiway and runway system of the Airport, apron, airplane gate positions, and aircraft loading bridges in the area immediately adjacent to the passenger terminal building. No special possessory, exclusive, or vested right whatsoever, save and except the use in common with other airlines and other aircraft owners, shall vest in the AIRLINE by reason of the proximity of such facilities to the AIRLINE's gate loading positions.

The AIRLINE shall maintain, at its sole expense, apron, aircraft gate positions, and aircraft loading bridges in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum products, or grease that may result from activities of its passengers, employees, agents, or suppliers. AIRLINE shall promptly remove all oil and grease spillage attributable to AIRLINE's aircraft or equipment.

If the AIRLINE fails to perform its obligations in such regard, to perform such as maintenance, cleaning, or repair as the COUNTY reasonably deems necessary, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES

All assignment of gate positions (*i.e.*, aircraft loading bridges and aircraft hardstand positions) shall be made in accordance with rules, regulations, and directives provided in the Access Plan

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and made at the complete discretion of the Airport Director, as he/she may determine is appropriate. The Airport Director, in making gate assignment (*i.e.*, loading bridge and hardstand) positions to the airlines, may take into account the needs and requirements of the airlines, as well as the requirements of other Airport users, for use of gate positions adjacent to the passenger terminal building, and other factors that the Airport Director determines are appropriate. Without liability, cost, or obligation to the COUNTY, gate assignment positions and aircraft loading bridge and hardstand positions may be changed from time to time as determined necessary by the Airport Director. The Airport Director may consider passenger activity, number of aircraft operations,

type of aircraft used, scheduling needs, and any other factors they may deem appropriate when assigning gate positions, loading bridges, and hardstand positions.

SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON

The COUNTY reserves the right to regulate, by the adoption of an ordinance, rules, or other means, adopted consistent with Section 5.03, the use of vehicles and automotive equipment upon, over, and across the apron and around the passenger terminal building. Vehicles and equipment used upon, over, and across the apron and around the passenger terminal building should be in good working order and free of leaks. In the event of an emergency not specifically provided for in said rules and regulations, the Airport Director shall have the power to take charge of the direction of such vehicle and automotive traffic in the area affected and regulate the same until the cause of such emergency has been removed. The existence of an emergency other than an aircraft emergency, shall be determined by the Airport Director.

SECTION 5.11 AIRCRAFT PARKING

The AIRLINE shall make arrangements with the Airport Director for each aircraft parking space that may be made available to the AIRLINE subject to Section 3.01 in this LEASE.

If, in the judgment of the Airport Director, it becomes necessary to move the AIRLINE's aircraft in order to ensure public safety, improve ramp area efficiency or otherwise, then the AIRLINE shall immediately move said aircraft to the location designated by the Airport Director.

Should any aircraft owned or operated by the AIRLINE, through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the landing and field facilities at the Airport, the AIRLINE shall:

A. Immediately remove said aircraft to such location as shall be designated by the Airport Director, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

B. In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal

agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by the Airport Director.

Should the AIRLINE fail to remove said aircraft, or should aircraft owned or operated by the AIRLINE be abandoned at the Airport, the COUNTY shall have the right to remove such aircraft by any means the Airport Director deems necessary under the circumstances, and the AIRLINE shall keep and hold the COUNTY harmless from any and all costs, loss, liability, damage or expense incurred by the COUNTY or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal as well as moving and storage costs therefor. The AIRLINE agrees that the designation of any aircraft parking positions anywhere on the Airport, if any, made for the AIRLINE's use is presently regulated by the Access Plan and that nothing in this Section obligates the COUNTY to provide, make available, or consent to any aircraft parking spaces for the AIRLINE's use. The AIRLINE agrees that it may not independently make arrangements for aircraft parking space at the Airport without express written consent of the Airport Director, which may be withheld in their sole discretion.

SECTION 5.12 PORTER SERVICES

The AIRLINE may provide directly or indirectly adequate porter (skycap) and/or assistance service for the convenience of its passengers in areas designated by the Airport Director. Porter services include baggage check-in services, wheelchair services, and ticket screening services. The AIRLINE shall provide the Airport Director a plan that enumerates the salient features of its porter services arrangements and a copy of its agreement if service is provided by other than the AIRLINE's employees. All podiums utilized for porter service shall be approved in writing by the Airport Director. The size, shape, and color shall be coordinated with and must be identical to all other airlines' podiums. The AIRLINE's plan shall also provide the details of any podiums and their proposed locations necessary to provide porter services.

ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT

SECTION 6.01 COMMON USE EQUIPMENT

The COUNTY agrees to supply and maintain all equipment for the CUPPS/CUSS, which shall be situated in areas such as, but not limited to ticket counters, ticket lobbies, skycap, and gate podiums. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's service desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with CUPPS. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve

the efficiency of the Airport, including but not limited gate assignment, scheduling and implementation of any software updates.

SECTION 6.02 COMMON USE EQUIPMENT STOCK

The AIRLINE may be asked to supply its own ticket (kiosk) stock in the use of the CUPPS at Common Use Area positions from time to time as it pertains to Radio Frequency Identification (RFID) or specialty stock not provided by the COUNTY. In the event that multiple airlines share kiosk space, all airlines will be required to remove their own stock and allow the other airlines to use the COUNTY-supplied stock, as further outlined herein. When utilizing the COUNTY Common Use Area, the AIRLINE may use either its own stock or the COUNTY's common stock. If the AIRLINE elects to use its own stock, it shall be responsible for removing all stock from the COUNTY's equipment at the end of the usage period. AIRLINE stock shall be subject to approval by the COUNTY. In the event that the COUNTY deems the AIRLINE stock to be injurious to CUPPS, the AIRLINE will immediately cease usage of the offending stock upon such notice by the COUNTY.

SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK

The COUNTY will not supply RFID bag tag stock for use in as part of the Baggage Handling System unless RFID becomes standard common-use stock at all locations within the Airport. AIRLINE shall be required to meet the IATA / ATA standards for the twenty-one-inch (21") bag tag (or as the standard may be amended by IATA / ATA) prior to the start-up of operations at the Airport. In the event that RFID is deployed Airport-wide, the AIRLINE shall provide to the COUNTY the necessary Baggage Service Messages (BSMs) that will be required to facilitate the AIRLINE's baggage through the Baggage Handling System that utilizes RFID technology to track and route baggage to the appropriate baggage carrousel. The COUNTY makes no express warranty as to the operability of the technology and/or baggage handling system equipment, and the sole extent of liability of the COUNTY with respect to the technology and/or baggage handling system equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably possible to technical difficulties with the BHS equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with the RFID, BHS, and BSMs systems. The AIRLINE will not be allowed to use its own bag tag stock, unless specifically permitted to do so in writing by the COUNTY, which must at the time meet any and all standards that may be set forth by the COUNTY for such stock. The COUNTY reserves the right to sell and collect applicable advertising revenues that may be generated from the reverse side of any the COUNTY-supplied bag tag stock.

SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT

The AIRLINE will not install, deploy, or otherwise engage in the use of any proprietary self-service check-in kiosks and/or device, applications, and/or technologies on its Leased Premises, or any portion of the Airport with the expectation to screen any checked bags at the Airport without prior approval from the Airport Director. At the request of the Airport Director, the AIRLINE will work with the COUNTY and other related parties in the development of a Common Use Self Service (CUSS) compliant kiosk application, or other similar applications, and/or devices as may be required to have the AIRLINE operational on all CUSS kiosks at the Airport. The COUNTY reserves the right to establish the locations for implementation of such CUSS kiosks to meet the needs of its customers and the Air Transportation Companies, as well as the operational needs of the Airport. The COUNTY agrees to supply and maintain, with its personnel and at its expense, all common-use self-service kiosk equipment, which shall be situated at designated ticket counters, at various areas of the terminal lobby and customer service areas, and other such locations, and using such passenger processing models as determined by the Airport Director to be most beneficial to meet the operational needs of the Airport. The COUNTY will supply all of the boarding pass stock necessary for the use of the CUSS equipment. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the Common Use Equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE's vendor issues relating to the AIRLINE's applications that run in conjunction with the CUSS systems. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve the efficiency of the Airport.

SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT

The AIRLINE shall not install at any gate hold room, gate counter, skycap, ticket counter, or kiosk, any AIRLINE-owned or proprietary computer equipment, kiosks, phones, other electronic equipment, or similar equipment without the prior express written permission of Airport Director. The AIRLINE shall not make any modification to the COUNTY's Common Use Equipment, including but not limited to modifying the keyboards, adding adhesive or other markings, or otherwise modifying the equipment physically and/or electronically. Any such modifications and/or damage that is willfully or negligently caused by the AIRLINE shall be remedied by the AIRLINE, to the sole satisfaction of the COUNTY, at the sole cost of the AIRLINE. In the event that the damage is repaired by the COUNTY, the AIRLINE will reimburse the COUNTY for both the fully allocated cost of time and materials pertaining to the repairs plus fifteen percent (15%) administrative fees.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 6.06 NETWORK USAGE

The AIRLINE will not install any proprietary cabling and/or similar infrastructure at the Airport without prior written approval of the COUNTY. As such, AIRLINE shall make use of the COUNTY's data communications backbone at the Airport for its communications needs to connect separate operating locations within the Airport campus (i.e., ticketing, baggage service, operations, maintenance, etc.). The AIRLINE shall be fully integrated into the COUNTY's infrastructure backbone prior to startup of operations and thereafter shall be responsible for removing all proprietary cabling and/or other similar infrastructure back to point of origin, at the AIRLINE's sole cost. Where authorized, at the discretion of the Airport Director, any and all data communication cabling installed by the AIRLINE shall be in accordance with the Airport's Tenant Design and Construction Guidelines and, upon installation, shall become the property of the COUNTY. Such improvements shall not be subject to any reimbursement or useful life clauses under Section 8.01 of this LEASE. The COUNTY may impose reasonable fees to AIRLINE for the use of such network, including but not limited to, any fees for unusual and/or excessive or non-standard usage, as reasonably determined by Airport Director.

A. The AIRLINE will assign a representative(s), hereinafter "Authorized Network Representative," to work with the COUNTY to determine user access and network connectivity information. The AIRLINE shall be solely responsible for ensuring that Authorized Network Representatives are not security risks and, upon the COUNTY's request, provide the COUNTY with any information reasonably necessary for the COUNTY to evaluate any security event or incident relating to any Authorized Network Representative or use of the COUNTY's network.

B. The AIRLINE shall be solely responsible for the selection, implementation, and maintenance of security procedures and policies that are sufficient to ensure that (i) the AIRLINE's use of the COUNTY's network is secure and is used only for authorized purposes stated herein, and (ii) the AIRLINE's business information and data are protected against improper access, use, loss, disclosure, alteration, or destruction. The AIRLINE agrees that it will not abuse or misuse the Network Connection, any of the components thereof, or any of the capabilities provided thereby. Unless otherwise explicitly provided herein, in no event shall the AIRLINE use the Network Connection as its internet service provider.

   (1) The AIRLINE shall notify the COUNTY's Information Systems as soon as possible upon the discovery of any security breach or potential security breach that may affect the AIRLINE or the COUNTY's confidential information or the security of the Network or any Network Connection.

   (2) The AIRLINE shall ensure adequate security protection for the COUNTY from any third-party connections established on the AIRLINE's network. Adequate security protection means (i) protection to preserve confidentiality, integrity, and

availability of the Network and information of the COUNTY and (ii) protection from malicious codes and/or unauthorized intrusions.

(3) The AIRLINE and the COUNTY shall be responsible for maintaining the highest industry standards for security best practices on computing devices that could affect the availability and health of the Network connection, the Network, systems, applications, or data of the AIRLINE and the COUNTY, respectively, specifically including, but not limited to, use of up-to-date antivirus protection, anti-SPAM, and establishment and use of a timely security patch management process.

SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES

The AIRLINE acknowledges that the COUNTY provides wireless capabilities for the AIRLINE's operational use in accordance with applicable Federal Communications Commission (FCC) regulations, rulings, and/or guidelines. The AIRLINE agrees that it will not install, deploy, or otherwise engage in the use of any transmitting wireless device, applications, and/or technologies in its Exclusive Use Areas, any portion of the Airport, or within the airport system (regardless of any Exclusive Use, Preferential Use, Common Use, and/or Joint Use assignments) without having first obtained the express written permission of the Airport Director. Such wireless applications shall only be for the AIRLINE's operational use. Use by any others or for the benefit of any other parties is specifically prohibited. At the request of the Airport Director, the AIRLINE will cease operation of a particular device due to interference with another transmitting device that is deemed necessary for operational and/or life-safety purposes.

SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES

A. The AIRLINE will have use of the In-Line Baggage Handling Systems (BHS) in a location as designated by the Director to meet the operational needs of the Airport. The AIRLINE will be responsible to verify that it has certified CUTE, CUSS, and Baggage Service Messages (BSM) applications to operate the BHS and RFID, where applicable, prior to the start-up of service at the Airport. The AIRLINE will actively work with the COUNTY staff and the AIRLINE's system provider(s) to expedite all information systems and/or technologies work that may be required to ensure such applications are properly certified by the COUNTY and its system provider(s), if applicable. The COUNTY shall have the right to charge the AIRLINE for any expenses incurred by the COUNTY, including staffing to manage passenger lines and/or additional maintenance staff if the AIRLINE fails to adhere to BHS system procedures and/or properly staff the baggage make-up areas to meet the demand and such failure results in an operational impact to the Airport and/or the BHS equipment.

B. Following the COUNTY's BHS training, provided by the COUNTY to the AIRLINE, the AIRLINE will be solely responsible for the proper operations, training, and supervision of

its staff for its portion of the operational responsibilities of the BHS system. The AIRLINE shall ensure that it maintains staffing levels during all operational hours, including irregular operations, that are sufficient to retrieve baggage from the baggage make-up carrousels and/or piers in order to prevent the inefficient use of the in-line baggage handling system in a fully automated mode and to prevent the system from initiating a "die-back" situation, which may require the COUNTY to intercede manually and/or cause additional staffing by the COUNTY, its contractors, or TSA staff to initiate baggage screening mitigation procedures as a result of baggage stacking up on the make-up carrousels and/or piers. The AIRLINE shall not initiate any procedures or work rules that, as determined by the Director, will negatively impact the in-line BHS without the prior written approval of the COUNTY and without concurrence from TSA. The COUNTY reserves the right to recover any costs from the AIRLINE that may result from the AIRLINE's failure to comply with this Section of the LEASE.

C. The AIRLINE will designate a representative as a Ground Security Coordinator ("GSC") to handle issues that may arise from time to time with the BHS. The GSC will be the point of contact with the TSA and the COUNTY for all issues concerning checked passenger baggage and/or BHS performance. The GSC must be available during the AIRLINE's operational hours.

D. The AIRLINE acknowledges that all oversized checked baggage must be delivered to a designated oversized area for screening.

E. The AIRLINE acknowledges it may have a more stringent screening requirement for checked passenger baggage than that of TSA. As such, the AIRLINE will be responsible for providing these additional screening services and associated staffing to meet such requirements, including, but not limited to, X-Ray screening, and any additional training for additional services, and/or any additional services at no additional cost to the COUNTY. The AIRLINE must provide evidence of proper training for such additional measures to the Director upon request. The COUNTY may, at its sole discretion, provide and maintain the X-ray screening device.

F. The AIRLINE shall be responsible for ordering, pick-up and maintaining an appropriate level of any and all consumables related to the Common Use Equipment and/or BHS, including, but not limited to, RFID embedded bag tag stock, boarding pass stock, toner cartridges for laser printers, or other similar items, in accordance with policies and procedures established by the COUNTY in the event AIRLINE uses propriety consumables.

ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE

The AIRLINE agrees that it shall abide with all applicable Hazardous Substances laws, rules and

regulations, relating to Hazardous Substances including, but not limited to, 49 C.F.R. Parts 171 *et seq*. The AIRLINE shall not cause any Hazardous Substances to be brought upon, kept, used, stored, generated, treated, managed or disposed of in, on or about or transferred to or from the Airport, except to the extent that such Hazardous Substances are (i) necessary for or useful to the AIRLINE's business and (ii) used, kept and stored in a manner that complies with all applicable Environmental Laws, the Airport Rules and Regulations, and all other applicable laws.

The AIRLINE shall comply with all applicable Environmental Laws and shall not engage in any activity on or about the Airport that violates any applicable Environmental Law. In conducting its operations and maintenance on the Airport under this LEASE, the AIRLINE shall comply with such regulations regarding the storage, distribution, processing, handling and/or disposal, including the Stormwater discharge requirements, of Hazardous Substances including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

The AIRLINE shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental agency having jurisdiction or any applicable Environmental Law for clean-up and removal of any contamination involving any Hazardous Substances caused by the AIRLINE. In conducting a clean-up of a Hazardous Substance release under this LEASE, the AIRLINE shall comply with applicable Environmental Laws. Hazardous waste generated by the AIRLINE or its contractors shall be disposed properly and under the AIRLINE's EPA ID number.

The AIRLINE shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Stormwater drainage system unless authorized by applicable Environmental Law and the Airport's Stormwater Discharge Permit. The AIRLINE shall not allow or cause the entry of any Unauthorized Non Stormwater Discharge that is under its control into the Stormwater drainage system of the Airport or into the Stormwater drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the COUNTY for that purpose, and the AIRLINE complies with recommendations made by the state and/or federal Environmental Protection Agency and the Airport's Stormwater Discharge Permit requirements. The AIRLINE shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by any applicable Environmental Law.

The AIRLINE shall provide all notices required pursuant to the SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986, CAL. HEALTH & SAF. CODE § 25249 *et seq*. The AIRLINE shall provide prompt written notice to the COUNTY within three (3) days of receipt of all written notices of violation of any applicable Environmental Law received by the AIRLINE.

SECTION 7.02 SPILL RESPONSE PLAN

Airlines and fueling companies are required to provide (separately or collectively) a Local Spill Response Action Plan to address specific spill response management. Airlines are encouraged to

coordinate response efforts between the airlines and fueling contractors. At a minimum, the plan should address the following:

a) Response team organization, members, and responsibilities;
b) Spill response procedures (including notifications);
c) Personnel training;
d) Personal protective equipment; and
e) Spill kit inventory and management

The AIRLINE shall immediately notify the Airport Director and the AOC of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings. The AIRLINE is responsible to mitigate such spills and perform any remediation necessary to satisfy the applicable federal, state, or local oversight agencies. If the COUNTY personnel, equipment, or third party services are needed to support mitigation, the COUNTY will be reimbursed by the AIRLINE for labor, equipment, and third party costs for all services provided. In addition to reimbursing the COUNTY for the costs of all services provided by third parties to mitigate such spills, the AIRLINE shall pay to County administrative costs in the amount of one thousand dollars ($1,000) per incident. Said costs shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the COUNTY.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE’s operation under this LEASE, including, but not limited to, the payment of any fines or penalties arising from any breach of security, fire, emergency, accident, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, Non-Stormwater Discharge, or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE’s operation under this LEASE.

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION

Federal regulations for Stormwater discharges were issued by the U.S. Environmental Protection Agency (U.S. EPA) (40 CFR Parts 122, 123, and 124). The U.S. EPA, through the NPDES permitting program, regulates discharges of potentially contaminated wastewater and Stormwater into waters of the United States. California has been delegated NPDES general permitting authority by the U.S. EPA. California's State Water Board has issued NPDES permits to regulate municipal, industrial, and construction Stormwater discharges under the NPDES permitting program.

Section 402(p) of the Clean Water Act (CWA) requires NPDES permits for Stormwater discharges from municipal separate storm sewer systems (MS4s). The County of Orange is the principal permittee for Orange County's MS4 Permit Order No. R8-2009-0030 (or currently effective permit) No. CAS 618030 (MS4 Permit). As a facility owned and operated by the County of Orange, the Airport implements requirements in the MS4 permit and is responsible for discharges into the system. One of the MS4 Permit requirements is to establish the legal authority to control discharges. The County's Water Quality Ordinance (OCCO Title 4, Division 13, Sections 4-13-10 et. seq.) regulates non-stormwater discharges into the MS4 to reduce the discharge of pollutants into the waters of the State. The CWA and the resulting MS4 permit require the County to take steps to reduce pollutants leaving its systems to the maximum extent practicable. The MS4 permit requires the County to develop and implement a Local Implementation Plan (LIP) describing the programs and procedures required by the MS4 permit. The Airport will enforce these Stormwater requirements on municipal areas of the Airport

AIRLINE shall not have prohibited discharge to the MS4 system or on-site storm drains. Some non-stormwater discharges (i.e., fire sprinkler tests) require additional permits with the Regional Water Quality Control Board (RWQCB). AIRLINE is responsible for obtaining and implementing monitoring requirements associated with any non-stormwater discharge permits. AIRLINE shall notify COUNTY prior to any non-stormwater discharge.

In the furtherance of these regulations and Section 402 of the Clean Water Act (CWA), the State of California has adopted a General Permit for discharges of Stormwater associated with industrial activities: “State Water Resources Control Board (State Water Board) Water Quality Order No. 2014-0057-DWQ, NPDES General Permit No. CAS 000001 (Industrial General Permit or IGP).” JWA has applied for and received coverage to discharge Stormwater and authorized non-stormwater discharges pursuant to the general permit for industrial activities and is subject to the permit’s requirements, conditions, and penalties. The permit requires the development and implementation of an effective Industrial Stormwater Pollution Prevention Plan (SWPPP) and Monitoring Implementation Plan (MIP). This plan is developed by COUNTY and covers AIRLINE. The airside portion of JWA where industrial activities take place is covered by the IGP. Industrial activities include maintenance, fueling, equipment cleaning, storage areas, and material handling activities. AIRLINE shall comply with applicable Stormwater discharge requirements and Best Management Practices for industrial facilities described in the SWPPP. COUNTY will provide the required annual training for AIRLINE as part of the SWPPP training requirements. AIRLINE shall have all personnel working within the airside portion of John Wayne Airport to attend annual training or AIRLINE shall provide annual training to personnel using JWA-approved training materials.

SECTION 7.04 ENVIRONMENTAL STEWARDSHIP

AIRLINE shall support the COUNTY’s Environmental Compliance and Stewardship program through participation in various efforts or implementation of Airport plans. COUNTY shall

provide AIRLINE advance notice of any proposed changes to the following plans that may affect AIRLINE operations:

A. Air Quality Improvement Plan (AQIP) and Memorandum of Understanding (MOU) with the South Coast Air Quality Management District
B. Climate Action Plan.
C. Waste Management Plan.
D. Stormwater Pollution Prevention Plan.
E. Green Concessions Program.

AIRLINE shall implement and support the following environmental policies and provide reports and documents as required:

A. Adopt and adhere to the following GSE requirement: GSE associated with commercial operations shall achieve fleet average oxides of nitrogen (NOx) emission factor of 1.7 grams per brake horsepower per hour (g/bhp-hr)upon lease initiation through 2030 and 0.9 g/bhp-hr by January 1, 2031, respectively, as calculated in accordance with the Airport's AQIP and MOU with SCAQMD. Within 30 days of lease execution the AIRLINE shall develop and provide to JWA a GSE improvement plan to demonstrate how the GSE requirement will be met. Annually AIRLINE shall provide GSE data as required by the MOU by March 30.
B. AIRLINE has been provided a copy of the COUNTY's Environmentally Preferable Purchasing Policy (2022) and shall consider developing a similar policy that addresses the AIRLINE's procurement of goods and services as applicable.
C. AIRLINE shall affirm its commitment to Environmental Sustainability at the Airport. The Policy commitment shall be submitted to the JWA within 30 days of LEASE execution.
D. Upon request, AIRLINE shall provide reports necessary for environmental compliance, regulatory requirements and Airport mitigation measure obligations including but not limited to GSE data, fuel usage, spills, and business emergency plans.

Conservation: All AIRLINE facilities and improvements shall meet the Airport's Tenant Design and Construction Guidelines, as may be amended from time to time. All improvements shall meet the California Green Building Code (Title 24) CALGreen Tier 1. In particular, the AIRLINE shall implement the following conservation measures and policies as applicable:

A. Use equipment and appliances that are ENERGY STAR rated or equivalent and EPA Water Sense or equivalent, as applicable, when replacing existing equipment and appliances.
B. Use high-efficiency light fixtures and bulbs (including compact fluorescents) when replacing or installing new fixtures and bulbs.
C. Install sensors in office areas to turn off lights when unoccupied when these areas are being renovated or updated.
D. Install energy-efficient heating and cooling equipment when replacing or upgrading.
E. Use energy-efficient computers and servers when replacing this equipment.
F. Select equipment with variable-speed motors and fan drives when possible.

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G. Use paperless receipt technology when possible.

Waste Minimization and Diversion: AIRLINE is expected to meet all recycling and organics (food waste) reduction requirements to facilitate JWA's solid waste reduction program per the requirements of California Public Resources Code Section 42648. To the fullest extent possible, AIRLINE shall cooperate with COUNTY to reduce and divert waste from landfills. AIRLINE shall participate in COUNTY's waste diversion program, which may include waste reduction practices, including recycling, compostable containers (no Styrofoam), composting of food waste, and reuse/recycling of fats, oils, and grease.

SECTION 7.05 RESERVED

SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION

To the fullest extent authorized by law, the AIRLINE shall indemnify, defend, and hold the COUNTY, its officers, and employees harmless from and against any and all applicable Environmental Law claims, judgments, damages, penalties, fines, costs, liabilities, losses, orders, and lawsuits arising out of any actions or inaction by the AIRLINE, the AIRLINE's operations at the Airport or any action arising from and which involve the AIRLINE's officers, agents, subcontractors, and employees, including the cost of defense arising therefrom, including but not limited to the following:

(1) The AIRLINE'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 the AIRLINE's release of Hazardous Substances on the Airport since the time the AIRLINE first occupied the Airport.

(2) The AIRLINE's release of Hazardous Substances upon or within the Airport.

(3) The AIRLINE's violation of any applicable Environmental Law, except that the AIRLINE's obligations under this paragraph shall not extend to known and pre-existing conditions that are, as of the date of this LEASE, the subject of investigation and remediation by the COUNTY or others, or remediation conditions that arise from operations of third parties that are not affiliated with the AIRLINE that take place off of the Airport. For purposes of this provision, a party shall be deemed to be affiliated with the AIRLINE if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of the AIRLINE or if it is controlled by or under common control with the AIRLINE.

(4) The AIRLINE's causing or allowing any discharge into the Airport Drainage System that is prohibited by Section 7.01 of this LEASE.

This indemnification includes, without limitation, reasonable attorney's fees/costs and other costs incurred by the COUNTY in connection with any investigation of site conditions or any cleanup,

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remedial, removal or restoration work required by any federal, state or local governmental entity because of any Hazardous Substances being present in the soil or groundwater under the Airport. However, the AIRLINE'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 the COUNTY or its agents, servants or independent contractors who are directly responsible to the COUNTY.

In the event the indemnitees described hereinabove are named as defendants or respondents in any lawsuit or administrative proceeding, the AIRLINE shall, at the request of the COUNTY, represent the indemnitee with qualified counsel approved in writing by the COUNTY.

In the event that a monetary judgment is awarded against the COUNTY and the AIRLINE because of the concurrent negligence of the COUNTY and the AIRLINE or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Both the COUNTY and the AIRLINE agree that neither party shall request a jury apportionment. Nothing stated in this LEASE and in this indemnity obligation shall be construed as authorizing any award of attorney's fees/costs in any action to enforce the terms of this LEASE.

The rights and obligations set forth in this indemnification shall survive the termination of this LEASE.

SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS

In the event that any of the terms of the environmental requirements codified in this Article conflict with any other terms of this LEASE, the environmental requirements contained in this Article shall apply.

SECTION 7.08 ANTI-IDLING POLICY

Within six months of LEASE execution, AIRLINE must develop, implement, and submit to the Airport Director or designee for approval a fleet-wide anti-idling policy. At a minimum, the anti-idling policy shall include the requirement that vehicle engines shall be turned off when vehicles are not occupied and that occupied vehicles be turned off after no more than a five-minute idling period. AIRLINE’s policy shall also include all sublicensee and third-party vehicles that enter Airport property at the direction of the AIRLINE.

ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS

SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY

The COUNTY may alter, repair, maintain, remodel, expand, remove, or improve any of the facilities at the Airport or any of its appurtenances.

In addition, the COUNTY may reassign or relocate the AIRLINE's Exclusive Use Area. The COUNTY shall provide the AIRLINE advance notice of such action and shall make every reasonable effort to provide the AIRLINE alternative space that is reasonably comparable to the AIRLINE's operations at the same rates and charges that the AIRLINE would have paid for the space being surrendered. In the event no alternative space is available, the AIRLINE shall surrender its space promptly to the COUNTY, provided that the AIRLINE shall be reimbursed for the reasonable cost of any such reassignment, reallocation, or relocation and the cost of the AIRLINE's unamortized investment, if any, as documented by the AIRLINE to the satisfaction of the COUNTY and mutually agreed to by the Airport Director and AIRLINE. All of such costs, as well as the COUNTY's cost of providing the alternative space aforementioned, shall be included in the cost of the particular project requiring such reassignment, reallocation or relocation.

SECTION 8.02 IMPROVEMENTS BY THE AIRLINE

The AIRLINE shall not perform any construction upon the Leased Premises, nor shall the AIRLINE modify, alter, or remove any permanent improvements lying within the Leased Premises without prior written approval of the COUNTY. Any construction, modifications, alterations, or removal of any permanent improvements by the AIRLINE shall be at the AIRLINE's expense.

A. **Consent Required From the COUNTY**. No structures, improvements, or facilities shall be constructed, erected, altered, removed, or made within the Leased Premises without prior written consent of the COUNTY, which consent may be withheld or conditioned in the COUNTY's discretion. Minor repairs, replacement, and maintenance proposed for the Leased Premises, the cost of which does not exceed one hundred seventy-five thousand dollars ($175,000) annually, shall be approved by the Airport Director. All other structures, improvements, facilities, repairs, replacement, removal, and maintenance items shall be approved by the Board of Supervisors.

B. **Compliance with Plans and Construction Standards**. All improvements constructed by the AIRLINE within the Leased Premises shall be constructed in strict compliance with detailed plans and specifications approved by the Airport Director. All construction shall be conducted in a good and workmanlike manner and shall conform to applicable building codes, rules, regulations, and the Airport's architectural standards as contained in reference document "John Wayne Airport, Architect and Engineer Guide," which can be provided by Airport upon request. All work shall be done in conformity with Airport-approved plans, valid building, and other necessary permits and shall be acceptable to the COUNTY and the appropriate governmental entity inspecting such work. The AIRLINE shall be responsible for filing Form 7460 for any construction and/or height of construction equipment with the FAA if required.

All improvements constructed by the AIRLINE, including the plans and specifications therefor, shall conform in all respects to the applicable statutes, ordinances, building codes, rules, and regulations of the COUNTY and such other governmental authority as may have jurisdiction. The Airport Director's approval shall not constitute a representation or

warranty as to such conformity, which shall remain the AIRLINE's responsibility. The AIRLINE, at its own cost and expense, shall procure all permits necessary for such construction.

C. **Insurance Requirements**. The AIRLINE shall obtain aviation commercial general liability insurance during construction. If the construction is done by an independent contractor, insurance shall be procured by the contractor in the name of the AIRLINE and the COUNTY. All insurance shall be within the limits and coverages acceptable to the COUNTY's Risk Management Services.

D. **Noninterference**. The AIRLINE warrants that it or its contractor shall in no way delay, cause delays to or interfere with any Airport operations or other contractors working in the terminal or on the Airport, except with the prior written approval of the Airport Director, as set out herein. The AIRLINE agrees to hold the COUNTY harmless from the cost of any time lost by the COUNTY or any damages to the COUNTY due to the actions or failure to act of the AIRLINE or its contractor.

E. **Trailers and Modular Structures**. All improvements constructed by the AIRLINE shall be of a permanent nature. Trailers and modular buildings are prohibited on the Leased Premises. This provision shall not apply to the use of the COUNTY-approved temporary modular buildings or trailers during construction. Upon completion of construction, all trailers or modulars must be immediately removed from the Leased Premises.

F. **The AIRLINE's Cost and Expense**. All renovation or construction by the AIRLINE pursuant to this Section shall be at the AIRLINE's sole cost and expense. The AIRLINE shall keep its existing or future Exclusive Use Area, and the improvements constructed thereon free and clear of all liens and, shall pay all costs for labor and material arising out of such construction, and shall hold the COUNTY harmless from any liability in respect thereto. The AIRLINE shall have the right to contest any and all liens filed against its existing or future Exclusive Use Area. The AIRLINE further agrees that the COUNTY shall have the right to post notices of non-responsibility as provided by Sections 3094 and 3129 of the California Civil Code.

H. **Ownership of Improvements**. All improvements and facilities, exclusive of trade fixtures, constructed or placed within the Leased Premises by the AIRLINE must, upon completion, be free and clear of all liens, claims, or liability for labor or material and at the COUNTY's option shall become the property of the COUNTY at the expiration of this LEASE or upon earlier termination hereof. The COUNTY retains the right to require the AIRLINE, at the AIRLINE's cost, to remove any or all improvements located within the Leased Premises at the expiration or termination hereof.

SECTION 8.03 AIRLINE REIMBURSEMENT

In the event the COUNTY should require the Leased Premises, or any portion thereof, for any Airport purpose and removes any portion of the AIRLINE's Leased Premises from this LEASE or terminates the LEASE for convenience pursuant to Section 2.03, the COUNTY shall reimburse the AIRLINE for improvements completed during the term of this LEASE.

Compensation for improvements located on the Leased Premises shall be calculated by means of the following formula:

$$\text{COMPENSATION} = A \times \frac{B}{C}$$

A = The AIRLINE's actual leasehold improvement construction costs submitted in accordance with Section 8.07 in this LEASE.

B = Number of full months remaining in the term of the LEASE.

C = Number of full months between the date the AIRLINE completed construction of leasehold improvements and the date the LEASE would expire by its terms if the COUNTY did not exercise its right to early termination.

The AIRLINE shall submit to the COUNTY within sixty (60) days of completion of construction of any leasehold improvement notifications of completion of construction and submit detailed supporting documentation of construction costs together with "As-Built Documents" and “Record Documents” as required by Section 8.07 of this LEASE. The AIRLINE acknowledges and agrees if the AIRLINE fails to submit notifications and supporting documentation for any such leasehold improvements in a timely manner, the AIRLINE waives its right to compensation for such improvements.

SECTION 8.04 EXCLUSIVE REMEDY

The compensation provided pursuant to Section 8.03 in this LEASE shall be the AIRLINE's sole and exclusive remedy and form of compensation, costs or damages, including but not limited to, the eminent domain law and inverse condemnation (CAL. CODE CIV. PROC. §§1230.010 *et seq.*), and Relocation Assistance benefits (CAL. GOV. CODE §§7260 *et seq.*), due to termination, re-entry or acquisition of the leasehold by the COUNTY.

The AIRLINE agrees that exercise by the COUNTY of its termination rights hereunder shall not be construed as a taking by the COUNTY of any part of the Leased Premises, nor of the AIRLINE's rights under this LEASE, nor shall the AIRLINE, except as provided herein, be entitled to payment for any loss of goodwill, income, moving expenses or other amount because of partial or full termination of this LEASE.

SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION

Prior to commencement of construction of approved facilities, the AIRLINE shall furnish to the COUNTY evidence that assures the COUNTY that sufficient monies will be available to the AIRLINE and the COUNTY to complete the proposed construction. The amount of money available shall be at least the total estimated construction cost. Such evidence may take one of the following forms:

A. Completion Bond issued to the COUNTY as obligee.

B. Irrevocable Letter of Credit issued to the COUNTY that will remain in effect until the COUNTY acknowledges satisfactory completion of construction.

C. Any combination of the above.

All bonds and letters of credit must be issued by a surety company, financial institution or advising bank qualified and admitted to conduct business in the State of California and issued in an approved form approved by the COUNTY. All bonds and letters of credit shall ensure faithful and full observance and performance by the AIRLINE of all terms, conditions, covenants, and agreements relating to the construction of improvements within the Leased Premises.

It is not the intent of the contracting Parties herein to create a third-party beneficiary, and nothing in this Section shall be construed to do so.

SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES

The AIRLINE shall at all times indemnify and hold the COUNTY harmless from all Mechanics Liens, Stop-Notices, claims, losses, demands, damages, costs, expenses or liability costs for labor or materials in connection with construction, repair, alteration, or installation of structures, improvements, equipment, or facilities within the Leased Premises undertaken by the AIRLINE, and from the cost of defending against such claims, including attorneys' fees and costs.

In the event a mechanics lien or stop-notice is imposed upon the Leased Premises, the AIRLINE shall either:

A. Record a valid Release of Lien; or

B. Procure and record a bond in accordance with Section 8424 of the California Civil Code, which frees the Leased Premises from the claim of the lien or stop notice and from any action brought to foreclose the lien.

Should the AIRLINE fail to accomplish either of the two (2) optional actions above within fifteen (15) days after the filing of such a lien or stop notice, the LEASE shall be in default and shall be subject to immediate termination.

SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS

Within sixty (60) days following completion of any improvement within the Leased Premises, the AIRLINE shall furnish the Airport Director a complete package of "As-Built Documents" and "Record Documents," which include but are not limited to construction documents, specifications, cost estimates, engineering studies, and calculations. The aforementioned information shall be submitted on two (2) thumb drives containing digital copies of the "As-Built Documents" and "Record Documents," organized in a detailed, logical, and comprehensible folder structure, which is in a form that is usable and accepted by the COUNTY, to the COUNTY's satisfaction, as described below, unless otherwise allowed by the Airport Director.

A. Drawings and Models:

1. All 2-D and 3-D architectural, engineering, design, and/or construction drawing and/or modeling files for the project shall be completed using AutoCAD 2019 and REVIT 2019 or a newer version of either software if approved by John Wayne Airport.
2. All geographic data, spatial analysis, geographic information system (GIS) mappings, drawings, exhibits, and/or figures for the project shall be completed using Environmental Systems Research Institute (ESRI) ArcGIS.
3. All 2-D and 3-D drawing and/or modeling files created via computer-aided design and drafting (CADD), building information modeling (BIM), and/or GIS for the project shall conform to the John Wayne Airport CADD/BIM/GIS standards and specifications.
4. In addition to the 2-D and 3-D drawing and/or modeling files indicated above, a PDF format (scaled to ARCH E1 format where applicable) of those drawings, exhibits, figures, etc. shall be generated and submitted digitally.

B. Documents and Reports:

1. All specifications, reports, and/or studies (e.g., geotechnical report, etc.), calculations, and other project information (e.g., construction submittals, operations, and maintenance (O&M) manuals, warranties, etc.) for the project shall be completed using MS Office suite applications and also generated and submitted digitally in a PDF format.

Note: "Record Documents," e.g., record drawings, specifications, calculations, etc., shall be prepared, stamped, and signed by the Architect and/or Engineer of Record for the project and shall reflect all updates and/or modifications that were approved during design and construction, i.e., separate from the as-built documents, which include contractor redlines, contract changes, etc. Refer to the "John Wayne Airport Construction Standards" for additional information.

In addition, two (2) sets of hard prints of the stamped and signed record drawings for the project, as described above, must be furnished by the AIRLINE with the thumb drives containing the "As-Built Documents" and "Record Documents." Basic specifications, standards, and requirements for BIM, CAD, and/or GIS produced information at the Airport can be located on the www.ocair.com website or provided by the Airport upon request.

Furthermore, the AIRLINE shall furnish the Airport Director with an itemized statement of the actual, direct construction costs of such improvement. The construction costs may include actual, direct fees paid to contractors, architects, engineers, surveyors, laborers, and suppliers, or permit fees required by governmental agencies to allow construction. Construction costs shall not include indirect costs such as financing costs, holding costs, legal fees, interest, administrative and overhead expenses, bond premiums, or developer fees. The statement of cost shall be sworn to and signed by the AIRLINE or its responsible agent under penalty of perjury. The AIRLINE must obtain the Airport Director's approval of acceptance of the "As-Built Documents" and "Record Documents" and the form and content of the itemized statement.

SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS

The AIRLINE shall be responsible for any damage caused by the AIRLINE, or the AIRLINE's aircraft, equipment, employees, agents, visitors, or suppliers, to common use areas of the Terminal or Airport facilities, including but not limited to runways, taxiways, access roads, navigational aids, apron areas and loading bridges. Should such damage require immediate repairs or replacement, and the AIRLINE is unable to respond immediately to complete said repairs or replacement, the Airport Director may cause to be made or make any necessary repairs or replacements, and the cost thereof shall be paid by the AIRLINE. Said cost shall include all labor, materials, equipment costs, and an administrative fee equal to fifteen percent (15%) of the sum of those items. Said cost shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the Airport Director.

In the event of damage to or destruction of the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises or in the event the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises are declared unsafe or unfit for use or occupancy by the COUNTY or any other public entity with jurisdiction to make and enforce such a declaration, the AIRLINE shall, within thirty (30) days, commence and diligently pursue completion of the repair, replacement or reconstruction of improvements to the same size and floor area as they existed immediately prior to the event causing the damage or destruction, as necessary to permit full use and occupancy of the Leased Premises for the purposes required by the LEASE. Repair, replacement, or reconstruction or improvements within the Leased Premises shall be accomplished in a manner and according to plans approved by the Airport Director. Except as otherwise provided herein, termination of this LEASE shall not reduce or nullify the AIRLINE's obligation under this paragraph. With respect to damage or destruction to be repaired by the COUNTY or which the COUNTY elects to repair, the AIRLINE waives and releases its rights under California Civil Code Sections 1932(2) and 1933(4).

SECTION 8.09 HEALTH AND SAFETY

The AIRLINE shall comply with all applicable California Occupational Safety & Health Administration (Cal/OSHA) requirements and all federal, state, or local safety orders. The AIRLINE shall post on the Lease Premises and at all construction sites a copy of "Construction Safety Orders" and "General Industry Safety Orders" issued by the California State Division of Industrial Safety.

The AIRLINE shall, within thirty (30) days after the execution of this LEASE, submit to the COUNTY a comprehensive Safety Plan outlining the code of safe work practices and procedures. The plan must include emergency response procedures, notification procedures, and personnel training procedures. The AIRLINE shall convene safety meetings at regularly scheduled times as described in its Safety Plan and as required by Cal/OSHA. The AIRLINE and/or AIRLINE's contractor shall submit, prior to the start of any tenant improvements, the AIRLINE or AIRLINE's contractor required Cal/OSHA Safety Plan for approval by the Airport.

The AIRLINE shall submit to the COUNTY an annual report detailing the status of all permits required and issued to the AIRLINE by CAL OSHA or any other federal, state, or local government agency. Said report shall be due on or before January 31 of each calendar year.

ARTICLE IX - ACCOMMODATION

SECTION 9.01 JOINT USE REQUIREMENT

The AIRLINE and/or other airlines may be provided the opportunity by the COUNTY to initiate or expand service at the Airport and may have a need or requirement for certain types of Airport space and facilities. Such initiation or expansion of service may be reasonably implemented by the Airport Director based upon provisions of the Access Plan.

The AIRLINE agrees to make every reasonable effort to offer to any airline initiating service at the Airport the opportunity to share use of its Exclusive Use Area. In determining whether the use of another incoming airline initiating service at the Airport is reasonable and possible, the AIRLINE will have the right to consider the compatibility of the proposed operations of those with whom the AIRLINE has subleases or handling arrangements, the AIRLINE's existing and future flight schedules, the need for labor cooperation, the adverse competitive impacts resulting from the presence of the other aircraft operator on the AIRLINE's Exclusive Use Area and the availability of other such space at the Airport. Should the AIRLINE deny another airline initiating service at the Airport the opportunity to use the AIRLINE's Exclusive Use Area, the COUNTY may review the AIRLINE's space usage, and should it reasonably determine, considering all the factors noted herein (including the AIRLINE's reasons for such refusal), that the AIRLINE unreasonably refused usage by such other airline, it may require the AIRLINE to permit the other airline to use the AIRLINE's Exclusive Use Area, subject to the initiating airline executing an agreement with the AIRLINE acceptable to the COUNTY that complies with the material terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE shall, by separate agreement with such certificated and/or commuter airline as the COUNTY may designate, or by other arrangement as provided by the Airport Director, provide space and/or services within Leased Premises to accommodate said airlines' operation. Any said agreement for joint use shall be subject to the Airport Director's approval and subject to the terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE agrees that in the event it subleases its Leased Premises to another airline, any sublease rental rate shall be calculated on a per-square-foot basis.

Sublease per square foot rental rates for sublet space shall reflect a reasonable pro-rata allocation of the AIRLINE's actual and direct costs related to said space and shall be based upon the following factors:

A. The square foot per annum rental rate currently paid by the AIRLINE to the COUNTY for space to be sublet; and

B. A reasonable square foot charge to compensate the AIRLINE for the pro-rata costs per square foot applicable to the AIRLINE improvement costs, maintenance costs, and a reasonable administrative fee.

The annual sublease rental rate shall not exceed two (2) times the square foot per annum rental rate currently paid by the AIRLINE to the COUNTY unless the AIRLINE can demonstrate to the satisfaction of the Airport Director that its costs for the subleased premises, exclusive of the administrative fee, justify a higher rate.

ARTICLE X - ASSIGNMENT AND SUBLEASE

SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING

The provisions of this Section are subject and subordinate to the limitations of Section 5.04 of this LEASE.

A. **Transfers**. The AIRLINE shall not transfer, assign, sublet, or hypothecate (hereinafter referred to as "Transfer") any interest of the AIRLINE in the Leased Premises without the prior written approval of the COUNTY. The AIRLINE shall give the COUNTY thirty (30) days' prior written notice of all proposed Transfers. The AIRLINE shall not make any such Transfers for a period longer than the remaining term of the LEASE.

If the COUNTY approves such Transfers, such approval does not constitute a waiver of any of the terms of the LEASE. All Transfer documents shall be consistent with the terms, covenants, and conditions of the LEASE, and in the event of any inconsistency, the provisions of this LEASE shall govern.

If the AIRLINE is a corporation, an unincorporated association, or a partnership, Transfers include the acquisition by any person other than the AIRLINE of any stock or interest in said corporation, unincorporated association, or partnership in the aggregate amount of fifty-one percent (51%) or more.

The failure by the AIRLINE to obtain the prior written approval by the COUNTY of any Transfer of the LEASE or any interest in the Leased Premises shall constitute a material breach of this LEASE and shall not confer any leasehold rights upon the transferee. Such failure shall be grounds for termination of this LEASE for default pursuant to Section 11.02.

B. **Conditions of the COUNTY Approval**. The COUNTY agrees that it will not arbitrarily withhold consent to any Transfer, but the COUNTY may withhold consent at its sole discretion if any of the following conditions exist:

(1) The AIRLINE, its successors, or assigns are in default of any term, covenant, or condition of this LEASE, whether notice of default has or has not been given by the COUNTY.

(2) The prospective subtenant, assignee, or transferee has not agreed in writing to keep, perform, and be bound by all the terms, covenants, and conditions of this LEASE.

(3) The prospective subtenant, assignee, or transferee is not financially capable or experienced in performing the LEASE obligations, as determined by the Airport Director.

(4) Subtenant's use is in conflict with the terms of this LEASE.

(5) All the terms, covenants, and conditions of Transfer, including the consideration therefore, of any and every kind, have not been revealed in writing to the Airport Director.

(6) Any construction required of the AIRLINE as a condition of this LEASE has not been completed to the satisfaction of the COUNTY.

(7) The AIRLINE has not provided the Airport Director with a copy of all documents relating to the Transfer, including, but not limited to, appraisals, notes, trust deeds, title reports, escrow instructions, *etc*.

(8) The AIRLINE attempts to hypothecate the leasehold for an amount greater than the cost of new improvements to be constructed on the Leased Premises. Hypothecation of the leasehold shall not be permitted for any reason other than to obtain loan proceeds necessary to construct new improvements on the Leased Premises.

C. **Affiliate Transactions**. The COUNTY has adopted in the Access Plan policies and regulations regarding transactions and aircraft operations at the Airport involving affiliations of commercial airlines operating, or desiring to operate, at the Airport ("the affiliate policy"). The AIRLINE acknowledges that the COUNTY considers the affiliate policy to be an important and significant policy in support of the COUNTY's regulation of the Airport.

The AIRLINE acknowledges that there is a rational basis for this policy under the operational and historical circumstances affecting the Airport, that under such circumstances, this policy maintains appropriate equity between the rights and privileges of competing commercial operators using the Airport, and that the affiliate policy does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The AIRLINE agrees to comply fully and completely with the affiliate policy and all related regulations that appear in the Access Plan and/or this LEASE.

Any affiliate transaction described and defined in the Access Plan, and any affiliate transaction between the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, shall constitute a Transfer within the meaning of Paragraph A, above. In the event an affiliate transaction involving the AIRLINE is initiated, then not later than the time when the affiliate transaction is publicly announced:

(1) The AIRLINE shall notify the Airport Director of the fact of the initiation of the affiliate transaction.

(2) If the affiliate transaction is initiated by the AIRLINE, the AIRLINE shall promptly provide to the Airport Director copies of all agreements, or written offers or proposals, made with respect to the transaction and copies of all documents filed with federal authorities with respect to the transaction. If the affiliate transaction is initiated by some other person in respect of the AIRLINE, the AIRLINE shall promptly and continuously provide such documentation or other information regarding the transaction as may be available to the AIRLINE.

(3) In addition to all other obligations of the AIRLINE, if the affiliate transaction involves the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, the AIRLINE shall promptly arrange to negotiate with the Airport Director regarding the terms and conditions upon which the Director would recommend consent by the Board of Supervisors to a Transfer of this LEASE, or Transfer of the written agreement(s) between the other person or entity involved in the affiliate transaction and the COUNTY.

Notwithstanding any other provision of this LEASE, the LEASE may be terminated by the COUNTY on thirty (30) days' notice to the AIRLINE without further obligation of the COUNTY, and without any liability of the COUNTY to the AIRLINE whatsoever, if:

(4) The AIRLINE fails to comply with Paragraph C of this Section; or if

(5) The Airport Director fails to make a favorable recommendation to the Board of Supervisors regarding the Transfer within sixty (60) days after initiation and public announcement of the affiliate transaction, which contains terms and conditions agreed to by the AIRLINE and its affiliate(s); or if

(6) The Board of Supervisors fails to consent to the Transfer on terms and conditions which have been accepted by the AIRLINE within thirty (30) days after receipt of the recommendations of the Airport Director.

D. **Bankruptcy Transaction**. If the AIRLINE assumes this LEASE or proposes to assign the same pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, then notice of such proposed assignment shall be given to the COUNTY. The following information shall be provided to the COUNTY:

(1) The name and address of proposed assignee;

(2) All of the terms and conditions of such offer; and

(3) Adequate assurance to the COUNTY of the proposed assignee's future performance under the LEASE, including, without limitation, the assurance referred to in the U.S. BANKRUPTCY CODE, 11 U.S.C. §365(b)(3).

Any person or entity to which this LEASE is assigned pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, shall be deemed without further act or deed to have assumed all of the obligations arising under this LEASE on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to the COUNTY an instrument confirming such assumption.

E. **Non-Transferable Privileges.** Aircraft operations and ADDs authorized by Section 5.05 in this LEASE and the Access Plan are not property interests of the AIRLINE and are non-transferable in any form, and as such, are not subject to sale, assignment, hypothecation, and transfer by the AIRLINE under the terms of this Section. Any such attempted hypothecation, assignment, encumbrance, sale, or other such attempted transfer of operations, privileges, or ADDs is in violation of the public policy of the COUNTY and shall be void and shall constitute a breach and default of this LEASE.

SECTION 10.02 SUCCESSORS IN INTEREST

Unless otherwise provided in this LEASE, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all Parties hereto, all of whom shall be jointly and severally liable hereunder.

ARTICLE XI - TERMINATION AND DEFAULT

SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS

It is mutually agreed that this LEASE shall terminate and supersede any prior leases or agreements between the Parties hereto for the purpose of commercial air transportation and all related activities of the AIRLINE at the Airport.

SECTION 11.02 TERMINATION FOR DEFAULT

The COUNTY may terminate this LEASE and all of its obligations hereunder with prior written notice to the AIRLINE and may exercise all rights of entry for default and breach if the AIRLINE fails to perform any of its obligations under this LEASE, including, but not limited to:

A. Payment of rents, fees, charges and PFCs;

B. A general assignment for the benefit of creditors and any Transfer without the prior written approval by the COUNTY;

C. The issuance of any execution or attachment against the AIRLINE at the Airport that is undischarged within sixty (60) days of levy or seizure or if the Leased Premises are occupied by someone other than the AIRLINE;

D. The voluntary vacation or abandonment by the AIRLINE of the conduct of air transportation business at the Airport;

E. The violation by the AIRLINE of any of the terms of any insurance policy referred to in the LEASE;

F. If the AIRLINE is found by the FAA, TSA, or other government regulatory or successor agency to have violated specified safety standards in the conduct of the AIRLINE's business;

G. The violation or breach of any provision of the Access Plan;

H. The violation of any written directions of the Airport Director;

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I. The appointment of a receiver to take possession of all or substantially all, the assets of the AIRLINE located at the Leased Premises or of the AIRLINE's leasehold interest in the Leased Premises.

Where applicable, and unless otherwise stated in this LEASE, or by written notice, the AIRLINE shall have fifteen (15) calendar days to cure any default prior to termination of this LEASE, or such longer period as may be reasonably necessary to cure such default considering the nature thereof, at the Airport Director's discretion.

SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION

Except as otherwise agreed to herein, upon termination of this LEASE, the AIRLINE shall redeliver possession of said Leased Premises to the COUNTY in substantially the same condition that existed immediately prior to the AIRLINE's entry thereon, reasonable wear and tear, flood, earthquakes, war and any act of war, excepted. References to the termination of the LEASE in this LEASE shall include termination by reason of expiration.

SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY

If the AIRLINE abandons or quits the Leased Premises or is dispossessed thereof by process of law or otherwise, title to any personal property belonging to the AIRLINE and left on the Leased Premises fifteen (15) days after such event shall be deemed to have been transferred to the COUNTY. The COUNTY shall have the right to remove and to dispose of such property without liability therefor to the AIRLINE or to any person claiming under the AIRLINE and shall have no need to account therefor. Personal property left on the Leased Premises after termination, expiration, or abandonment of the LEASE shall not be construed as giving the AIRLINE possession of the Leased Premises during the fifteen (15) days after termination, expiration, or abandonment of the LEASE.

SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER

The AIRLINE agrees to yield and peaceably deliver possession of the Leased Premises to the COUNTY on the date of termination of this LEASE, whatsoever the reason for such termination.

Upon giving written notice of termination to the AIRLINE, the COUNTY shall have the right to re-enter and take possession of the Leased Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the LEASE and re-entry of the Leased Premises by the COUNTY shall in no way alter or diminish any obligation of the AIRLINE under the LEASE terms and shall not constitute an acceptance or surrender.

The AIRLINE waives any and all rights of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Leased Premises for any lawful reason or in the event the COUNTY re-enters and takes possession of the Leased Premises in a lawful manner.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

ARTICLE XII - SECURITY

SECTION 12.01 AIRPORT SECURITY

The AIRLINE shall comply with all current and applicable Airport, FAA, TSA, CBP, security-related rules, regulations, plans, and procedures. The AIRLINE is responsible for fines imposed by any regulatory agency as a result of the AIRLINE's failure to comply with applicable rules, regulations, orders, plans, and procedures regarding airport security.

The AIRLINE employees, subtenants/contractors shall be required to obtain airport security clearance in order to perform work under this LEASE. The AIRLINE must maintain a current, updated list of Authorized Signatories responsible for the Airport-Issued Identification Credential ("Airport ID/Security Credential") process, a list of current Airport ID/Security Credentialed AIRLINE employees and subtenants/contractors, and respond to scheduled and unscheduled audits at the request of the Airport. The AIRLINE employees and subtenants/contractors applying for an Airport ID/Security Credential must successfully complete a Criminal History Records Check ("CHRC") and a Security Threat Assessment ("STA") in accordance with current regulations. The AIRLINE employees and subtenants/contractors must also attend and successfully pass all related Security Identification Display Area ("SIDA") classes and tests for access to secure areas and a driver's permit with an appropriate and valid California Driver's License to drive on the airfield. The AIRLINE must attend all mandatory security-related exercises, and monthly security consortium meetings hosted by the Airport.

A. **Local Security**. The AIRLINE shall be responsible for the security of gates or doors that are located on the Leased Premises. Said gates and/or doors on the Leased Premises permitting entry to the restricted areas of the Airport shall be locked when not in use and/or under the AIRLINE's constant surveillance. The AIRLINE shall install such security equipment, including, but not limited to, video monitoring equipment, as may be required by the Airport Director to ensure compliance with all regulations of the FAA, TSA, or other governmental agencies having jurisdiction over Airport security. The AIRLINE shall exercise control over any person or vehicle escorted by the AIRLINE onto restricted or secure areas of the Airport, or to whom an Airport ID/Security Credential was issued by or at the request of the AIRLINE and ensure that such person or vehicle shall comply with all Airport security regulations.

B. **Federal Security**. As of the date of this LEASE, the TSA provides for all passenger and baggage screening conducted at the Airport. The AIRLINE may be required to provide assistance to TSA in its efforts to carry out its federal mandates. At some point during the term of this LEASE, the Airport or another entity may be authorized to provide these security services in lieu of the TSA.

C. **Penalties and Fines.** The AIRLINE shall promptly pay any penalties for which the AIRLINE is responsible. These penalties include, but are not limited to, civil penalties or

fines assessed against the Airport or the AIRLINE by the FAA, TSA, or any other governmental agency for the violation of any security-related laws, rules, policies, or regulations at the Airport.

D. **Airport ID/Security Credential Application and Lifecycle.** Prior to issuance of an Airport ID/Security Credential(s), designated AIRLINE Authorized Signatories who will be working onsite and engaged in the performance of work under this LEASE must pass the Airport's background check requirements, which includes an F.B.I. Criminal History Records Check ("CHRC") and a TSA Security Threat Assessment ("STA"), and the AIRLINE shall pay the applicable fees. Upon successful completion of the background checks, the AIRLINE's designated personnel will be required to attend a SIDA class and pass a written test. Those personnel who may be permitted by the Airport to drive on the Airport Operations Area ("AOA") perimeter road must also complete a Driver's Training class and written test. Airport ID/Security Credentials are not issued until designated AIRLINE personnel have: 1) completed appropriate application forms and submitted proof of identity and employment eligibility, 2) passed both background checks, 3) completed and passed appropriate training, and 4) paid an Airport ID/Security credential fee for each applicant. The AIRLINE should anticipate a minimum of fourteen (14) business days to complete the Airport ID/Security Credential process if all requirements listed above are fulfilled by individual Airport ID/Security Credential applicants in a timely manner, but factors outside the Airport's control can contribute to longer durations. If an applicant is applying for a CBP Seal due to their operational need to work international air service operations, this process may take longer. Authorized Signatories must be in constant contact with the Airport's ID/Access Control Office. The AIRLINE's designated personnel must successfully complete the Airport ID/Security Credential acquisition process unless other arrangements have been approved by the Airport. The AIRLINE shall be responsible for all applicable fees and costs associated with the background checks and badging process. The amount of such fees is subject to change without notice.

E. **Airport ID/Security Credential Applicant Requirements and Responsibilities.** The Airport Security Plan (ASP) requires that each person issued an Airport ID/Security Credential be made aware of their responsibilities regarding the privilege of access to restricted areas of the Airport.

The AIRLINE and all AIRLINE personnel within an access-controlled area (AOA, SIDA, secured area, or sterile area) are required to display on their person an Airport ID/Security Credential, unless they are escorted by an appropriately credentialed Airport individual with escort privileges. When working in a secure area, each Airport-credentialed person is responsible for challenging any individual who is not properly displaying an Airport-issued or approved and valid Airport ID/Security Credential. AIRLINE personnel and their subtenants/contractors must also validate Airport ID/Security Credential employees as described in security training. Any person who is not properly displaying or who cannot produce a valid Airport ID/Security Credential, unless they are being escorted, must

immediately be referred to the Sheriff's Department – Airport Police Services Office for proper handling.

The Airport ID/Security Credential is the property of the County of Orange and must be returned upon termination of AIRLINE personnel employment and/or termination of the Lease. The loss of an Airport ID/Security Credential shall be reported within twenty-four (24) hours to the Sheriff's Department–Airport Police Services by calling (949) 252-5000. The AIRLINE or AIRLINE personnel who lose their Airport ID/Security Credential shall be required to pay a fee before receiving a replacement Airport ID/Security Credential. The charge for lost Airport ID/Security Credential replacement will be posted in the Airport Administration Office and is subject to change without notice. A report shall be made before a replacement Airport ID/Security Credential will be issued.

The Airport ID/Security Credential is nontransferable.

In the event that the AIRLINE's employee's or contractor's Airport ID/Security Credential is not returned within three (3) business days to the Airport upon: 1) termination of AIRLINE personnel or contractor, 2) Airport ID badge expiration, or 3) upon termination of the LEASE, the AIRLINE shall be liable to the Airport for a fine in the amount of $250.00 per unreturned Airport ID/Security Credential. The amount of the fine is subject to change without notice. The AIRLINE's Security Deposit may be applied to cover the cost of the fine.

ARTICLE XIII - INSURANCE AND INDEMNITY

SECTION 13.01 INSURANCE

The AIRLINE agrees to carry all required insurance at the AIRLINE's expense and to provide the COUNTY current Certificates of Insurance, including all endorsements required herein, necessary to satisfy the COUNTY that the insurance provisions of this LEASE have been complied with. AIRLINE shall keep such insurance coverage current, provide Certificate of Insurance, and endorsements to the COUNTY during the entire term of this LEASE.

The AIRLINE agrees that the AIRLINE shall not operate on the Airport Premises at any time the required insurance is not in full force and effect as evidenced by a Certificate of Insurance and necessary endorsements or, in the interim, an official binder being in the possession of Airport Director. In no cases shall assurances by the AIRLINE, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. Airport Director will only accept valid Certificates of Insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. The AIRLINE also agrees that upon cancellation, termination, or expiration of the AIRLINE's insurance, the COUNTY may take whatever steps are necessary to interrupt any operation from or on the Airport Premises until such time as the Airport Director reinstates the LEASE.

If the AIRLINE fails to provide Airport Director with a valid Certificate of Insurance and endorsements, or binder at any time during the term of the LEASE, the COUNTY and the AIRLINE agree that this shall constitute a material breach of the LEASE. Whether or not a notice of default has or has not been sent to the AIRLINE, said material breach shall permit the COUNTY to take whatever steps necessary to interrupt any operation from or on the Airport Premises, and to prevent any persons, including, but not limited to, members of the general public, and the AIRLINE'S employees and agents, from entering the Premises until such time as Airport Director is provided with adequate evidence of insurance required herein. The AIRLINE further agrees to hold the COUNTY harmless for any damages resulting from such interruption of business and possession, including, but not limited to, damages resulting from any loss of income or business resulting from the COUNTY's action.

The AIRLINE may occupy the Airport Premises only upon providing to the COUNTY, the required insurance stated herein and maintain such insurance for the entire term of this LEASE. The COUNTY reserves the right to terminate this LEASE at any time the AIRLINE's insurance is canceled or terminated and not reinstated within ten (10) days of said cancellation or termination. The AIRLINE shall pay the COUNTY a fee of $300.00 for processing the reinstatement of the LEASE. The AIRLINE shall provide to the COUNTY immediate notice of said insurance cancellation or termination.

All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the same terms and conditions as set forth herein for the AIRLINE; excluding General Aviation Liability. All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the following required minimum limits: Commercial General Liability $1,000,000 per occurrence with a $2,000,000 aggregate; Commercial Auto Liability $1,000,000 combined single limit each accident for non-air operations area (AOA); and, $5,000,000 combined single limit each accident for air operations area. Pollution Liability will be required when hazardous materials or waste are involved with limits commensurate with the exposure. The AIRLINE shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by the COUNTY from the AIRLINE under this LEASE. It is the obligation of the AIRLINE to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Airport Premises. Such proof of insurance must be maintained by the AIRLINE through the entirety of this LEASE and be available for inspection by a COUNTY representative at any reasonable time.

All self-insured retentions (SIRs) shall be clearly stated on the Certificate of Insurance. Any self-insured retention (SIR) in excess of Fifty Thousand Dollars ($50,000) shall specifically be approved by the County's Risk Manager. The COUNTY reserves the right to require current audited financial reports from the AIRLINE. If the AIRLINE is self-insured, AIRLINE will indemnify and defend the COUNTY for any and all claims resulting or arising from AIRLINE's use of the Airport Premises, services or other performance in accordance with the indemnity provision states in this LEASE.

If the AIRLINE fails to maintain insurance acceptable to the COUNTY for the full term of this LEASE, the COUNTY may terminate this LEASE.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com**).

If the insurance carrier does not have an A.M. Best Rating of A-VIII, the CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the AIRLINE shall provide the minimum limits and coverage as set forth below:

Coverages	Minimum Limits
Aviation Commercial General Liability (Including but not limited to General Liability, Passenger Legal Liability, War/Extended Perils Liability, Personal Injury, Contractual Liability, Premises, Products and Completed Operations, Ground Hangarkeepers and liability for vehicles and mobile equipment operated on restricted airport premises.)	$250,000,000 per occurrence $250,000,000 aggregate
Workers' Compensation	Statutory
Employers' Liability Insurance	$1,000,000 per accident or disease
Pollution Liability Insurance	$1,000,000 per claims made or per occurrence
Commercial Property Insurance on an "All Risk" or "Special Causes of Loss" basis covering all contents and any tenant improvements including Business Interruption/Loss of Rents with a 12-month limit.	100% of the Replacement Cost Value and no coinsurance provision

Increased insurance limits may be satisfied with Excess/Umbrella policies. Excess/Umbrella policies when required must provide Follow Form coverage.

Required Endorsements

The Aviation Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees, agents as Additional Insureds. Blanket coverage may also be provided which will state- As Required By Written Agreement.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by County of Orange shall be excess and non-contributing.

The Pollution Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.
2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

If the AIRLINE's Pollution Liability policy is a claims-made policy, the AIRLINE shall agree to maintain coverage for two (2) years following termination of the LEASE.

The Workers' Compensation policy shall contain a Waiver of Subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees. Blanket coverage may also be provided which will state – **As Required by Written Agreement.**

All insurance policies required by this LEASE shall waive all rights of subrogation against County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

The Commercial Property policy shall contain a Loss Payee endorsement naming the County of Orange as respects the COUNTY's financial interest when applicable.

Insurance certificates should be forwarded to the COUNTY address provided in the Clause (NOTICES) below or to an address provided by Airport Director. AIRLINE has ten (10) business days to provide adequate evidence of insurance, or this LEASE may be cancelled.

AIRLINE shall provide thirty (30) days prior written notice of any policy cancellation or non-renewal and ten (10) days prior written notice where cancellation is due to non-payment of premium and provide a copy of the cancellation notice to COUNTY. Failure to provide written notice of cancellation may constitute a material breach of the LEASE, upon which the COUNTY may suspend or terminate this Contract

The COUNTY expressly retains the right to require AIRLINE to increase or decrease insurance of any of the above insurance types throughout the term of this LEASE. Any increase or decrease in insurance will be as deemed by the County of Orange Risk Manager as appropriate to adequately protect the COUNTY.

The COUNTY shall notify AIRLINE in writing of changes in the insurance requirements. If the AIRLINE does not deposit copies of acceptable certificates of insurance and endorsements with the COUNTY incorporating such changes within thirty (30) days of receipt of such notice, this LEASE may be in breach without further notice to the AIRLINE, and the COUNTY shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit the AIRLINE's liability hereunder nor to fulfill the indemnification provisions and requirements of this LEASE, nor in any way to reduce the policy coverage and limits available from the insurer.

SECTION 13.02 INDEMNITY

The AIRLINE agrees to indemnify, defend with counsel approved in writing by the COUNTY, and hold the COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies which the COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by the AIRLINE pursuant to this LEASE. If judgment is entered against the AIRLINE and the COUNTY by a court of competent jurisdiction because of the concurrent active negligence of the COUNTY or the COUNTY INDEMNITEES, the AIRLINE and the COUNTY agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS

SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION

A. In all its activities within the scope of its airport program, AIRLINE 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 (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance

If AIRLINE transfers its obligation to another, the transferee is obligated in the same manner as AIRLINE.

B. During the performance of this LEASE, AIRLINE, for itself, its assignees, and successors in interest, agrees as follows::

1) **Compliance with Regulations:** AIRLINE 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 LEASE.

2) **Nondiscrimination:** AIRLINE, with regard to the work performed by it during the LEASE, will not discriminate on the grounds of race, color, or national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The AIRLINE 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.

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

4) **Information and Reports:** AIRLINE 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 COUNTY or the FAA to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, AIRLINE will so certify to the COUNTY or the FAA, as appropriate, and will set forth what efforts it has made to obtain this information.

5) **Sanctions for Noncompliance:** In the event of the AIRLINE's noncompliance with the non-discrimination provisions of this LEASE, the COUNTY will impose such sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

a. Withholding payments under the LEASE until the AIRLINE complies, and/or

b. cancelling, terminating, or suspending the LEASE, in whole or in part.

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

C. AIRLINE, for itself, 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 Leased Premises for a purpose for which an FAA activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, AIRLINE 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 said facilities.

2) 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.

3) In the construction of any improvements on, over, or under the Leased Premises 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.

4) AIRLINE will use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title VI List of Pertinent Nondiscrimination Acts and Authorities.

D. AIRLINE shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service.

E. AIRLINE, for itself, its assignees, and successors in interest, agrees to comply with the following nondiscrimination 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);

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, subrecipients and contractors, 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) The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex)

10) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations); [rescinded January 21, 2025];

11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)][rescinded March 1, 2025]; and

12) 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).

F. In the event of a breach of any of the above Nondiscrimination covenants, the COUNTY shall have the right to terminate the LEASE and to re-enter and repossess said lands and facilities thereon and hold the same as if said LEASE had never been made or issued.

SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT

The COUNTY reserves the right to develop further or improve the Airport as it sees fit, regardless of the desires or views of the AIRLINE, and without interference or hindrance.

The COUNTY reserves the right, but shall not be obligated to the AIRLINE, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of the AIRLINE in this regard.

SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A.

This LEASE shall be subordinate to the provisions and requirements of any existing or future agreement between the COUNTY and the United States or any lawful requirement of the United States relative to the development, operation, or maintenance of the Airport.

SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS

The AIRLINE agrees that the AIRLINE's use of the Leased Premises, including all construction thereon, shall conform to applicable FEDERAL AVIATION REGULATIONS.

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The AIRLINE agrees to comply with the applicable notification and review requirements covered in Part 77 of the FEDERAL AVIATION REGULATIONS (as same may be amended from time to time or such other regulation replacing Part 77 as may be adopted by Federal authority) prior to the construction of the improvements described herein and prior to the construction of any future structure or building upon the Leased Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

SECTION 14.05 FEDERAL LAW PREEMPTION

Notwithstanding any provisions of this LEASE, to the contrary and notwithstanding any provision of any other agreements, laws, or ordinances to the contrary, any requirement that is imposed on the AIRLINE in this LEASE, or any local authorities, shall not apply to the AIRLINE to the extent that such requirement is or would otherwise be preempted by federal law, including but not limited to the Airline Deregulation Act (49 U.S.C. § 41713).

SECTION 14.06 NONEXCLUSIVE RIGHT

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to conduct aeronautical activities or provide aeronautical services to the public as prohibited by 49 U.S.C. § 40103(e) and 47107(a)(4), as amended from time to time, and the COUNTY reserves the right to grant others the privilege and right of conducting any or all activities of an aeronautical nature.

SECTION 14.07 WAR OR NATIONAL EMERGENCY

This LEASE 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.

SECTION 14.08 RESERVED

SECTION 14.09 AMERICANS WITH DISABILITIES ACT

The AIRLINE shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 ("ADA") in connection with: (a) the Leased Premises or any portion thereof and its operations thereon, the AIRLINE's furnishings, trade fixtures, and equipment; (b) removing physical barriers; (c) providing auxiliary aids and services for use of the AIRLINE's furnishings, trade fixtures and equipment, where necessary or required; and (d) modifying its policies, practices and procedures to comply with the ADA. The AIRLINE shall develop a work plan to correct or avoid any violations or non-compliance with the ADA and to address the processing of disability complaints. The AIRLINE shall deliver to the COUNTY, upon the COUNTY's request, a copy of each report and work plan. The COUNTY's approval of or

acceptance of any aspect of the AIRLINE's activities under this LEASE shall not be deemed or construed in any way as a representation that such item or activity of practice complies with the ADA. The AIRLINE agrees to indemnify, defend, and hold the COUNTY harmless from and against any and all costs incurred by the COUNTY with respect to the AIRLINE's failure to comply with the ADA.

SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT

In accordance with 49 C.F.R. § 27.72, the AIRLINE shall ensure the provision of boarding equipment for passengers with mobility impairment, including, but not limited to, aircraft boarding chairs used to transfer passengers from their wheelchair or other apparatus to their seat in the aircraft cabin. The AIRLINE shall provide all related passenger assistance with this equipment. The equipment shall be provided and maintained in accordance with 49 C.F.R. § 27.72 and the applicable FAA Advisory Circulars, including AC 150/5220-21C.

The COUNTY owns and maintains ramps for utilization by the AIRLINE on the Airport apron in the event a ramp is needed for boarding or deplaning of the aircraft. The AIRLINE shall promptly notify the COUNTY if COUNTY-owned ramps require maintenance. If the AIRLINE owns and operates additional ramps, the AIRLINE shall maintain those ramps in proper working condition. The AIRLINE shall provide assistance to passengers with mobility impairment when ramps are used for boarding or deplaning of the aircraft.

ARTICLE XV - MISCELLANEOUS PROVISIONS

SECTION 15.01 TIME

Time is of the essence in this LEASE.

SECTION 15.02 LEASE ORGANIZATION

The various headings and numbers herein, the grouping of provisions of this LEASE into separate sections and paragraphs, and the organization hereof, are for the purpose of convenience only and shall not be considered otherwise.

SECTION 15.03 AMENDMENTS

This LEASE sets forth all of the agreements and understandings of the Parties with regard to its subject matter, and any modification must be written and properly executed by both Parties.

SECTION 15.04 SIGNS

The AIRLINE agrees not to construct, maintain, or allow any sign upon the Leased Premises except as approved by the COUNTY. The AIRLINE shall submit for approval all new signage to be placed in the ticketing lobby, including baggage sizers, and pylon signs. Illustrative drawings

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and design dimensions must accompany all requests for approval. Unapproved signs, banners, flags, etc., may be removed by the COUNTY without prior notice to the AIRLINE.

The AIRLINE will not place any promotional signs or advertising materials in any location within the Leased Premises or within any Common Use Area of the Terminal without the prior consent of the COUNTY. All requests for the approval of temporary promotional signs for the AIRLINE shall be accompanied by illustrative drawings and design dimensions along with information about the type of signs proposed and proposed locations. All approved promotional signs shall be allowed to remain in the terminal for ninety (90) days. At the end of ninety (90) days, all temporary signage must be removed, or the AIRLINE may resubmit a request to COUNTY to extend past ninety (90) days.

The AIRLINE shall keep all ticket counter space used by the AIRLINE and any associated ticket lifts and podiums free of all signs, advertising materials, credit card application dispensing units, posters, and banners. The COUNTY may, without notice, remove any unauthorized signs or advertising materials, and may store them at the AIRLINE's expense; the COUNTY may dispose of items if they are not promptly claimed by the AIRLINE after notice from the COUNTY.

SECTION 15.05 PERMITS AND LICENSES

The AIRLINE shall be required to obtain any and all approvals, permits, and/or licenses that may be required in connection with the operation of the Leased Premises as set out herein. No permit, approval, or consent given hereunder by the COUNTY in its governmental capacity shall affect or limit the AIRLINE's obligations hereunder, nor shall any approvals or consents given by the COUNTY as a Party to this LEASE be deemed approval as to compliance or conformance with applicable governmental codes, laws, ordinances, rules, or regulations.

SECTION 15.06 RESERVED

SECTION 15.07 TAXES AND ASSESSMENTS

This LEASE may create a possessory interest that is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) that become due and payable upon the Leased Premises or upon fixtures, equipment, or other property installed or constructed thereon shall be the full responsibility of the AIRLINE, and the AIRLINE shall cause said taxes and assessments to be paid promptly.

SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If either Party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental laws or regulations, or other cause without fault and beyond the control of the Party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the

performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse the AIRLINE from the prompt payment of any rental or other charge required of the AIRLINE except as may be expressly provided elsewhere in this LEASE.

SECTION 15.09 PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this LEASE is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 15.10 WAIVER OF RIGHTS

The failure of the COUNTY or the AIRLINE to insist upon strict performance of any of the terms, covenants, or conditions of this LEASE shall not be deemed a waiver of any right or remedy that the COUNTY or the AIRLINE may have and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of the LEASE thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this LEASE. Any waiver, in order to be effective, must be signed by the Party whose right or remedy is being waived.

SECTION 15.11 RESERVATIONS TO THE COUNTY

The Leased Premises are accepted "AS IS," and the AIRLINE is subject to any and all existing easements and encumbrances. The COUNTY reserves the right to install, lay, construct, maintain, repair, and operate sanitary sewers, drains, Stormwater sewers, pipelines, manholes and connections; water, oil and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, under and along the Leased Premises or any part thereof; and to enter the Leased Premises for any and all such purposes. The COUNTY also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, under, and along any and all portions of the Leased Premises. No right reserved by the COUNTY in this Section shall be so exercised as to interfere unreasonably with the AIRLINE's operations hereunder or to impair the security of any secured creditor of the AIRLINE.

The COUNTY agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The COUNTY further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Leased Premises by the AIRLINE.\, the AIRLINE shall only be entitled to a reduction in the rent payable to the COUNTY during the period of interference, which shall be reduced in proportion to the interference with the AIRLINE's use of the Leased Premises. The AIRLINE shall not be entitled to any other form of compensation.

SECTION 15.12 AUTHORITY OF THE AIRLINE

If the AIRLINE is a corporation, each individual executing this LEASE on behalf of said corporation represents and warrants that they are duly authorized to execute and deliver this LEASE on behalf of said corporation, in accordance with the by-laws of said corporation, and that this LEASE is binding upon said corporation.

SECTION 15.13 PUBLIC RECORDS

The AIRLINE understands that written information submitted to and/or obtained by the COUNTY from the AIRLINE related to this LEASE and/or the Leased Premises, either pursuant to this LEASE or otherwise, may be open to inspection by the public pursuant to the California Public Records Act (Cal. Gov. Code §§7920.000 *et seq.*) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public.

SECTION 15.14 RELATIONSHIP OF PARTIES

The relationship of the Parties hereto is that of lessor and lessee, and it is expressly understood and agreed that the COUNTY does not in any way or for any purpose become a partner of the AIRLINE in the conduct of the AIRLINE's business or otherwise or a joint venturer with the AIRLINE; and the provisions of this LEASE and the agreements relating to rent payable hereunder are included solely for the purpose of providing a method by which rental payments are to be measured and ascertained. This LEASE is intended for the sole benefit of the Parties hereto and their successors, and unless otherwise provided herein or by law, no rights are created, or are intended to be created, for the benefit of, or enforceable by, any third parties.

SECTION 15.15 GOVERNING LAW AND VENUE

This LEASE has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this LEASE, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

SECTION 15.16 ATTORNEY'S FEES

In any action or proceeding to enforce or interpret any provision of this LEASE, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorney's fees, costs, and expenses.

SECTION 15.17 EMERGENCY SERVICES

The Airport Director has the right to request that the AIRLINE'S employees aid in and use AIRLINE's inventory of goods in an emergency to assist in maintaining the welfare of persons at or near the Airport. The AIRLINE shall be reimbursed by the COUNTY for the cost of goods as soon as practicable at a rate not to exceed costs as existed immediately prior to the emergency.

SECTION 15.18 NOTICES

All notices pursuant to this LEASE shall be addressed to either Party as set forth below and shall be sent through the United States mail, duly registered or certified, return receipt requested with postage prepaid, or by an overnight carrier service. If any notice is sent by an overnight carrier service, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof. Notwithstanding the above, the COUNTY may also provide notices to the AIRLINE by personal delivery or by regular mail postage prepaid, and any such notice so given shall be deemed to have been given upon the date of personal delivery or three (3) days after the date of deposit in the United States Mail, respectively.

To: COUNTY
John Wayne Airport
3160 Airway Avenue
Costa Mesa, CA 92626
Attention: Airport Director

To: AIRLINE
Air Canada
Attn: Corporate Real Estate
YUL 1232c/o Courier Room
730 Cote Vertu W.
Dorval, QC H4Y 1H4
With a copy to:
Chief Legal Officer/General Counsel
Via facsimile to (514) 422 - 5731

Either Party hereto may, from time to time, by written notice to the other in the method described above, designate a different address, which shall be substituted for the one above specified.

[Signatures continue on following page]

JOHN WAYNE AIRPORT
ORANGE COUNTY

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first above written.

Kiplan
Assistant
Secretary

AIRLINE: Air Canada

By: _____
John Di Bert. EVP & Chief Financial Officer

By: _____
Michael Rousseau. President & CEO.

APPROVED AS TO FORM:
County Counsel

By: _____

MP

SF
Sept. 11, 2025
AC Legal

APPROVED AS TO AUDIT AND ACCOUNTING:
Auditor-Controller

By: _____

RECOMMENDED FOR APPROVAL:
John Wayne Airport

By: _____
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this document has been delivered to the Chair of the Board per G.C. Sec. 25103, Reso 79-1535

Attest:

COUNTY:
COUNTY OF ORANGE

_____
Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

By: _____
Chairman, Board of Supervisors

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first above written.

AIRLINE: Air Canada

By: _____

By: _____

APPROVED AS TO FORM:
County Counsel

By: DocuSigned by: Mark Sanchez 5EE66EC8DA7B48F...

APPROVED AS TO AUDIT AND ACCOUNTING:
Auditor-Controller

By: Signed by: Vivian Lee C. Grzeszczak 88187C051B2C443...

RECOMMENDED FOR APPROVAL:
John Wayne Airport

By: Signed by: Charlene Reynolds A1A526A921AF49F...

Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this document has been delivered to the Chair of the Board per G.C. Sec. 25103, Reso 79-1535

Attest:

COUNTY:
COUNTY OF ORANGE

_____

By: _____

Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

Chairman, Board of Supervisors

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT A
LEASED PREMISES DESCRIPTION

Project Management Number: PM 1121-0300-0094

Airline: Air Canada

The Leased Premises referred to in this Lease shall mean all the premises shown on a floor plan marked "Exhibit B," attached hereto and made a part hereof, being those certain Exclusive Use Areas designated as follows:

> Airline Ticket Office, and Airline Ticket Counter, containing 257 square feet and 217 square feet, respectively, located on the Terminal A concourse of the Departure Level.
>
> Baggage Service Office containing 179 square feet of space located on the Terminal A concourse of the Arrival Level.

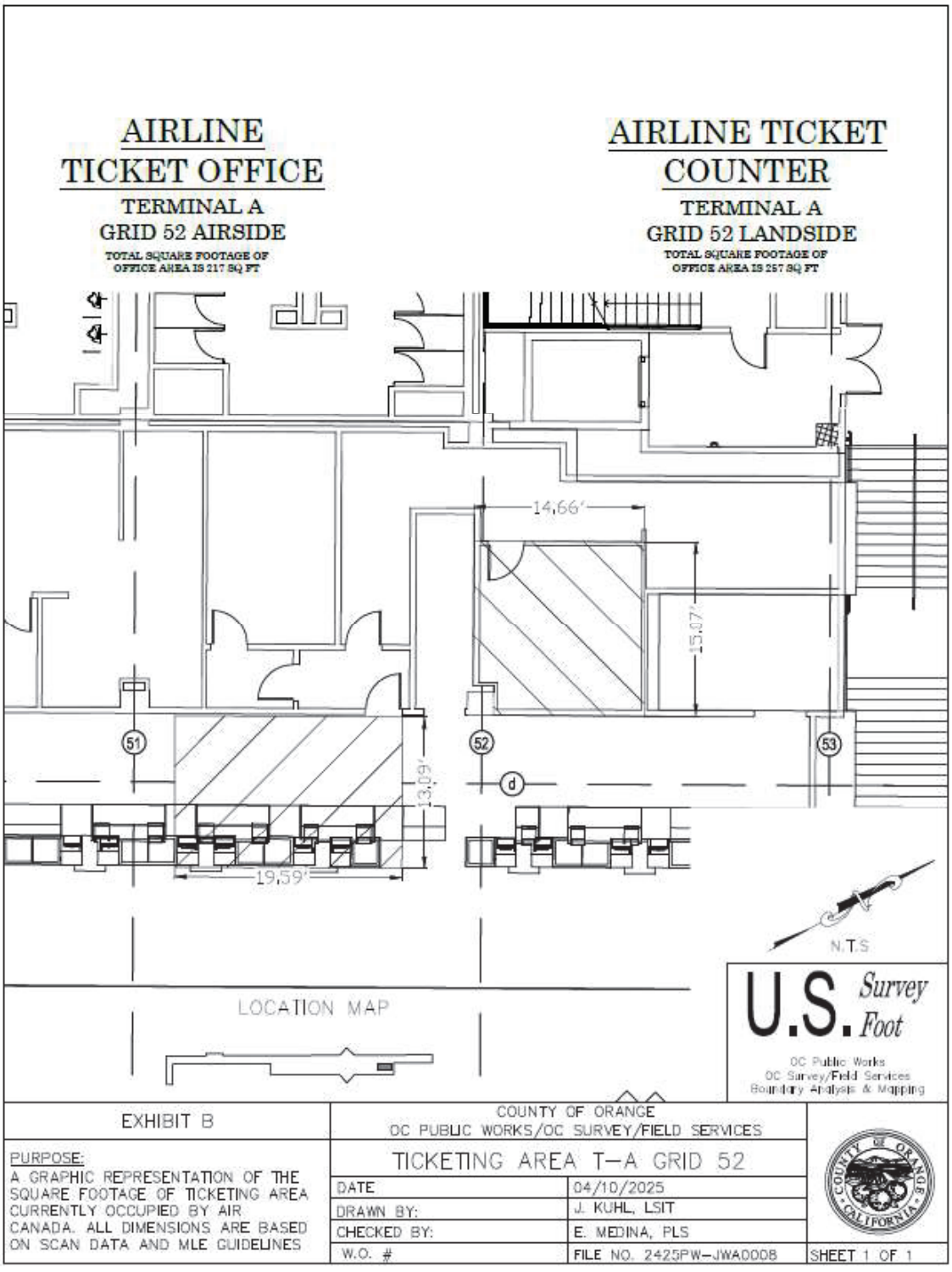
Said Exclusive Use Areas shall also include the premises shown on a map marked "Exhibit C," attached hereto and made a part hereof, being Apron Area. Said "Exhibit C" may be revised at any time by Airport Director.

The Leased Premises shall also include the premises shown on a map marked "Exhibit D," being those certain Common Use Areas designated as Baggage Claim/Baggage Make-up Areas, Holdrooms, Airside Concourses, Security Areas, and Loading Bridges,

Said Exclusive Use and Common Use Areas are situated at the Thomas F. Riley Terminal Building, John Wayne Airport, 18601 Airport Way, in the City of Santa Ana, County of Orange, State of California, and located on Lots 132 and 135 of Block 7 of the Irvine Subdivision, per map recorded in Book 1, Page 88 of Miscellaneous Maps in the Office of the County Recorder of Orange County, together with the right of ingress and egress thereto.

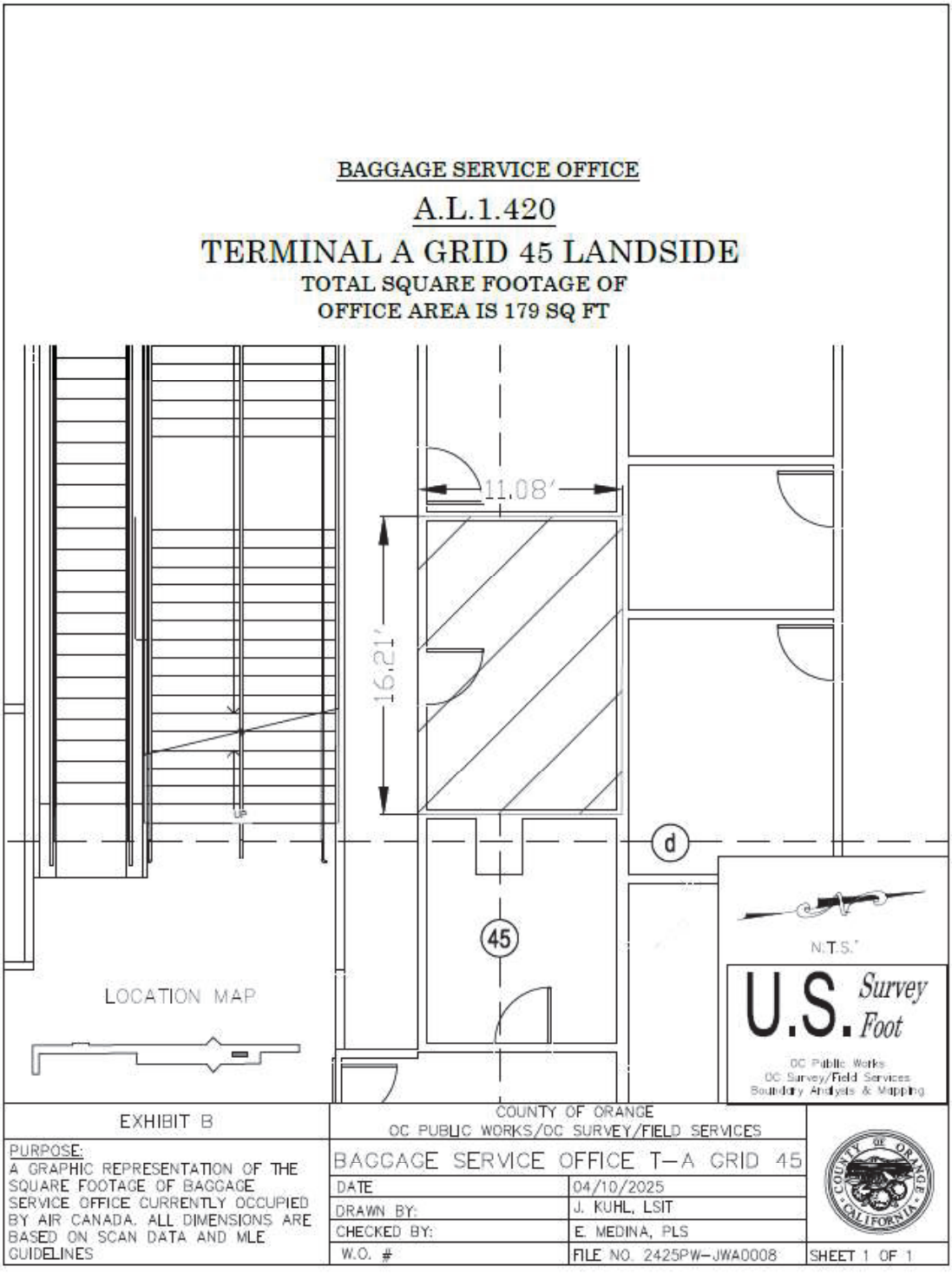
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES - TERMINAL EXCLUSIVE USE AREA



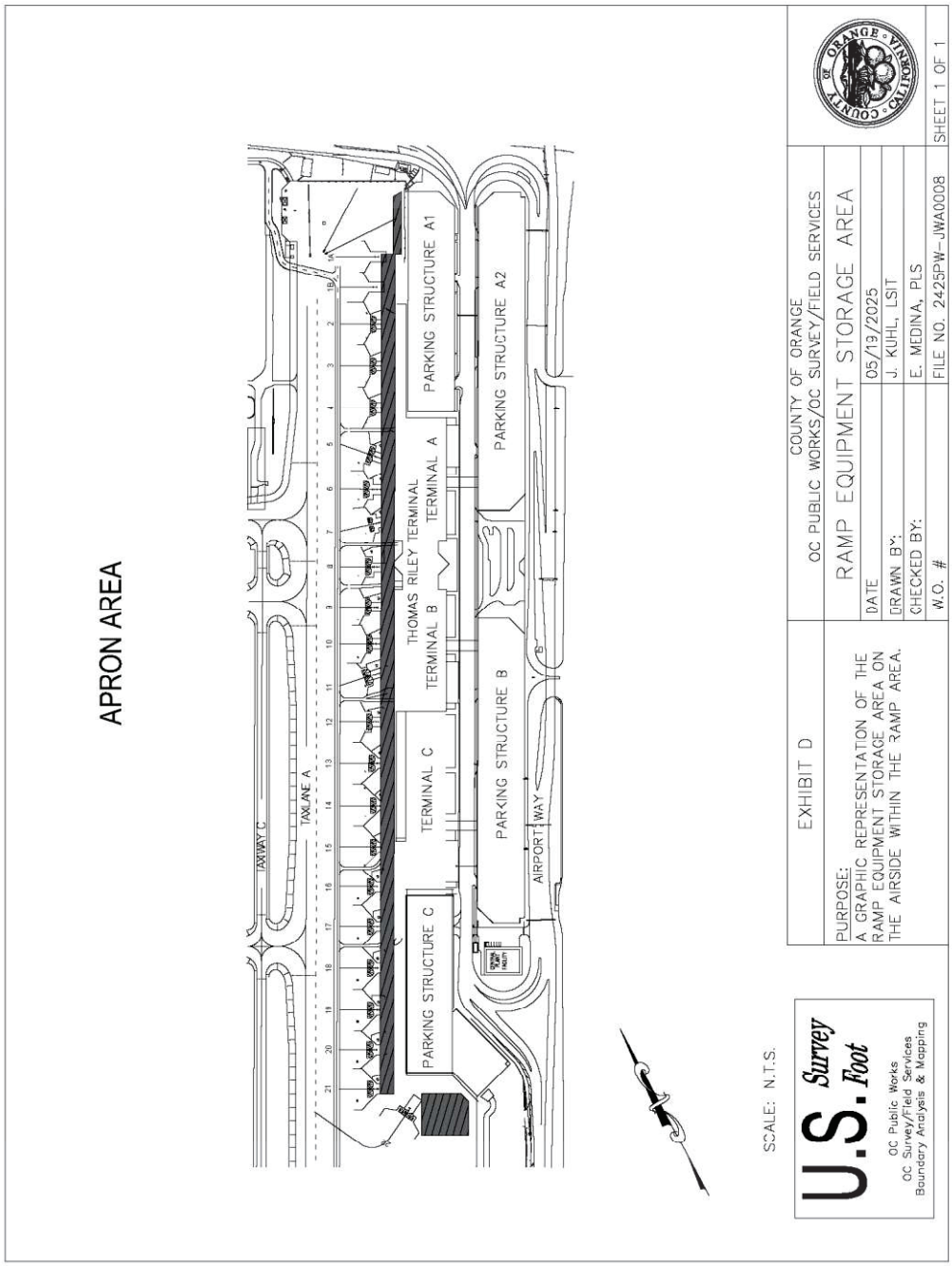
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES - TERMINAL EXCLUSIVE USE AREA



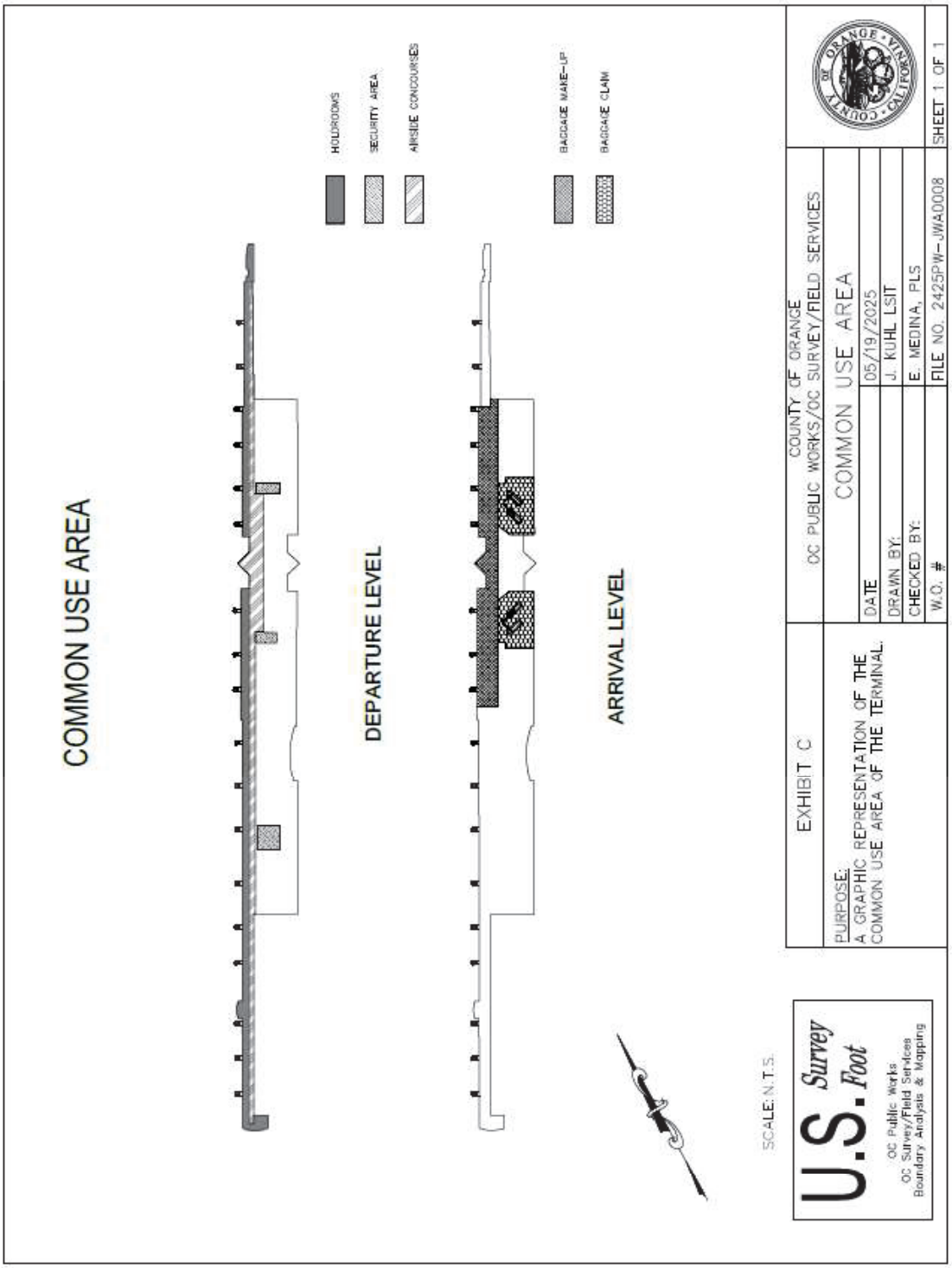
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT C
APRON AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT D
COMMON USE AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT E
JOHN WAYNE AIRPORT
SUMMARY OF OPERATION AND MAINTENANCE RESPONSIBILITIES

	Exclusive Use Areas	Common Use Areas	SIDA - Non Public Areas	Public Areas Sidewalks and Roadways	Airfield
Building Exteriors	C	C	C	C	C
Doors	A (1)	C (1)	C	C	-
Loading Bridges	C	C	C	-	C
Landscaping	-	C	C	C	C
Roadways	-	C	C	C	C
Law Enforcement, Fire Protection, Emergency Medical Services	C	C	C	C	C
Plumbing	C (1,2)	C	C	C	C
Electrical and Lighting	C (1,2)	C	C	C	C
HVAC	C (1)	C	C	C	C
Glass Breakage	C (1)	C	C	C	C
Communications Systems CU P PS	C (1)	C(1)	C	C	C
Custodial Service/Window Cleaning	A	C	C	C	C
Baggage Handling Systems	C	C	C	C	-
Bag-Claim Carousel Equipment	-	C	C	C	-
Baggage Scales (ticket counters)	C	C	-	-	-
People Movers (elevators, escalators)	C	C	C	C	-
Signage	A	C	C	C	C
Ramp	A	C (3)	C (3)	-	-

Key: A = Airline
C = County

1. Airline is responsible for maintenance, repair and replacement of Airline-installed devices and equipment.
2. Airline is responsible for routine maintenance, including relamping and ballast replacement.
3. Airline is responsible for cleaning ramp areas of trash and spills (from building to VSR).

If Airline fails to perform its maintenance and repair obligations as stated in the Lease, the County may perform the work after providing the Airline written notice and recover its entire cost plus a 15% charge from Airline as additional costs. Said cos ts shall be due and payable by the Airline to the County as stated in Article V, Section 5.07 of the Lease.

In the event the Airline makes any repairs or modifications to an area or equipment, at the request of the County, as per Section 4.01 subsection C of this Lease, and those areas or equipment are currently maintained by the County, the County will continue the maintenance responsibilities for those areas or equipment.

JOHN WAYNE AIRPORT
ORANGE COUNTY

AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

Dated _____

Between

County of Orange

and

Alaska Airlines, Inc.

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

RECITALS 1
ARTICLE I - DEFINITIONS 2
SECTION 1.01 AAAC 2
SECTION 1.02 AAAC CHAIR 2
SECTION 1.03 ACCESS PLAN 2
SECTION 1.04 ADD 2
SECTION 1.05 AIRLINE RATES AND CHARGES 3
SECTION 1.06 AIRPORT 3
SECTION 1.07 AIRPORT DIRECTOR 3
SECTION 1.08 APRON AREA 3
SECTION 1.09 AUDITOR-CONTROLLER 3
SECTION 1.10 BOARD OF SUPERVISORS 3
SECTION 1.11 CBP 3
SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT 3
SECTION 1.13 COMMON USE AREA 3
SECTION 1.14 COUNTY 4
SECTION 1.15 CUPPS 4
SECTION 1.16 CUSS 4
SECTION 1.17 DOT 4
SECTION 1.18 EMV 4
SECTION 1.19 ENVIRONMENTAL LAWS 4
SECTION 1.20 EXCLUSIVE USE AREA 5
SECTION 1.21 FAA 5
SECTION 1.22 GSE 5
SECTION 1.23 HAZARDOUS SUBSTANCES 5
SECTION 1.24 IAF 6
SECTION 1.25 NON-STORMWATER DISCHARGE 6
SECTION 1.26 PFC 6
SECTION 1.27 POLLUTANT 6
SECTION 1.28 RON 7
SECTION 1.29 STORMWATER 7
SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES 7
SECTION 1.31 TERMINAL 7
SECTION 1.32 TSA 7
ARTICLE II – TERM OF LEASE 7
SECTION 2.01 TERM OF LEASE 7
SECTION 2.02 HOLDING OVER 7
SECTION 2.03 TERMINATION FOR CONVENIENCE 8
ARTICLE III – LEASED PREMISES 8
SECTION 3.01 LEASED PREMISES 8

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 3.02 NATURE OF AIRLINE'S ESTATE 9
SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES 9
ARTICLE IV - RENT, FEES AND CHARGES 9
SECTION 4.01 RENT, FEES AND CHARGES 9
SECTION 4.02 PAYMENT PROCEDURE 13
SECTION 4.03 CHARGE FOR LATE PAYMENT 14
SECTION 4.04 PASSENGER FACILITY CHARGE 15
SECTION 4.05 PROVISION AGAINST SET-OFFS 16
SECTION 4.06 SECURITY DEPOSIT 16
SECTION 4.07 NEW ENTRANT DEPOSIT 17
SECTION 4.08 MARKETING FUND FEE 17
ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES 18
SECTION 5.01 USE 18
SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES 19
SECTION 5.03 RULES AND REGULATIONS 19
SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE 20
SECTION 5.05 OPERATIONAL REQUIREMENTS 21
SECTION 5.06 RECORDS AND ACCOUNTS 23
SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS 25
SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES 27
SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON 27
SECTION 5.11 AIRCRAFT PARKING 27
SECTION 5.12 PORTER SERVICES 28
ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT 28
SECTION 6.01 COMMON USE EQUIPMENT 28
SECTION 6.02 COMMON USE EQUIPMENT STOCK 29
SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK 29
SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT 30
SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT 30
SECTION 6.06 NETWORK USAGE 31
SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES 32
SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES 32
ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION 33
SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE 33
SECTION 7.02 SPILL RESPONSE PLAN 34

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION 35
SECTION 7.04 ENVIRONMENTAL STEWARDSHIP 36
SECTION 7.05 RESERVED 38
SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION 38
SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS 39
SECTION 7.08 ANTI-IDLING POLICY 39
ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS 39
SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY 39
SECTION 8.02 IMPROVEMENTS BY THE AIRLINE 40
SECTION 8.03 AIRLINE REIMBURSEMENT 41
SECTION 8.04 EXCLUSIVE REMEDY 42
SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION 42
SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES 43
SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS 43
SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS 45
SECTION 8.09 HEALTH AND SAFETY 45
ARTICLE IX - ACCOMMODATION 46
SECTION 9.01 JOINT USE REQUIREMENT 46
ARTICLE X - ASSIGNMENT AND SUBLEASE 47
SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING 47
SECTION 10.02 SUCCESSORS IN INTEREST 50
ARTICLE XI - TERMINATION AND DEFAULT 51
SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS 51
SECTION 11.02 TERMINATION FOR DEFAULT 51
SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION 52
SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY 52
SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER 52
ARTICLE XII - SECURITY 53
SECTION 12.01 AIRPORT SECURITY 53
ARTICLE XIII - INSURANCE AND INDEMNITY 55
SECTION 13.01 INSURANCE 55
SECTION 13.02 INDEMNITY 59
ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS 60
SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION 60
SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT 64
SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A. 64
SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS . 64

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 14.05 FEDERAL LAW PREEMPTION 64
SECTION 14.06 NONEXCLUSIVE RIGHT 64
SECTION 14.07 WAR OR NATIONAL EMERGENCY 65
SECTION 14.08 RESERVED 65
SECTION 14.09 AMERICANS WITH DISABILITIES ACT 65
SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT 65
ARTICLE XV - MISCELLANEOUS PROVISIONS 66
SECTION 15.01 TIME 66
SECTION 15.02 LEASE ORGANIZATION 66
SECTION 15.03 AMENDMENTS 66
SECTION 15.04 SIGNS 66
SECTION 15.05 PERMITS AND LICENSES 66
SECTION 15.06 RESERVED 67
SECTION 15.07 TAXES AND ASSESSMENTS 67
SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE 67
SECTION 15.09 PARTIAL INVALIDITY 67
SECTION 15.10 WAIVER OF RIGHTS 67
SECTION 15.11 RESERVATIONS TO THE COUNTY 68
SECTION 15.12 AUTHORITY OF THE AIRLINE 68
SECTION 15.13 PUBLIC RECORDS 68
SECTION 15.14 RELATIONSHIP OF PARTIES 68
SECTION 15.15 GOVERNING LAW AND VENUE 69
SECTION 15.16 ATTORNEY'S FEES 69
SECTION 15.17 EMERGENCY SERVICES 69
SECTION 15.18 NOTICES 69

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

LIST OF EXHIBITS

EXHIBIT A LEASED PREMISES DESCRIPTION – TERMINAL EXCLUSIVE USE AREA

EXHIBIT B FLOOR PLAN OF LEASED PREMISES – TERMINAL EXCLUSIVE USE AREA

EXHIBIT C MAP OF APRON AREA

EXHIBIT D MAP COMMON USE AREA

EXHIBIT E AIRLINE MAINTENANCE OBLIGATIONS

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

THIS AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE ("LEASE") is made and entered into this ___ day of _____, 2025, by and between the COUNTY OF ORANGE, a political subdivision of the State of California ("COUNTY"), and Alaska Airlines, Inc. ("AIRLINE"), with COUNTY and AIRLINE sometimes individually referred to as "Party" or collectively referred to as "Parties."

RECITALS

WHEREAS, the COUNTY, through its Board of Supervisors, is the owner and proprietor of John Wayne Airport ("JWA" or "Airport"), located in the County of Orange, State of California, and operates and maintains the Airport as a governmental function for the primary purpose of providing air transportation to the public; and

WHEREAS, COUNTY and AIRLINE entered into a Certificated Passenger Airline Lease dated November 3, 2020, with a term effective January 1, 2021, through December 31, 2025 ("Existing Lease"); and

WHEREAS, the AIRLINE is engaged in the business of commercial air transportation of persons, property, cargo, and mail as a scheduled air carrier and is certificated or otherwise authorized by the United States of America to engage in such business; and

WHEREAS, the AIRLINE desires to enter into an agreement addressing certain premises, facilities, rights, licenses, services, and privileges at the Airport; and

WHEREAS, as part of its ongoing effort to operate the Airport in a manner sensitive to the residents who live under the Airport's approach and departure corridors, the COUNTY has developed one of the most stringent access and noise abatement programs in the country. The Airport monitors all aircraft operations, both commercial and private, for compliance with the program. These noise abatement and access restrictions derive from the 1985 Settlement Agreement between the COUNTY, City of Newport Beach, and other parties and are implemented through ordinances, resolutions (including Resolutions No. 85-255, 85-256, 85-259, 85-1231, 85-1232, and 85-1233), regulations (including the Phase 2 Commercial Airline Access Plan and Regulation) and policies of the COUNTY, as they may be amended from time to time; and

WHEREAS, the 1985 Settlement Agreement has been periodically amended by its parties to, among other things, increase the authorized passenger levels at the Airport; and

WHEREAS, the amendments to the 1985 Settlement Agreement preserve and continue to implement important restrictions on the use of JWA, "grandfathered" under the AIRPORT NOISE AND CAPACITY ACT OF 1990 ("ANCA"), which reflect and accommodate historical policy decisions of the Board of Supervisors regarding the appropriate point of balance between the competing interests of the air transportation and aviation community and local residents living in the vicinity of the Airport. These policy decisions address, among other issues, nighttime operational restrictions and maximum permitted single-event noise levels; and

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

WHEREAS, the COUNTY and the AIRLINE mutually desire to enter into this LEASE, which amends and restates the Existing Lease, in order to provide air transportation services to the community and its visitors through December 31, 2030; and

WHEREAS, the COUNTY has the right to permit and grant the use of its property at the Airport to the AIRLINE for the operation of the AIRLINE's air transportation services; and

WHEREAS, the AIRLINE acknowledges that this LEASE is being entered into under the provisions of CAL. PUBLIC UTIL. CODE §§21690.5 *et seq.*, and, in particular, §21690.9.

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained to be observed and performed by the respective Parties hereto:

THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I - DEFINITIONS

The following words, terms, and phrases, whenever used in this LEASE, shall have the meaning and significance attached to them in this Article unless otherwise apparent from context.

SECTION 1.01 AAAC

"AAAC" shall mean the JWA – Airport Airline Affairs Committee. The AAAC is composed of the airline properties representatives for the carriers serving JWA.

SECTION 1.02 AAAC CHAIR

"AAAC Chair" shall mean the Chairperson elected by the AAAC to act as the spokesperson for carriers serving JWA.

SECTION 1.03 ACCESS PLAN

"Access Plan" shall mean the Phase 2 Commercial Airline Access Plan and Regulation for John Wayne Airport, Orange County, as that plan existed when originally adopted and approved by the Orange County Board of Supervisors in 1990, as it has been amended by the Board of Supervisors from time to time, and as it may be amended by the Board of Supervisors at any time during the term of this LEASE.

SECTION 1.04 ADD

"ADD" shall mean Average Daily Departure, as defined in the Access Plan. Except as expressly provided in the Access Plan, all commercial air carrier departures at JWA are regulated departures and require an ADD allocation. ADD allocations are the exclusive property of the COUNTY.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 1.05 AIRLINE RATES AND CHARGES

"Airline Rates and Charges" shall mean all rates, fees, and charges payable to the COUNTY by the AIRLINE, as specified herein**.**

SECTION 1.06 AIRPORT

"Airport" shall mean the John Wayne Airport, Orange County, California.

SECTION 1.07 AIRPORT DIRECTOR

"Airport Director" shall mean the Director of JWA or his or her duly authorized designee.

SECTION 1.08 APRON AREA

"Apron Area" shall mean the land identified as Apron Area in Exhibit C attached hereto, and, except as otherwise provided herein, all facilities, equipment, and improvements now or hereafter located thereon.

SECTION 1.09 AUDITOR-CONTROLLER

"Auditor-Controller" shall mean the Auditor-Controller, County of Orange, or designee.

SECTION 1.10 BOARD OF SUPERVISORS

"Board of Supervisors" shall mean the COUNTY's governing body.

SECTION 1.11 CBP

"CBP" shall mean Customs and Border Protection, U.S. Department of Homeland Security.

SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT

"Certificated Maximum Landing Weight" shall mean the current maximum allowable gross landing weight of aircraft operated by the AIRLINE and certificated by the Federal Aviation Administration (FAA) for operation at the Airport.

SECTION 1.13 COMMON USE AREA

"Common Use Area" shall mean the nonexclusive use of space, in common with other airlines, located in the Terminal, as shown in Exhibit D.

SECTION 1.14 COUNTY

"COUNTY" shall mean the County of Orange, a political subdivision of the State of California.

SECTION 1.15 CUPPS

"CUPPS" shall mean the Airport's Common Use Passenger Processing System.

SECTION 1.16 CUSS

"CUSS" shall mean Common Use Self Service.

SECTION 1.17 DOT

"DOT" shall mean the U.S. Department of Transportation.

SECTION 1.18 EMV

"EMV" shall mean Europay, Mastercard, or Visa.

SECTION 1.19 ENVIRONMENTAL LAWS

“Environmental Laws” shall mean any federal, State, or local laws, statutes, ordinances, codes, judgments, orders, rules, or regulations pertaining to the environment and/or human health, Hazardous Substances, Pollutants, occupational safety and health, industrial hygiene, or the environmental conditions on, at, under or about the Airport, and includes, without limitation, the following: (i) the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; (ii) Clean Water Act, 33 U.S.C. § 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 C.F.R. Parts 173 and 175; (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 U.S.C. § 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 (“Proposition 65”); (ix) California Health and Safety Code §§25100, 25395.7, 25915 *et seq.*; (x) the Porter-Cologne Water Quality Control Act (California Water Code); (xi) California Civil Code § 3479 *et seq.*; (xii) Stormwater Discharge Rules, 40 C.F.R. §§ 122.26, 122.30-37; (xiii) the Carpenter-Presley-Tanner Hazardous Substances Account Act; (xiv) the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; (xv) the Safe Drinking Water Act, 24 U.S.C. § 300f, *et seq.*; xvi) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Industrial Activities, Order No. 2014-0057-DWQ (or most current); xvii) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, Order No. 2009-0009-DWQ amended by 2010-0014-DWQ & 2012-0006-DWQ; xviii) The County of Orange, Orange County Flood Control District, and The

Incorporated Cities of Orange County within the Santa Ana Region Areawide Urban Stormwater Runoff Orange County Municipal Separate Storm Sewer System (MS4) Permit Order No. R8-2009-0030 (National Pollutant Discharge Elimination System No. CAS618030) as amended by Order No. R8-2010-0062; xix) South Coast Air Quality Management District Regulations and Rules; and (xx) all other federal, State, and local laws, rules, orders, directives, and codes, regulations, judgments, and orders relating to (a) emissions, discharges, releases, and/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 (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Substances, as such laws are amended, and the regulations and administrative codes applicable thereto.

SECTION 1.20 EXCLUSIVE USE AREA

"Exclusive Use Area" shall mean the areas of the Terminal and on the Terminal Apron that the COUNTY has granted the AIRLINE the right to use on an exclusive-use basis, subject to the Joint Use Requirement, during the term of this LEASE. The AIRLINE's Exclusive Use Area is described in Exhibit A and shown in Exhibits B and C.

SECTION 1.21 FAA

"FAA" shall mean the Federal Aviation Administration created under the FEDERAL AVIATION ACT OF 1958 or such successor agency as may have similar jurisdiction over the AIRLINE or its business and the Airport.

SECTION 1.22 GSE

"GSE" shall mean Ground Service Equipment and include any auxiliary power unit, mobile stairs, aircraft support equipment, machinery, spare parts, or other equipment used or stored by any qualified air carrier or ground service provider in support of operations at JWA.

SECTION 1.23 HAZARDOUS SUBSTANCES

“Hazardous Substances” shall mean any pollutant, contaminant, chemical, compound, substance, hazardous or toxic substance, material, waste, and/or any other matter, which is or shall become regulated by any governmental entity, including, but not limited to COUNTY acting in its governmental capacity, the State of California, and/or the United States Government. 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, nuisance, and/or is controlled or governed under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos-containing materials; (iv) flammable or explosive substances; (v) mold-containing materials; poly-chlorinated biphenyl compounds; and/or (vi) substances designated by any governmental entity to cause cancer and/or reproductive toxicity.

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

SECTION 1.24 IAF

"IAF" shall mean the International Arrival Facility and include the areas of the Terminal that house U.S. Customs and Border Protection and are for the use of arriving international passengers.

SECTION 1.25 NON-STORMWATER DISCHARGE

"Non-Stormwater Discharge" shall mean any discharge to storm sewer systems that is not entirely composed of Stormwater. "Non-Stormwater Discharge" includes "Unauthorized Non-Stormwater Discharges" and "Authorized Non-Stormwater Discharges" as defined by the California Environmental Protection Agency State Water Resources Control Board's National Pollutant Discharge Elimination System General Permit for Discharges of Stormwater Associated with Industrial Activities and Construction Activities.

SECTION 1.26 PFC

"PFC" shall mean federally approved Passenger Facility Charges or passenger facility fees, as authorized by 49 U.S.C. §40117 and regulated by 14 C.F.R. Part 158, as such statute and regulation currently exist or as they may be amended during the term of this LEASE.

SECTION 1.27 POLLUTANT

“Pollutant” means any chemical, compound, substance, liquid, solid or semi-solid substance, or combination thereof, including but not limited to:

a. Artificial materials (such as floatable plastics, wood products or metal shavings);

b. Household waste (such as trash, paper, and plastics; cleaning chemicals, yard wastes, animal fecal materials, used oil and fluids from vehicles, lawnmowers, and other common household equipment);

c. Metals and nonmetals, including compounds of metals and nonmetals (such as cadmium, lead, zinc, copper, silver, nickel, chromium, cyanide, phosphorus, and arsenic) with characteristics that cause an adverse effect on living organisms;

d. Petroleum and related hydrocarbons (such as fuels, lubricants, surfactants, waste oils, solvents, coolants, and grease);

e. Substances having a pH less than 6.5 or greater than 8.6, or unusual coloration, turbidity, or odor;

f. Materials causing an increase in biochemical oxygen demand, chemical oxygen demand, or total organic carbon;

g. Materials that contain base/neutral or acid-extractable organic compounds;

h. Those pollutants defined in Section 1362(6) of the Federal Clean Water Act;

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

i. Any other constituent or material, including but not limited to pesticides, herbicides, fertilizers, fecal coliform, fecal streptococcus, or enterococcus, or eroded soils, sediment, and particulate materials in quantities that will interfere with or adversely affect the beneficial use of the receiving waters, flora or fauna of the State; and

j. Any substance listed under Health and Safety Code, §25316.

SECTION 1.28 RON

"RON" shall mean the remain overnight positions where the AIRLINE's aircraft are required to park when they "remain overnight" at JWA.

SECTION 1.29 STORMWATER

"Stormwater" shall mean stormwater runoff, snowmelt runoff, and stormwater surface runoff and drainage.

SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES

"Tenant Design and Construction Guidelines" shall mean the Tenant Criteria Manual, CAD Standards, BIM Standards Manual, and GIS Data Standard which can be found on the OCAIR.COM website.

SECTION 1.31 TERMINAL

"Terminal" shall mean the Thomas F. Riley commercial passenger terminal and concourses at JWA, as may be modified at any time during the term of this LEASE.

SECTION 1.32 TSA

"TSA" shall mean the Transportation Security Administration of the U.S. Department of Homeland Security, the federal agency responsible for regulation of airport security, or any such successor agency.

ARTICLE II – TERM OF LEASE

SECTION 2.01 TERM OF LEASE

The term of this LEASE shall commence on January 1, 2021, and expire on December 31, 2030.

SECTION 2.02 HOLDING OVER

In the event the AIRLINE shall continue in possession of the Leased Premises after the term of

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this LEASE, such possession shall not be considered an extension or renewal of this LEASE but a tenancy from month-to-month and shall be governed by the conditions and covenants contained in this LEASE.

SECTION 2.03 TERMINATION FOR CONVENIENCE

This LEASE may be terminated for convenience by either Party for any reason and without cause upon ninety (90) days' written notice.

ARTICLE III – LEASED PREMISES

SECTION 3.01 LEASED PREMISES

The COUNTY leases to the AIRLINE that certain property hereinafter referred to as "Leased Premises." Said premises shall be leased to the AIRLINE in "as-is" condition and shall consist of the following:

A. **Exclusive Use Area**. Exclusive use of the space, subject to the requirements set forth in Section 9.01 of this LEASE entitled "JOINT USE REQUIREMENT," located in the Terminal and on the Apron and Airfield, as described on Exhibit A and shown in Exhibits B and C, which exhibits are attached hereto and by reference made a part hereof and hereinafter referred to as "Exclusive Use Area."

B. **Common Use Area**. Nonexclusive use, in common with other airlines, of space located in the Terminal as shown on Exhibit D, which exhibit is attached hereto and by reference made a part hereof, and hereinafter referred to as "Common Use Areas." Common Use Areas include:

(1) Baggage Claim and Baggage Make-up Areas;

(2) Hold rooms (departure lounges);

(3) Airside Concourses;

(4) Landside Concourses;

(5) Loading Bridges

(6) Baggage and Passenger Screening Areas;

(7) Security Areas.

The use of these Common Use Areas shall be subject to the reasonable control and regulation of the Airport Director.

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

SECTION 3.02 NATURE OF AIRLINE'S ESTATE

The AIRLINE acknowledges and agrees:

A. That the COUNTY has granted to the AIRLINE a leasehold interest in the Leased Premises only.

B. That the COUNTY retains a fee ownership for federal income tax purposes in and to the Leased Premises, as well as all other ownership burdens and benefits connected with such fee ownership.

C. That the AIRLINE has not been granted any direct or indirect right or option to purchase the Leased Premises from the COUNTY at any time during or after the termination of this LEASE.

SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES

The AIRLINE shall not install equipment of any kind outside the Leased Premises unless authorized in writing by the Airport Director and/or designee prior to installation.

ARTICLE IV - RENT, FEES AND CHARGES

SECTION 4.01 RENT, FEES AND CHARGES

The rents, fees, and charges contained in this LEASE are established in accordance with (i) Resolution 02-062 dated March 12, 2002 (or as subsequently amended), which reasserts and establishes the John Wayne Airport Revenue Planning Policy, and (ii) the Bond Indenture for the Airport Revenue Bonds, Series 1987, and the First Supplemental, Second Supplemental, Third Supplemental, Fourth Supplemental, Fifth Supplemental, and Sixth Supplemental Indenture Series 1993, 1997, 2003, 2009 and 2019, as well as any future bond indentures or supplemental indentures that may be issued or adopted from time to time. The Airport Director and the AAAC Chair shall present any modifications to the rents, fees, and charges to the AAAC prior to implementation.

A. The AIRLINE shall make payment of the following rents, fees, and charges, which shall be due and payable monthly in advance on the first day of each month with a 15-day grace period, and the AIRLINE agrees that the COUNTY will not invoice for such rents, fees, and charges:

(1) **Exclusive Use Areas**

(a) Terminal Building. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use terminal space.

Exclusive use terminal space consists of the airline ticket counter, airline ticket office, baggage service office, and operations/ramp office.

For the purpose of calculating terminal building rent, the AIRLINE's Exclusive Use Area(s) of the terminal building contains the square feet described in Exhibit A and shown in Exhibit B.

(b) Terminal Apron. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use of terminal apron space used for GSE. For purposes of calculating terminal apron rent, the AIRLINE's Exclusive Use Area(s) of the apron contains the square feet shown on Exhibit C. Exhibit C may be modified at any time by Airport Director.

(c) Airport Tenant Improvement Amortization Schedule. The AIRLINE shall reimburse the COUNTY for tenant improvement by the COUNTY based on the amortization schedule established by the Airport Director.

(2) **Common Use Areas**

(a) Arrival Level. The COUNTY shall establish fees for shared use of baggage claim and baggage make-up areas. Said fees shall be established on the basis of allocating the Airport's total costs and expenses associated with the baggage claim and baggage make-up areas to the commercial airlines in the terminal accordingly: twenty percent (20%) of the costs to be shared evenly among the commercial airlines and eighty percent (80%) of the costs to be shared based on each commercial airline's percentage of total deplaned passengers at the Airport, including their commuter affiliates.

(b) Departure Level. The COUNTY shall establish fees for shared use of departure level common areas, including hold-rooms, airside concourses, baggage/passenger screening areas, and security areas. Said fees shall be established by allocating the Airport's total costs and expenses associated with departure level common areas accordingly: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

The COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Modifications may include fee revisions, the establishment of new fee classifications, or such other changes as needed to respond to the AIRLINE's use of the Airport. At the end of each modification period, the COUNTY shall establish monthly fees and issue credits for any overpayments by the AIRLINE or invoice the AIRLINE for any underpayments for the previous period.

In the event an obligation to pay fees begins or terminates on some day other than the first or last day of the month, the fees shall be prorated to reflect the actual period of use based on a thirty (30) day month. The fees for any partial calendar month during which this LEASE becomes effective will be payable on such effective date.

(c) IAF. Fees shall be established by the COUNTY for shared use of the IAF. Said fees shall be established based on the Airport's total costs and expenses associated with the IAF area. The IAF fees shall be allocated to commercial carriers operating international flights according to the carrier's ratio of international deplaned passengers and the fee schedule established by the COUNTY.

(d) CBP. Costs shall be passed through to commercial carriers operating international flights based on international deplaned passengers at JWA and the fee schedule established by the COUNTY.

(e) CUPPS. Fees shall be established by the COUNTY for the implementation, maintenance, support, services and supplies, and periodic upgrades of the Common Use Passenger Processing System (CUPPS). Said fees shall be established and allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

In the event of future CUPPS upgrade implementation due to technological requirements or regulatory compliance, the cost of CUPPS upgrade shall be amortized over three years, allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each airlines percentage of

total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

(1) The JWA CUPPS has EMV credit card capability. JWA will not activate this capability until the JWA AAAC agrees to its activation, in whole or in part, using a processing system acceptable to the affected airlines and JWA.

(2) In the event AIRLINE does not use JWA's installed EMV credit card chip processing system, the COUNTY will not be liable for fraudulent credit card transactions by AIRLINE customers, and AIRLINE shall indemnify the COUNTY pursuant to Section 13.02 of this LEASE for such transactions.

(3) **Additional Fees**

The COUNTY shall establish additional fees including, but not limited to, utility expenses, janitorial expenses, and annual security expenses resulting from any security measures implemented after September 11, 2001. Such fees shall be established annually by allocating the Airport's total cost accordingly: ten percent (10%) of the cost to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the cost to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

B. The AIRLINE shall pay the following fees and charges payable monthly in arrears on or before the twentieth (20th) day of each month with no grace period. The AIRLINE agrees that the COUNTY will not invoice for the following fees and charges and may require the AIRLINE to submit future monthly reports electronically via JWA's portal and prescribed format. Airport will make reasonable efforts to develop an electronic format that allows AIRLINE to report requested information efficiently.

(1) Landing fees based on the latest schedule established by the COUNTY covering the operation of scheduled airlines and commercial operations at the Airport. Landing fees shall be expressed in terms of a rate per one thousand (1,000) pounds of maximum gross landing weight of aircraft certified by the FAA.

(2) Aircraft RON parking fees based on the latest schedule established by the COUNTY. Aircraft parking fees shall be expressed in dollars per night.

(3) Operations fees (gate use fees) based on the schedule established by the COUNTY. Operations fees shall be expressed in dollars per daily departure.

Upon thirty (30) days' written notice from the Airport Director, the COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Changes may include fee revisions, establishment of new fee classifications, or such other changes as needed to respond to the AIRLINE's use of the Airport, the need for the COUNTY to receive fair and equitable rents, fees, and charges for all uses of the Airport, and to ensure the Airport is operated at no cost to the local taxpayer. With regard to any dispute as to what may constitute reasonable rents, fees, and charges, the AIRLINE shall first exhaust all remedies provided by applicable federal law and FAA regulations. At the end of each modification period, the COUNTY shall establish monthly fees and apply any underpayments or overpayments by the AIRLINE to the subsequent rates and charges period. At the discretion of the COUNTY, overpayments may be refunded via credit memo and underpayments may be invoiced.

C. Based upon prior written agreement between the AIRLINE and the COUNTY, the AIRLINE may pay for facilities repairs or modifications that would normally be the responsibility of the COUNTY. Costs for such repairs or modifications shall be deducted from the AIRLINE rent by the COUNTY upon submittal to the COUNTY of invoices, receipts, statements, or other documentation acceptable to the COUNTY for said repairs or modifications. All invoices, receipts, statements, or other documentation shall include a detailed description of the nature of the work performed and the associated costs. Upon completion of all repairs or modifications, the AIRLINE shall submit to the COUNTY a written request for rent credit and all documentation for the repairs or modifications.

Notwithstanding anything in this LEASE to the contrary, all amounts payable by the AIRLINE to or on behalf of the COUNTY under this LEASE, whether or not expressly denominated as rent, shall constitute rent for the purposes of the U.S. BANKRUPTCY CODE, 11 U.S.C. §502(b)(6).

The AIRLINE shall notify the Airport in writing within thirty (30) days of filing a petition for bankruptcy.

SECTION 4.02 PAYMENT PROCEDURE

A. **Place of Payment and Filing**. Payments and statements required by Sections 4.01, 4.08, and 5.06 in this LEASE shall be delivered to the County of Orange, Office of the Auditor-Controller, John Wayne Airport Accounting Services, 3160 Airway Avenue, Costa Mesa, California 92626. The designated place of payment and filing may be changed at any time by the COUNTY upon ten (10) days' written notice to the AIRLINE. Payments may be remitted by automated clearing house (ACH) deposit to the COUNTY's designated bank account or made by check payable to the County of Orange. The AIRLINE assumes all risk of loss if payments are made by mail.

B. **Form of Payment**. All sums due under this LEASE shall be paid in lawful money of the United States of America without offset, deduction, or prior notice or demand. No payment by the AIRLINE or receipt by the COUNTY of a lesser amount than the payment due shall be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and the COUNTY shall accept such check or payment without prejudice to the COUNTY's right to recover the balance of the amount due or pursue any other remedy in this LEASE. All electronic payments must be remitted by Automated Clearing House (ACH) deposit to the COUNTY's designated bank account, or any future mode prescribed by the COUNTY. Any fees assessed to the COUNTY's bank account due to the use of another form of payment (e.g., wire transfer) not prescribed or approved by the COUNTY shall be passed through to AIRLINE plus a twenty-five dollars ($25.00) processing fee.

C. **Penalty for NSF Check** In the event a check submitted by AIRLINE is returned for non-sufficient funds ("NSF"), the AIRLINE agrees to pay the COUNTY a service charge in the amount of twenty-five dollars ($25) for the first returned check, and thirty-five dollars ($35) for each subsequent check. AIRLINE may also be liable for treble damages pursuant to California Civil Code Section 1719.

SECTION 4.03 CHARGE FOR LATE PAYMENT

The AIRLINE hereby acknowledges that the late payment of rent or any other sums due hereunder will cause the COUNTY to incur costs not contemplated by this LEASE, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices, increased accounting costs, or lost interest income.

Accordingly, if any payment of rent as specified in Section 4.01 in this LEASE or of any other sum due the COUNTY is not received by the COUNTY by the due date, a late charge of one and one-half percent (1.5%) of the payment due shall be added to the payment, and the total sum shall become immediately due and payable to the COUNTY. An additional charge of one and one-half percent (1.5%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

The AIRLINE and the COUNTY hereby agree that such late charges represent a fair and reasonable estimate of the costs that the COUNTY will incur by reason of the AIRLINE's late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by the COUNTY shall in no event constitute a waiver of the AIRLINE's default with respect to such overdue payment or prevent the COUNTY from exercising any of the other rights and remedies granted hereunder.

SECTION 4.04 PASSENGER FACILITY CHARGE

The COUNTY expressly reserves the right to impose PFCs on airline passengers for the use of the Airport in accordance with 49 U.S.C. §40117 and applicable implementing regulations adopted by the FAA, including 14 C.F.R. Part 158, as they may be amended from time to time (the "PFC Regulations").

The AIRLINE shall hold in trust for the COUNTY the net principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY. For the purposes of Section 4.04, net principal amount shall mean the total principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY, reduced by any amount that the AIRLINE is permitted to retain pursuant to 49 U.S.C. §40117 and the PFC Regulations. Monthly PFCs collected by the AIRLINE shall be remitted to the COUNTY no later than the last day of the following calendar month or, if that date falls on a weekend or holiday, the first business day thereafter. In addition, PFCs collected by the AIRLINE shall be remitted to the COUNTY at the address specified in Section 4.02, Part A, "Place of Payment and Filing" or at such other place as designated by the COUNTY.

Should the AIRLINE fail to remit the net principal amount of all PFCs to the COUNTY within five (5) days following the remittance date specified above, the AIRLINE shall be deemed to be in default pursuant to Article XI hereof. In addition, any late payment of PFCs shall be subject to late fees computed at the rate of one and one-half percent (1.5%) per month of the payment due and/or the highest rate allowable under applicable state law from the due date until paid in accordance with Section 4.03 of this LEASE.

Nothing contained herein shall be construed to supersede the rights and obligations provided in 14 C.F.R. Part 158 regarding PFCs. In the event that a conflict exists between such federal regulation and this agreement, the federal regulation shall govern.

Reporting and Auditing Requirement: Airlines are required to comply with Part 158 Subpart D Reporting, Recordkeeping and Audits of PFC accounts maintained by the collecting carriers, specifically refer to Part §158.65, §158.69 and §158.71. The PFC report must be filed by the last day of the month following the calendar quarter by the collecting carrier to the County/Airport. The collecting air carrier's quarterly report must state:

(i) The collecting air carrier and airport involved
(ii) The total PFC revenue collected
(iii) The total PFC revenue refunded to passengers
(iv) The collected revenue withheld for reimbursement of expenses under §158.53
(v) The dates and amounts of each remittance for the quarter

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SECTION 4.05 PROVISION AGAINST SET-OFFS

It is the obligation of the AIRLINE to pay all fees and charges, free of any set-offs or claims, in the amount and at the times specified in this LEASE. In the event that the AIRLINE desires to contest the validity or amount of any such fees and charges, the AIRLINE shall first pay the same to the COUNTY and may then seek a refund in any appropriate forum.

SECTION 4.06 SECURITY DEPOSIT

The AIRLINE, prior to the commencement of operations, shall deposit with the COUNTY a security deposit approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director ("Security Deposit").

Concurrently with each revision of the rent pursuant to Section 4.01 in this LEASE, the Security Deposit to be provided by the AIRLINE shall be adjusted to approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director to guarantee the faithful performance by the AIRLINE of its obligations under this LEASE and the payment of all rents, fees, and charges due hereunder. In no event shall the amount of the Security Deposit be less than the existing Security Deposit. The amount of the Security Deposit will not be increased unless the adjusted Security Deposit is equal to or more than one hundred twenty percent (120%) of the prevailing Security Deposit. PFCs shall be excluded from the rents, fees, and charges used to determine the AIRLINE's Security Deposit.

The Security Deposit shall take one of the forms set out below and shall guarantee the AIRLINE's full and faithful performance of all the terms, covenants, and conditions of this LEASE:

A. A Letter of Credit from one or more financial institutions, subject to regulation by the State of California or Federal government, pledging that funds necessary to secure performance of the terms, covenants, and conditions of this LEASE are on deposit and guaranteed for payment, and agreeing that said funds shall be trust funds securing AIRLINE'S performance and that all or any part shall be paid to COUNTY, or order upon demand by Airport Director. Both the financial institution(s) and the form of the instrument(s) must be approved by Airport Director, or designee. The financial institution shall have a minimum long-term credit rating by two of the three Nationally Recognized Statistical Rating Organizations (NRSROs): Moody's (AA3), S&P Global (AA-), and Fitch (AA-).

B. A Faithful Performance Bond executed by a surety company or financial institution qualified and admitted to do business in the State of California and issued in a form approved by the COUNTY. The surety company must have a minimum A. M. Best rating of A-/VIII as determined by the most current edition of ambest.com. Under the bond, the surety company shall guarantee to COUNTY full and complete performance of all the terms, conditions and covenants herein to be performed on the part of AIRLINE, including the payment of use fees as well as any and all other payments. Said bond shall be maintained at the cost of AIRLINE throughout the existence of this LEASE. Said Surety

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

shall give Airport Director or designee a minimum thirty (30) days' prior written notice of cancellation or material change in said bond. Such cancellation or material change without Airport Director's or designee's prior written consent shall constitute a default under this LEASE.

Regardless of the form in which the AIRLINE elects to make said Security Deposit, all or any portion of the principal sum shall be available unconditionally to the COUNTY for correcting any default or breach of this LEASE by the AIRLINE, its successors or assigns, or for payment of expenses incurred by the COUNTY as a result of the failure of the AIRLINE, its successors or assigns, to faithfully perform all terms, covenants, and conditions of this LEASE.

Should the AIRLINE elect to provide either a Letter of Credit or a Faithful Performance Bond to fulfill the Security Deposit requirements of this LEASE, said Letter of Credit or bond shall have the effect of releasing the depository or creditor therein from liability on account of the payment of any or all of the principal sum to the COUNTY, or order upon demand by the Airport Director.

In the event the Airport Director withdraws all or any portion of the Security Deposit as provided herein, the AIRLINE shall, within ten (10) days of any withdrawal by the Airport Director, replenish the Security Deposit to maintain it at amounts herein required throughout the term of this LEASE. Failure to do so shall be deemed a default and shall be grounds for immediate termination of this LEASE as per Article XI of this LEASE.

The AIRLINE shall be obligated to maintain the Security Deposit in effect until the expiration date or earlier termination of this LEASE.

The Security Deposit, after deduction of all amounts due the COUNTY, shall be rebated, reassigned, released or endorsed by the COUNTY to the AIRLINE or order, as applicable, after one hundred twenty (120) days have elapsed, or at an earlier time to be determined by the Airport Director, following the expiration date of the term of this LEASE, provided the AIRLINE has fully and faithfully performed each and every term, covenant, and condition of this LEASE.

SECTION 4.07 NEW ENTRANT DEPOSIT

A cash security deposit in the sum of FIVE HUNDRED THOUSAND DOLLARS ($500,000.00) shall be provided by a new entrant AIRLINE prior to the commencement of operations.

This deposit shall be returned to the new entrant AIRLINE after six (6) months of continuous operation.

SECTION 4.08 MARKETING FUND FEE

The COUNTY has established a marketing fund for the Airport to conduct sales promotions, Airport-wide advertising, and related activities intended to promote the Airport and its tenants. Commencing January 1 of each calendar year, AIRLINE shall be required to make an annual

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marketing fund payment in the amount of ten thousand dollars ($10,000.00). AIRLINE agrees to pay this amount on or before January 1 of each year. All monies received by the Airport for the marketing fund shall be used solely for the purpose of Airport tenants' promotions and directly related expenses. In the event any year of this LEASE contains less than 12 months, AIRLINE shall pay a pro-rata portion of the annual amount corresponding to the number of months remaining in that calendar year.

For example, if the LEASE commenced on November 1, AIRLINE would pay the monthly pro-rata portion ($833.33 per month) of the annual marketing fund amount for November and December (totaling $1,666.66). Then, commencing on January 1, AIRLINE would make the full annual marketing fund payment of $10,000.00. Should the LEASE expire on September 15, AIRLINE would pay a pro-rata portion of the annual amount for the months of January through September.

ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES

SECTION 5.01 USE

The AIRLINE's use of the Leased Premises and its operations shall be limited to conducting a scheduled commercial airline operation. Subject to the limitations set forth in this Section and Sections 5.03, 5.04, 5.05, and 9.01 in this LEASE, AIRLINE'S operations are subject to the following authorized uses:

A. Loading and unloading of passengers.

B. Loading and unloading of baggage.

C. Passenger processing operations.

D. Flight operations office.

E. The AIRLINE shall have the right to have its aircraft and other equipment serviced by suppliers of its choice. Such suppliers may provide materials and services, including, but not limited to, aviation fuel, ground vehicle fuel, lubricating oil, greases, parts, and all other materials and supplies and services required by AIRLINE in the conduct of its air transportation service.

F. Mail, freight, and cargo operations, but only when such activity is incidental to, and conducted in connection with, regularly scheduled commercial passenger operations. The AIRLINE shall not conduct any operations at the Airport with aircraft which are:

   1) Used at the Airport exclusively or primarily for mail, freight, or cargo services; or

2) Which have been modified in any manner for the purpose or the primary effect of reducing the passenger carrying capacity and increasing the cargo or freight carrying capacity of the aircraft.

G. Air charter activities in compliance with Access Plan.

H. Commissary services for the AIRLINE's employees at the Airport and in-flight catering services in support of the AIRLINE's air operations at the Airport. This does not permit the AIRLINE to conduct commissary or in-flight services for any other airline or other person at the Airport without first obtaining a separate license to allow commissary or in-flight services for other airlines.

I. Handling of other airlines' operations and ticketing pursuant to Section 9.01 in this LEASE.

J. Employee training incidental to the other uses permitted under this Section.

K. Areas identified on the attached "Exhibits A, B, and C" as the AIRLINE Ticket Counter, AIRLINE Ticket Office, Baggage Service Office, Ramp/Operations Office, and Apron Equipment Storage are strictly limited to their identified uses.

L. Other uses as authorized by the Airport Director.

SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES

The COUNTY grants the AIRLINE a license for the nonexclusive use of all public Airport facilities including, but not limited to, taxiways, runways, navigational aids, and facilities relating thereto for purposes of landings, takeoffs, and taxiing of the AIRLINE's aircraft. All such use shall be in accordance with the laws of the United States of America, State of California, and the rules and regulations promulgated by their authority with reference to aviation and air navigation, and in accordance with all reasonable and applicable rules, regulations, and ordinances of the COUNTY now in force or hereafter prescribed or promulgated by ordinance or by law, including the Access Plan. The use of these areas shall be subject to the control and regulation of the Airport Director.

This license for non-exclusive use is subject to all rights reserved by the COUNTY to license, permit, authorize, regulate, and relocate concessionaires and other Airport tenants, including but not limited to booths, counters, offices, lockers, and wall space.

SECTION 5.03 RULES AND REGULATIONS

The COUNTY may adopt and enforce “Airport Rules and Regulations” that the AIRLINE agrees to observe and obey with respect to the use of the Airport and its appurtenances, facilities, improvements, equipment, and services, provided that such rules and regulations shall not be inconsistent with safety, with applicable rules, regulations and orders including those of the FAA

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and TSA with respect to all operations of the Airport, and with the terms of and AIRLINE's rights under this LEASE. Except in the case of emergency, the COUNTY shall give the AIRLINE written notice and opportunity to comment on any proposed changes or additions to the Airport Rules and Regulations that could impact the AIRLINE's operations at the Airport before such proposed rules and regulations are adopted by the COUNTY. If requested, the COUNTY shall promptly provide a copy of such Airport Rules and Regulations to the AIRLINE.

The AIRLINE's operations under this LEASE shall comply with all Airport Rules and Regulations and shall observe, obey, comply with, and not otherwise hinder or obstruct any and all rules, regulations, laws, ordinances, statutes, or orders of any governmental authority, whether federal, state, or local, lawfully exercising authority over the Airport or the activities thereon, including compliance with FAA, TSA, and Airport security rules, regulations and plans.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines, or penalties of any nature whatsoever that may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE's operation under this LEASE, including, but not limited to, the payment of any fines or penalties for any breach of security, arising from the unauthorized entry of any person or vehicle onto the Airport or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE's operation under this LEASE.

The COUNTY shall not be liable to the AIRLINE for any diminution or deprivation of possession, or of its rights hereunder, on account of the exercise of such right or authority provided in this LEASE, nor shall the AIRLINE be entitled to terminate the whole or any portion of the leasehold estate herein created by reason of the exercise of such right or authority, unless the exercise thereof shall so interfere with the AIRLINE's use and occupancy of the Leased Premises so as to constitute a termination in whole or in part of this LEASE by operation of law in accordance with the laws of the State of California.

SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE

The AIRLINE agrees that:

A. Notwithstanding any provision in this LEASE to the contrary, the AIRLINE shall conduct all of its operations and activities at the Airport in strict conformity with the Access Plan and each of its regulations and limitations on the AIRLINE's activities and operations at the Airport.

B. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are privileges that may be revoked or modified by the COUNTY at any time during the term of this LEASE, and that such privileges do not constitute property rights of the AIRLINE.

C. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are not transferable, assignable, or delegable by the AIRLINE to any other person or entity by operation of law or otherwise, and that such allocations and other operating privileges may not be pledged, hypothecated or encumbered by the AIRLINE at any time for any purpose.

D. The remedies specified in the Access Plan for any Access Plan violation by the AIRLINE are not the exclusive remedies of the COUNTY, but shall constitute additional nonexclusive remedies that the COUNTY may enforce separately or cumulatively with other remedies under the enforcement provisions of this LEASE.

E. The AIRLINE shall not at any time, or for any reason, make any assertion to any court, administrative agency, administrative tribunal, or other similar forum that is in any respect inconsistent with the terms and provisions of this Section, except that nothing in this Section shall prevent the AIRLINE from making any argument or asserting any position to the COUNTY, as applicable, in connection with any action by the COUNTY to revoke or modify allocations of operating privileges or any amendments to the Access Plan.

F. All provisions of Section 5.01 and Article XI in this LEASE are subject to the terms, provisions, and limitations of this Section.

SECTION 5.05 OPERATIONAL REQUIREMENTS

The AIRLINE agrees to abide by the following operational conditions and requirements:

A. **Flight Operations and Reallocations**. The number of allocated ADDs, including "regularly scheduled," "charter," "maintenance, and "cargo," shall not exceed the number of departures authorized and allocated to the AIRLINE under the Access Plan. In addition to any and all remedies available to the COUNTY under this LEASE and all provisions of the Access Plan, the COUNTY may reallocate ADDs or other operating privileges granted to the AIRLINE under the provisions of the Access Plan. The AIRLINE shall not operate at JWA unless it conducts its operations with ADDs, allocated seat capacity, or other Authorized Departures directly and formally allocated to the AIRLINE by action of the Board of Supervisors; the AIRLINE conducts all of its operations with aircraft that have been certified for operation at the Airport consistent with Access Plan requirements; and, the AIRLINE has met all other applicable COUNTY requirements.

B. **Hours of Operation**. Except as expressly authorized, the AIRLINE's aircraft shall not depart from the Airport between the hours of 10:00 p.m. and 7:00 a.m. (8:00 a.m. on Sundays) and shall not arrive at the Airport between the hours of 11:00 p.m. and 7:00 a.m. (8:00 a.m. Sundays), as measured at any JWA noise monitoring station. All times shown are Pacific Time.

The AIRLINE acknowledges that the COUNTY may, by regulation, permit some operations by general aviation (nonscheduled, noncommercial) users of the Airport during the nighttime hours with certain specific aircraft types that have noise characteristics similar to the noise characteristics of aircraft that can operate as "Class E" aircraft, as that term is defined in the Access Plan. The AIRLINE does now, or may during the term of this LEASE, operate Class E aircraft at the Airport; nevertheless, the AIRLINE agrees that the limitations on hours of operations contained in this Section shall be applicable to all of its operations at the Airport, including its Class E operations.

The AIRLINE further acknowledges that there is a rational basis for the COUNTY to distinguish between general aviation operations and regularly scheduled operations by Class E (or noise equivalent) aircraft during the nighttime hours and that this distinction does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The COUNTY agrees that this provision is, and during the term of this LEASE shall be, included in all leases, operating agreements, or other service operating agreements between the COUNTY and any person conducting regularly scheduled commercial operations at the Airport.

C. **Aircraft Types**. The AIRLINE agrees that it will not operate any aircraft at the Airport unless and until that aircraft type has been certified and qualified for operation by the COUNTY in accordance with the provisions and procedures of the Access Plan. The AIRLINE further agrees that it will abide by all aircraft-type restrictions and limitations contained in the Access Plan, as amended, or as it may hereafter be amended, and any other restrictions on aircraft types which may hereafter be adopted by the Board of Supervisors of the County of Orange.

D. **Gate Management.** AIRLINE agrees to utilize gate management software, access/equipment provided by Airport, to upload and maintain current daily arrival and departure information for aircraft operations to jetbridge/hardstand gates and RONs utilized by AIRLINE. Airport will make reasonable efforts to develop gate management software that allows for efficient uploading and maintaining of current daily arrival and departure information by AIRLINE.

E. **Noninterference**. The AIRLINE shall cooperate with and not interfere with the COUNTY's and other airlines' use of and operations at the Airport. The AIRLINE shall not place any ropes, barricades, and/or stanchions on the public or Common Use Area without prior written approval of the Airport Director.

F. **Disposal of Refuse from International Operations**. Airlines operating international service shall contract with a CBP-approved vendor for the disposal of refuse from arriving international flights.

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 5.06 RECORDS AND ACCOUNTS

A. **Records**. The AIRLINE shall at all times keep true and complete records of all transactions in the operation of all business activities, of whatever nature, conducted in pursuance of the rights granted by this LEASE. The AIRLINE shall maintain such records for a period of five (5) years beyond the expiration or earlier termination of this LEASE.

B. **Reports**. The AIRLINE shall provide to the Auditor-Controller and the Airport Director at the end of each calendar month, on forms to be supplied by the COUNTY, statistical information respecting the AIRLINE's operations at the Airport, including, but not limited to, the total number of all aircraft operations conducted by the AIRLINE; the total combined certificated gross landing weight of all such aircraft operations; the total number of enplaned, deplaned and through passengers; the total number of pounds of airmail, cargo and express mail enplaned and deplaned; and the total number of aircraft stored daily and monthly at the Airport. Such reports shall be submitted to the Airport Director no later than fifteen (15) calendar days following the last day of each month. The AIRLINE must attest that the list is an accurate representation of the AIRLINE's activity for the month.

The AIRLINE shall also provide to the Airport Director, for each day, a copy of the AIRLINE's flight dispatch logs or a listing made from such logs, certified as correct by a responsible station manager or dispatcher, showing the type of equipment used for each flight and the actual takeoff and landing times, and not gate times. Said copy of logs or listing shall be made available for each day's activities by noon (12:00 p.m., Pacific Time) of the following day.

C. **Audits**. All the AIRLINE's records and supporting source documents related to rates and fees in this LEASE or business operations conducted within or from the Leased Premises shall be kept and made available to the COUNTY at one location within the geographical limits of the COUNTY or shall be made available at offices in the COUNTY within ten (10) working days after written notice to produce said records and source documents. The COUNTY shall, through its duly authorized agents or representatives, have the right to examine and audit said records and supporting source documents at any and all reasonable times, as set out herein, for the purpose of determining the accuracy thereof and of the monthly statements to the COUNTY.

The COUNTY, upon request of the AIRLINE, may authorize the above-referenced records and supporting source documents to be kept in a single location outside the limits of the COUNTY provided the AIRLINE shall agree to pay all expenses including, but not limited to transportation, food and lodging necessary for the COUNTY to send a representative to audit said records. Said right shall not, unless determined necessary by the COUNTY, be exercised by the COUNTY more than once each accounting year.

The full cost of said audit, as determined by the COUNTY, shall be borne by the AIRLINE if either or both of the following conditions exist:

(1) The audit reveals an underpayment of more than two percent (2%) between the rents and fees due as reported and paid by the AIRLINE in accordance with this LEASE and the rent due as determined by said audit; and/or

(2) The AIRLINE has failed to maintain true and complete records and supporting source documents in accordance with paragraph A above. The adequacy of records shall be determined at the sole discretion of the COUNTY.

Otherwise, the COUNTY shall bear the cost of said audit, excluding the aforementioned expenses related to an audit of documents kept outside the limits of the COUNTY. The cost of said audit, if due from the AIRLINE, shall be included as rent for the first month following invoice to the AIRLINE.

Upon the request of the COUNTY, the AIRLINE shall promptly provide necessary data to enable the COUNTY to fully comply with the requirements of the State of California or the United States of America for information or reports directly relating to this LEASE and to the AIRLINE's use of the Leased Premises.

D. **Failure to Maintain Adequate Records**. In addition to any other remedies available to the COUNTY under this LEASE, at law or in equity, in the event that the AIRLINE fails to maintain and keep records and accounts from business operations conducted on or from the Leased Premises and/or source documents relating thereto, or to make the same available to the COUNTY for examination and audit as required by this LEASE, the COUNTY, at the COUNTY's option, may:

(1) Perform such examinations, audits, and/or investigations itself or through agents or employees as the COUNTY and/or its auditors may deem appropriate to confirm the amount of rents, fees, and charges payable by the AIRLINE under this LEASE; and any and all costs and/or expenses incurred by the COUNTY in connection therewith shall be promptly reimbursed to the COUNTY by the AIRLINE upon demand.

(2) Require that the AIRLINE pay rents and fees based on the COUNTY's best good faith estimate of the AIRLINE's activities from business operations conducted on or from the Leased Premises and Airport; and any such determination made by the COUNTY shall be conclusive and binding upon the AIRLINE.

Costs payable by the AIRLINE pursuant to this Section shall include reimbursement to the COUNTY of the services provided at such rates as the COUNTY may, from time to time, in good faith, establish for such services. In the case of services provided by the COUNTY's employees, such rates shall be sufficient to reimburse the COUNTY for employees' salaries, including employee taxes and benefits, and the COUNTY's overhead; or, at the COUNTY's option, may be at the rate for such services that would be charged by

a qualified third party or parties, approved by the COUNTY, if engaged by the COUNTY to perform such services. Said costs payable by the AIRLINE shall be included as rent for the first month following invoice to the AIRLINE.

SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS

The AIRLINE agrees to maintain Exclusive Use Areas in a safe, clean, sanitary condition and in compliance with all applicable laws. The AIRLINE shall be responsible for making all necessary repairs required to maintain the Exclusive Use Areas and improvements in good condition. All repairs and improvements made by the AIRLINE to the Exclusive Use Areas shall be in compliance with all current federal, state, local laws, regulations, ordinances, and building codes, and all Airport regulations (collectively, "Codes") adopted consistent with Section 5.03. The Codes encompass all fire, life, and structural safety aspects and apply to the construction, alteration, moving, demolition, repair, and use of the Exclusive Use Areas. Any additions, alterations, repairs, and changes of use or occupancy in the Exclusive Use Areas shall comply with the provisions for new buildings and structures as set forth in the Codes. All devices or safeguards that are required by the Codes shall be maintained in conformance with the edition of the Codes under which it was installed. Maintenance obligations of the AIRLINE are shown on Exhibit E, which exhibit is attached hereto and by reference made a part hereof.

The AIRLINE shall immediately notify the Airport Director and the Airport Operations Center ("AOC") of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings.

The AIRLINE further agrees to provide approved containers for trash and recycling and to keep the Leased Premises free and clear of rubbish and litter. The Airport Director shall have the right to enter upon and inspect the AIRLINE's Leased Premises and other Airport facilities at any time for cleanliness, safety, and maintenance inspections as set out herein. The Airport Director shall attempt to provide reasonable notice prior to entering AIRLINE's Leased Premises.

The AIRLINE shall designate in writing to the Airport Director an on-site representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness, and general order.

If the AIRLINE fails to maintain or make repairs or replacements as required herein, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the

AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

If the AIRLINE fails to maintain or make repairs or replacements, including removal of all its GSE and/or any AIRLINE materials at its loading and unloading operations at the end of its approved hours of operation as required herein, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

The AIRLINE expressly waives any and all claims against the COUNTY for compensation for any and all loss or damage to the AIRLINE's property sustained by reason of any defect, deficiency, or impairment of any water supply system, drainage or sewer system, gas supply system, telephone system, electrical supply system or electrical apparatus or wires serving the Leased Premises, except to the extent caused by the COUNTY's negligence or willful misconduct.

SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES

The COUNTY will provide a means of access for aircraft between the terminal complex and the taxiway and runway system of the Airport, apron, airplane gate positions, and aircraft loading bridges in the area immediately adjacent to the passenger terminal building. No special possessory, exclusive, or vested right whatsoever, save and except the use in common with other airlines and other aircraft owners, shall vest in the AIRLINE by reason of the proximity of such facilities to the AIRLINE's gate loading positions.

The AIRLINE shall maintain, at its sole expense, apron, aircraft gate positions, and aircraft loading bridges in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum products, or grease that may result from activities of its passengers, employees, agents, or suppliers. AIRLINE shall promptly remove all oil and grease spillage attributable to AIRLINE’s aircraft or equipment.

If the AIRLINE fails to perform its obligations in such regard, to perform such as maintenance, cleaning, or repair as the COUNTY reasonably deems necessary, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES

All assignment of gate positions (*i.e.*, aircraft loading bridges and aircraft hardstand positions) shall be made in accordance with rules, regulations, and directives provided in the Access Plan and made at the complete discretion of the Airport Director, as he/she may determine is appropriate. The Airport Director, in making gate assignment (*i.e.*, loading bridge and hardstand) positions to the airlines, may take into account the needs and requirements of the airlines, as well as the requirements of other Airport users, for use of gate positions adjacent to the passenger terminal building, and other factors that the Airport Director determines are appropriate. Without liability, cost, or obligation to the COUNTY, gate assignment positions and aircraft loading bridge and hardstand positions may be changed from time to time as determined necessary by the Airport Director. The Airport Director may consider passenger activity, number of aircraft operations,

type of aircraft used, scheduling needs, and any other factors they may deem appropriate when assigning gate positions, loading bridges, and hardstand positions.

SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON

The COUNTY reserves the right to regulate, by the adoption of an ordinance, rules, or other means, adopted consistent with Section 5.03, the use of vehicles and automotive equipment upon, over, and across the apron and around the passenger terminal building. Vehicles and equipment used upon, over, and across the apron and around the passenger terminal building should be in good working order and free of leaks. In the event of an emergency not specifically provided for in said rules and regulations, the Airport Director shall have the power to take charge of the direction of such vehicle and automotive traffic in the area affected and regulate the same until the cause of such emergency has been removed. The existence of an emergency other than an aircraft emergency, shall be determined by the Airport Director.

SECTION 5.11 AIRCRAFT PARKING

The AIRLINE shall make arrangements with the Airport Director for each aircraft parking space that may be made available to the AIRLINE subject to Section 3.01 in this LEASE.

If, in the judgment of the Airport Director, it becomes necessary to move the AIRLINE's aircraft in order to ensure public safety, improve ramp area efficiency or otherwise, then the AIRLINE shall immediately move said aircraft to the location designated by the Airport Director.

Should any aircraft owned or operated by the AIRLINE, through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the landing and field facilities at the Airport, the AIRLINE shall:

A. Immediately remove said aircraft to such location as shall be designated by the Airport Director, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

B. In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by the Airport Director.

Should the AIRLINE fail to remove said aircraft, or should aircraft owned or operated by the AIRLINE be abandoned at the Airport, the COUNTY shall have the right to remove such aircraft by any means the Airport Director deems necessary under the circumstances, and the AIRLINE shall keep and hold the COUNTY harmless from any and all costs, loss, liability, damage or expense incurred by the COUNTY or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal as well as moving and storage costs therefor. The AIRLINE agrees that the designation of any aircraft parking positions anywhere on the Airport, if any, made for the AIRLINE's use is presently regulated by the Access Plan and that nothing in this Section obligates the COUNTY to provide, make available, or consent to any aircraft parking spaces for the AIRLINE's use. The AIRLINE agrees that it may not independently make arrangements for aircraft parking space at the Airport without express written consent of the Airport Director, which may be withheld in their sole discretion.

SECTION 5.12 PORTER SERVICES

The AIRLINE may provide directly or indirectly adequate porter (skycap) and/or assistance service for the convenience of its passengers in areas designated by the Airport Director. Porter services include baggage check-in services, wheelchair services, and ticket screening services. The AIRLINE shall provide the Airport Director a plan that enumerates the salient features of its porter services arrangements and a copy of its agreement if service is provided by other than the AIRLINE’s employees. All podiums utilized for porter service shall be approved in writing by the Airport Director. The size, shape, and color shall be coordinated with and must be identical to all other airlines' podiums. The AIRLINE's plan shall also provide the details of any podiums and their proposed locations necessary to provide porter services.

ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT

SECTION 6.01 COMMON USE EQUIPMENT

The COUNTY agrees to supply and maintain all equipment for the CUPPS/CUSS, which shall be situated in areas such as, but not limited to ticket counters, ticket lobbies, skycap, and gate podiums. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY’s service desk

number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with CUPPS. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve the efficiency of the Airport, including but not limited gate assignment, scheduling and implementation of any software updates.

SECTION 6.02 COMMON USE EQUIPMENT STOCK

The AIRLINE may be asked to supply its own ticket (kiosk) stock in the use of the CUPPS at Common Use Area positions from time to time as it pertains to Radio Frequency Identification (RFID) or specialty stock not provided by the COUNTY. In the event that multiple airlines share kiosk space, all airlines will be required to remove their own stock and allow the other airlines to use the COUNTY-supplied stock, as further outlined herein. When utilizing the COUNTY Common Use Area, the AIRLINE may use either its own stock or the COUNTY's common stock. If the AIRLINE elects to use its own stock, it shall be responsible for removing all stock from the COUNTY's equipment at the end of the usage period. AIRLINE stock shall be subject to approval by the COUNTY. In the event that the COUNTY deems the AIRLINE stock to be injurious to CUPPS, the AIRLINE will immediately cease usage of the offending stock upon such notice by the COUNTY.

SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK

The COUNTY will not supply RFID bag tag stock for use in as part of the Baggage Handling System unless RFID becomes standard common-use stock at all locations within the Airport. AIRLINE shall be required to meet the IATA / ATA standards for the twenty-one-inch (21") bag tag (or as the standard may be amended by IATA / ATA) prior to the start-up of operations at the Airport. In the event that RFID is deployed Airport-wide, the AIRLINE shall provide to the COUNTY the necessary Baggage Service Messages (BSMs) that will be required to facilitate the AIRLINE's baggage through the Baggage Handling System that utilizes RFID technology to track and route baggage to the appropriate baggage carrousel. The COUNTY makes no express warranty as to the operability of the technology and/or baggage handling system equipment, and the sole extent of liability of the COUNTY with respect to the technology and/or baggage handling system equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably possible to technical difficulties with the BHS equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with the RFID, BHS, and BSMs systems. The AIRLINE will not be allowed to use its own bag tag stock, unless specifically permitted to do so in writing by the COUNTY, which must at the time meet any and all standards that may be set forth by the COUNTY for such stock. The COUNTY reserves the right to sell and collect applicable

advertising revenues that may be generated from the reverse side of any the COUNTY-supplied bag tag stock.

SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT

The AIRLINE will not install, deploy, or otherwise engage in the use of any proprietary self-service check-in kiosks and/or device, applications, and/or technologies on its Leased Premises, or any portion of the Airport with the expectation to screen any checked bags at the Airport without prior approval from the Airport Director. At the request of the Airport Director, the AIRLINE will work with the COUNTY and other related parties in the development of a Common Use Self Service (CUSS) compliant kiosk application, or other similar applications, and/or devices as may be required to have the AIRLINE operational on all CUSS kiosks at the Airport. The COUNTY reserves the right to establish the locations for implementation of such CUSS kiosks to meet the needs of its customers and the Air Transportation Companies, as well as the operational needs of the Airport. The COUNTY agrees to supply and maintain, with its personnel and at its expense, all common-use self-service kiosk equipment, which shall be situated at designated ticket counters, at various areas of the terminal lobby and customer service areas, and other such locations, and using such passenger processing models as determined by the Airport Director to be most beneficial to meet the operational needs of the Airport. The COUNTY will supply all of the boarding pass stock necessary for the use of the CUSS equipment. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the Common Use Equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE's vendor issues relating to the AIRLINE's applications that run in conjunction with the CUSS systems. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve the efficiency of the Airport.

SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT

The AIRLINE shall not install at any gate hold room, gate counter, skycap, ticket counter, or kiosk, any AIRLINE-owned or proprietary computer equipment, kiosks, phones, other electronic equipment, or similar equipment without the prior express written permission of Airport Director. The AIRLINE shall not make any modification to the COUNTY's Common Use Equipment, including but not limited to modifying the keyboards, adding adhesive or other markings, or otherwise modifying the equipment physically and/or electronically. Any such modifications and/or damage that is willfully or negligently caused by the AIRLINE shall be remedied by the AIRLINE, to the sole satisfaction of the COUNTY, at the sole cost of the AIRLINE. In the event that the damage is repaired by the COUNTY, the AIRLINE will reimburse the COUNTY for both the fully allocated cost of time and materials pertaining to the repairs plus fifteen percent (15%) administrative fees.

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SECTION 6.06 NETWORK USAGE

The AIRLINE will not install any proprietary cabling and/or similar infrastructure at the Airport without prior written approval of the COUNTY. As such, AIRLINE shall make use of the COUNTY's data communications backbone at the Airport for its communications needs to connect separate operating locations within the Airport campus (i.e., ticketing, baggage service, operations, maintenance, etc.). The AIRLINE shall be fully integrated into the COUNTY's infrastructure backbone prior to startup of operations and thereafter shall be responsible for removing all proprietary cabling and/or other similar infrastructure back to point of origin, at the AIRLINE's sole cost. Where authorized, at the discretion of the Airport Director, any and all data communication cabling installed by the AIRLINE shall be in accordance with the Airport's Tenant Design and Construction Guidelines and, upon installation, shall become the property of the COUNTY. Such improvements shall not be subject to any reimbursement or useful life clauses under Section 8.01 of this LEASE. The COUNTY may impose reasonable fees to AIRLINE for the use of such network, including but not limited to, any fees for unusual and/or excessive or non-standard usage, as reasonably determined by Airport Director.

A. The AIRLINE will assign a representative(s), hereinafter "Authorized Network Representative," to work with the COUNTY to determine user access and network connectivity information. The AIRLINE shall be solely responsible for ensuring that Authorized Network Representatives are not security risks and, upon the COUNTY's request, provide the COUNTY with any information reasonably necessary for the COUNTY to evaluate any security event or incident relating to any Authorized Network Representative or use of the COUNTY's network.

B. The AIRLINE shall be solely responsible for the selection, implementation, and maintenance of security procedures and policies that are sufficient to ensure that (i) the AIRLINE's use of the COUNTY's network is secure and is used only for authorized purposes stated herein, and (ii) the AIRLINE's business information and data are protected against improper access, use, loss, disclosure, alteration, or destruction. The AIRLINE agrees that it will not abuse or misuse the Network Connection, any of the components thereof, or any of the capabilities provided thereby. Unless otherwise explicitly provided herein, in no event shall the AIRLINE use the Network Connection as its internet service provider.

(1) The AIRLINE shall notify the COUNTY's Information Systems as soon as possible upon the discovery of any security breach or potential security breach that may affect the AIRLINE or the COUNTY's confidential information or the security of the Network or any Network Connection.

(2) The AIRLINE shall ensure adequate security protection for the COUNTY from any third-party connections established on the AIRLINE's network. Adequate security protection means (i) protection to preserve confidentiality, integrity, and

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availability of the Network and information of the COUNTY and (ii) protection from malicious codes and/or unauthorized intrusions.

(3) The AIRLINE and the COUNTY shall be responsible for maintaining the highest industry standards for security best practices on computing devices that could affect the availability and health of the Network connection, the Network, systems, applications, or data of the AIRLINE and the COUNTY, respectively, specifically including, but not limited to, use of up-to-date antivirus protection, anti-SPAM, and establishment and use of a timely security patch management process.

SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES

The AIRLINE acknowledges that the COUNTY provides wireless capabilities for the AIRLINE's operational use in accordance with applicable Federal Communications Commission (FCC) regulations, rulings, and/or guidelines. The AIRLINE agrees that it will not install, deploy, or otherwise engage in the use of any transmitting wireless device, applications, and/or technologies in its Exclusive Use Areas, any portion of the Airport, or within the airport system (regardless of any Exclusive Use, Preferential Use, Common Use, and/or Joint Use assignments) without having first obtained the express written permission of the Airport Director. Such wireless applications shall only be for the AIRLINE's operational use. Use by any others or for the benefit of any other parties is specifically prohibited. At the request of the Airport Director, the AIRLINE will cease operation of a particular device due to interference with another transmitting device that is deemed necessary for operational and/or life-safety purposes.

SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES

A. The AIRLINE will have use of the In-Line Baggage Handling Systems (BHS) in a location as designated by the Director to meet the operational needs of the Airport. The AIRLINE will be responsible to verify that it has certified CUTE, CUSS, and Baggage Service Messages (BSM) applications to operate the BHS and RFID, where applicable, prior to the start-up of service at the Airport. The AIRLINE will actively work with the COUNTY staff and the AIRLINE's system provider(s) to expedite all information systems and/or technologies work that may be required to ensure such applications are properly certified by the COUNTY and its system provider(s), if applicable. The COUNTY shall have the right to charge the AIRLINE for any expenses incurred by the COUNTY, including staffing to manage passenger lines and/or additional maintenance staff if the AIRLINE fails to adhere to BHS system procedures and/or properly staff the baggage make-up areas to meet the demand and such failure results in an operational impact to the Airport and/or the BHS equipment.

B. Following the COUNTY's BHS training, provided by the COUNTY to the AIRLINE, the AIRLINE will be solely responsible for the proper operations, training, and supervision of

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its staff for its portion of the operational responsibilities of the BHS system. The AIRLINE shall ensure that it maintains staffing levels during all operational hours, including irregular operations, that are sufficient to retrieve baggage from the baggage make-up carrousels and/or piers in order to prevent the inefficient use of the in-line baggage handling system in a fully automated mode and to prevent the system from initiating a "die-back" situation, which may require the COUNTY to intercede manually and/or cause additional staffing by the COUNTY, its contractors, or TSA staff to initiate baggage screening mitigation procedures as a result of baggage stacking up on the make-up carrousels and/or piers. The AIRLINE shall not initiate any procedures or work rules that, as determined by the Director, will negatively impact the in-line BHS without the prior written approval of the COUNTY and without concurrence from TSA. The COUNTY reserves the right to recover any costs from the AIRLINE that may result from the AIRLINE's failure to comply with this Section of the LEASE.

C. The AIRLINE will designate a representative as a Ground Security Coordinator ("GSC") to handle issues that may arise from time to time with the BHS. The GSC will be the point of contact with the TSA and the COUNTY for all issues concerning checked passenger baggage and/or BHS performance. The GSC must be available during the AIRLINE's operational hours.

D. The AIRLINE acknowledges that all oversized checked baggage must be delivered to a designated oversized area for screening.

E. The AIRLINE acknowledges it may have a more stringent screening requirement for checked passenger baggage than that of TSA. As such, the AIRLINE will be responsible for providing these additional screening services and associated staffing to meet such requirements, including, but not limited to, X-Ray screening, and any additional training for additional services, and/or any additional services at no additional cost to the COUNTY. The AIRLINE must provide evidence of proper training for such additional measures to the Director upon request. The COUNTY may, at its sole discretion, provide and maintain the X-ray screening device.

F. The AIRLINE shall be responsible for ordering, pick-up and maintaining an appropriate level of any and all consumables related to the Common Use Equipment and/or BHS, including, but not limited to, RFID embedded bag tag stock, boarding pass stock, toner cartridges for laser printers, or other similar items, in accordance with policies and procedures established by the COUNTY in the event AIRLINE uses propriety consumables.

ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE

The AIRLINE agrees that it shall abide with all applicable Hazardous Substances laws, rules and

regulations, relating to Hazardous Substances including, but not limited to, 49 C.F.R. Parts 171 *et seq*. The AIRLINE shall not cause any Hazardous Substances to be brought upon, kept, used, stored, generated, treated, managed or disposed of in, on or about or transferred to or from the Airport, except to the extent that such Hazardous Substances are (i) necessary for or useful to the AIRLINE's business and (ii) used, kept and stored in a manner that complies with all applicable Environmental Laws, the Airport Rules and Regulations, and all other applicable laws.

The AIRLINE shall comply with all applicable Environmental Laws and shall not engage in any activity on or about the Airport that violates any applicable Environmental Law. In conducting its operations and maintenance on the Airport under this LEASE, the AIRLINE shall comply with such regulations regarding the storage, distribution, processing, handling and/or disposal, including the Stormwater discharge requirements, of Hazardous Substances including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

The AIRLINE shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental agency having jurisdiction or any applicable Environmental Law for clean-up and removal of any contamination involving any Hazardous Substances caused by the AIRLINE. In conducting a clean-up of a Hazardous Substance release under this LEASE, the AIRLINE shall comply with applicable Environmental Laws. Hazardous waste generated by the AIRLINE or its contractors shall be disposed properly and under the AIRLINE's EPA ID number.

The AIRLINE shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Stormwater drainage system unless authorized by applicable Environmental Law and the Airport's Stormwater Discharge Permit. The AIRLINE shall not allow or cause the entry of any Unauthorized Non Stormwater Discharge that is under its control into the Stormwater drainage system of the Airport or into the Stormwater drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the COUNTY for that purpose, and the AIRLINE complies with recommendations made by the state and/or federal Environmental Protection Agency and the Airport's Stormwater Discharge Permit requirements. The AIRLINE shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by any applicable Environmental Law.

The AIRLINE shall provide all notices required pursuant to the SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986, CAL. HEALTH & SAF. CODE § 25249 *et seq*. The AIRLINE shall provide prompt written notice to the COUNTY within three (3) days of receipt of all written notices of violation of any applicable Environmental Law received by the AIRLINE.

SECTION 7.02 SPILL RESPONSE PLAN

Airlines and fueling companies are required to provide (separately or collectively) a Local Spill Response Action Plan to address specific spill response management. Airlines are encouraged to

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coordinate response efforts between the airlines and fueling contractors. At a minimum, the plan should address the following:

a) Response team organization, members, and responsibilities;
b) Spill response procedures (including notifications);
c) Personnel training;
d) Personal protective equipment; and
e) Spill kit inventory and management

The AIRLINE shall immediately notify the Airport Director and the AOC of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings. The AIRLINE is responsible to mitigate such spills and perform any remediation necessary to satisfy the applicable federal, state, or local oversight agencies. If the COUNTY personnel, equipment, or third party services are needed to support mitigation, the COUNTY will be reimbursed by the AIRLINE for labor, equipment, and third party costs for all services provided. In addition to reimbursing the COUNTY for the costs of all services provided by third parties to mitigate such spills, the AIRLINE shall pay to County administrative costs in the amount of one thousand dollars ($1,000) per incident. Said costs shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the COUNTY.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE’s operation under this LEASE, including, but not limited to, the payment of any fines or penalties arising from any breach of security, fire, emergency, accident, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, Non-Stormwater Discharge, or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE’s operation under this LEASE.

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION

Federal regulations for Stormwater discharges were issued by the U.S. Environmental Protection Agency (U.S. EPA) (40 CFR Parts 122, 123, and 124). The U.S. EPA, through the NPDES permitting program, regulates discharges of potentially contaminated wastewater and Stormwater into waters of the United States. California has been delegated NPDES general permitting authority by the U.S. EPA. California's State Water Board has issued NPDES permits to regulate municipal, industrial, and construction Stormwater discharges under the NPDES permitting program.

Section 402(p) of the Clean Water Act (CWA) requires NPDES permits for Stormwater discharges from municipal separate storm sewer systems (MS4s). The County of Orange is the principal permittee for Orange County's MS4 Permit Order No. R8-2009-0030 (or currently effective permit) No. CAS 618030 (MS4 Permit). As a facility owned and operated by the County of Orange, the Airport implements requirements in the MS4 permit and is responsible for discharges into the system. One of the MS4 Permit requirements is to establish the legal authority to control discharges. The County's Water Quality Ordinance (OCCO Title 4, Division 13, Sections 4-13-10 et. seq.) regulates non-stormwater discharges into the MS4 to reduce the discharge of pollutants into the waters of the State. The CWA and the resulting MS4 permit require the County to take steps to reduce pollutants leaving its systems to the maximum extent practicable. The MS4 permit requires the County to develop and implement a Local Implementation Plan (LIP) describing the programs and procedures required by the MS4 permit. The Airport will enforce these Stormwater requirements on municipal areas of the Airport

AIRLINE shall not have prohibited discharge to the MS4 system or on-site storm drains. Some non-stormwater discharges (i.e., fire sprinkler tests) require additional permits with the Regional Water Quality Control Board (RWQCB). AIRLINE is responsible for obtaining and implementing monitoring requirements associated with any non-stormwater discharge permits. AIRLINE shall notify COUNTY prior to any non-stormwater discharge.

In the furtherance of these regulations and Section 402 of the Clean Water Act (CWA), the State of California has adopted a General Permit for discharges of Stormwater associated with industrial activities: “State Water Resources Control Board (State Water Board) Water Quality Order No. 2014-0057-DWQ, NPDES General Permit No. CAS 000001 (Industrial General Permit or IGP).” JWA has applied for and received coverage to discharge Stormwater and authorized non-stormwater discharges pursuant to the general permit for industrial activities and is subject to the permit’s requirements, conditions, and penalties. The permit requires the development and implementation of an effective Industrial Stormwater Pollution Prevention Plan (SWPPP) and Monitoring Implementation Plan (MIP). This plan is developed by COUNTY and covers AIRLINE. The airside portion of JWA where industrial activities take place is covered by the IGP. Industrial activities include maintenance, fueling, equipment cleaning, storage areas, and material handling activities. AIRLINE shall comply with applicable Stormwater discharge requirements and Best Management Practices for industrial facilities described in the SWPPP. COUNTY will provide the required annual training for AIRLINE as part of the SWPPP training requirements. AIRLINE shall have all personnel working within the airside portion of John Wayne Airport to attend annual training or AIRLINE shall provide annual training to personnel using JWA-approved training materials.

SECTION 7.04 ENVIRONMENTAL STEWARDSHIP

AIRLINE shall support the COUNTY’s Environmental Compliance and Stewardship program through participation in various efforts or implementation of Airport plans. COUNTY shall

provide AIRLINE advance notice of any proposed changes to the following plans that may affect AIRLINE operations:

A. Air Quality Improvement Plan (AQIP) and Memorandum of Understanding (MOU) with the South Coast Air Quality Management District
B. Climate Action Plan.
C. Waste Management Plan.
D. Stormwater Pollution Prevention Plan.
E. Green Concessions Program.

AIRLINE shall implement and support the following environmental policies and provide reports and documents as required:

A. Adopt and adhere to the following GSE requirement: GSE associated with commercial operations shall achieve fleet average oxides of nitrogen (NOx) emission factor of 1.7 grams per brake horsepower per hour (g/bhp-hr)upon lease initiation through 2030 and 0.9 g/bhp-hr by January 1, 2031, respectively, as calculated in accordance with the Airport's AQIP and MOU with SCAQMD. Within 30 days of lease execution the AIRLINE shall develop and provide to JWA a GSE improvement plan to demonstrate how the GSE requirement will be met. Annually AIRLINE shall provide GSE data as required by the MOU by March 30.
B. AIRLINE has been provided a copy of the COUNTY's Environmentally Preferable Purchasing Policy (2022) and shall consider developing a similar policy that addresses the AIRLINE's procurement of goods and services as applicable.
C. AIRLINE shall affirm its commitment to Environmental Sustainability at the Airport. The Policy commitment shall be submitted to the JWA within 30 days of LEASE execution.
D. Upon request, AIRLINE shall provide reports necessary for environmental compliance, regulatory requirements and Airport mitigation measure obligations including but not limited to GSE data, fuel usage, spills, and business emergency plans.

Conservation: All AIRLINE facilities and improvements shall meet the Airport's Tenant Design and Construction Guidelines, as may be amended from time to time. All improvements shall meet the California Green Building Code (Title 24) CALGreen Tier 1. In particular, the AIRLINE shall implement the following conservation measures and policies as applicable:

A. Use equipment and appliances that are ENERGY STAR rated or equivalent and EPA Water Sense or equivalent, as applicable, when replacing existing equipment and appliances.
B. Use high-efficiency light fixtures and bulbs (including compact fluorescents) when replacing or installing new fixtures and bulbs.
C. Install sensors in office areas to turn off lights when unoccupied when these areas are being renovated or updated.
D. Install energy-efficient heating and cooling equipment when replacing or upgrading.
E. Use energy-efficient computers and servers when replacing this equipment.
F. Select equipment with variable-speed motors and fan drives when possible.

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G. Use paperless receipt technology when possible.

Waste Minimization and Diversion: AIRLINE is expected to meet all recycling and organics (food waste) reduction requirements to facilitate JWA's solid waste reduction program per the requirements of California Public Resources Code Section 42648. To the fullest extent possible, AIRLINE shall cooperate with COUNTY to reduce and divert waste from landfills. AIRLINE shall participate in COUNTY's waste diversion program, which may include waste reduction practices, including recycling, compostable containers (no Styrofoam), composting of food waste, and reuse/recycling of fats, oils, and grease.

SECTION 7.05 RESERVED

SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION

To the fullest extent authorized by law, the AIRLINE shall indemnify, defend, and hold the COUNTY, its officers, and employees harmless from and against any and all applicable Environmental Law claims, judgments, damages, penalties, fines, costs, liabilities, losses, orders, and lawsuits arising out of any actions or inaction by the AIRLINE, the AIRLINE's operations at the Airport or any action arising from and which involve the AIRLINE's officers, agents, subcontractors, and employees, including the cost of defense arising therefrom, including but not limited to the following:

(1) The AIRLINE'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 the AIRLINE's release of Hazardous Substances on the Airport since the time the AIRLINE first occupied the Airport.

(2) The AIRLINE's release of Hazardous Substances upon or within the Airport.

(3) The AIRLINE's violation of any applicable Environmental Law, except that the AIRLINE's obligations under this paragraph shall not extend to known and pre-existing conditions that are, as of the date of this LEASE, the subject of investigation and remediation by the COUNTY or others, or remediation conditions that arise from operations of third parties that are not affiliated with the AIRLINE that take place off of the Airport. For purposes of this provision, a party shall be deemed to be affiliated with the AIRLINE if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of the AIRLINE or if it is controlled by or under common control with the AIRLINE.

(4) The AIRLINE's causing or allowing any discharge into the Airport Drainage System that is prohibited by Section 7.01 of this LEASE.

This indemnification includes, without limitation, reasonable attorney's fees/costs and other costs incurred by the COUNTY in connection with any investigation of site conditions or any cleanup,

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remedial, removal or restoration work required by any federal, state or local governmental entity because of any Hazardous Substances being present in the soil or groundwater under the Airport. However, the AIRLINE'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 the COUNTY or its agents, servants or independent contractors who are directly responsible to the COUNTY.

In the event the indemnitees described hereinabove are named as defendants or respondents in any lawsuit or administrative proceeding, the AIRLINE shall, at the request of the COUNTY, represent the indemnitee with qualified counsel approved in writing by the COUNTY.

In the event that a monetary judgment is awarded against the COUNTY and the AIRLINE because of the concurrent negligence of the COUNTY and the AIRLINE or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Both the COUNTY and the AIRLINE agree that neither party shall request a jury apportionment. Nothing stated in this LEASE and in this indemnity obligation shall be construed as authorizing any award of attorney's fees/costs in any action to enforce the terms of this LEASE.

The rights and obligations set forth in this indemnification shall survive the termination of this LEASE.

SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS

In the event that any of the terms of the environmental requirements codified in this Article conflict with any other terms of this LEASE, the environmental requirements contained in this Article shall apply.

SECTION 7.08 ANTI-IDLING POLICY

Within six months of LEASE execution, AIRLINE must develop, implement, and submit to the Airport Director or designee for approval a fleet-wide anti-idling policy. At a minimum, the anti-idling policy shall include the requirement that vehicle engines shall be turned off when vehicles are not occupied and that occupied vehicles be turned off after no more than a five-minute idling period. AIRLINE’s policy shall also include all sublicensee and third-party vehicles that enter Airport property at the direction of the AIRLINE.

ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS

SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY

The COUNTY may alter, repair, maintain, remodel, expand, remove, or improve any of the facilities at the Airport or any of its appurtenances.

In addition, the COUNTY may reassign or relocate the AIRLINE's Exclusive Use Area. The COUNTY shall provide the AIRLINE advance notice of such action and shall make every reasonable effort to provide the AIRLINE alternative space that is reasonably comparable to the AIRLINE's operations at the same rates and charges that the AIRLINE would have paid for the space being surrendered. In the event no alternative space is available, the AIRLINE shall surrender its space promptly to the COUNTY, provided that the AIRLINE shall be reimbursed for the reasonable cost of any such reassignment, reallocation, or relocation and the cost of the AIRLINE's unamortized investment, if any, as documented by the AIRLINE to the satisfaction of the COUNTY and mutually agreed to by the Airport Director and AIRLINE. All of such costs, as well as the COUNTY's cost of providing the alternative space aforementioned, shall be included in the cost of the particular project requiring such reassignment, reallocation or relocation.

SECTION 8.02 IMPROVEMENTS BY THE AIRLINE

The AIRLINE shall not perform any construction upon the Leased Premises, nor shall the AIRLINE modify, alter, or remove any permanent improvements lying within the Leased Premises without prior written approval of the COUNTY. Any construction, modifications, alterations, or removal of any permanent improvements by the AIRLINE shall be at the AIRLINE's expense.

A. **Consent Required From the COUNTY**. No structures, improvements, or facilities shall be constructed, erected, altered, removed, or made within the Leased Premises without prior written consent of the COUNTY, which consent may be withheld or conditioned in the COUNTY's discretion. Minor repairs, replacement, and maintenance proposed for the Leased Premises, the cost of which does not exceed one hundred seventy-five thousand dollars ($175,000) annually, shall be approved by the Airport Director. All other structures, improvements, facilities, repairs, replacement, removal, and maintenance items shall be approved by the Board of Supervisors.

B. **Compliance with Plans and Construction Standards**. All improvements constructed by the AIRLINE within the Leased Premises shall be constructed in strict compliance with detailed plans and specifications approved by the Airport Director. All construction shall be conducted in a good and workmanlike manner and shall conform to applicable building codes, rules, regulations, and the Airport's architectural standards as contained in reference document "John Wayne Airport, Architect and Engineer Guide," which can be provided by Airport upon request. All work shall be done in conformity with Airport-approved plans, valid building, and other necessary permits and shall be acceptable to the COUNTY and the appropriate governmental entity inspecting such work. The AIRLINE shall be responsible for filing Form 7460 for any construction and/or height of construction equipment with the FAA if required.

All improvements constructed by the AIRLINE, including the plans and specifications therefor, shall conform in all respects to the applicable statutes, ordinances, building codes, rules, and regulations of the COUNTY and such other governmental authority as may have jurisdiction. The Airport Director's approval shall not constitute a representation or warranty as to such conformity, which shall remain the AIRLINE's responsibility. The

AIRLINE, at its own cost and expense, shall procure all permits necessary for such construction.

C. **Insurance Requirements**. The AIRLINE shall obtain aviation commercial general liability insurance during construction. If the construction is done by an independent contractor, insurance shall be procured by the contractor in the name of the AIRLINE and the COUNTY. All insurance shall be within the limits and coverages acceptable to the COUNTY's Risk Management Services.

D. **Noninterference**. The AIRLINE warrants that it or its contractor shall in no way delay, cause delays to or interfere with any Airport operations or other contractors working in the terminal or on the Airport, except with the prior written approval of the Airport Director, as set out herein. The AIRLINE agrees to hold the COUNTY harmless from the cost of any time lost by the COUNTY or any damages to the COUNTY due to the actions or failure to act of the AIRLINE or its contractor.

E. **Trailers and Modular Structures**. All improvements constructed by the AIRLINE shall be of a permanent nature. Trailers and modular buildings are prohibited on the Leased Premises. This provision shall not apply to the use of the COUNTY-approved temporary modular buildings or trailers during construction. Upon completion of construction, all trailers or modulars must be immediately removed from the Leased Premises.

F. **The AIRLINE's Cost and Expense**. All renovation or construction by the AIRLINE pursuant to this Section shall be at the AIRLINE's sole cost and expense. The AIRLINE shall keep its existing or future Exclusive Use Area, and the improvements constructed thereon free and clear of all liens and, shall pay all costs for labor and material arising out of such construction, and shall hold the COUNTY harmless from any liability in respect thereto. The AIRLINE shall have the right to contest any and all liens filed against its existing or future Exclusive Use Area. The AIRLINE further agrees that the COUNTY shall have the right to post notices of non-responsibility as provided by Sections 3094 and 3129 of the California Civil Code.

G. **Ownership of Improvements**. All improvements and facilities, exclusive of trade fixtures, constructed or placed within the Leased Premises by the AIRLINE must, upon completion, be free and clear of all liens, claims, or liability for labor or material and at the COUNTY's option shall become the property of the COUNTY at the expiration of this LEASE or upon earlier termination hereof. The COUNTY retains the right to require the AIRLINE, at the AIRLINE's cost, to remove any or all improvements located within the Leased Premises at the expiration or termination hereof.

SECTION 8.03 AIRLINE REIMBURSEMENT

In the event the COUNTY should require the Leased Premises, or any portion thereof, for any Airport purpose and removes any portion of the AIRLINE's Leased Premises from this LEASE or

terminates the LEASE for convenience pursuant to Section 2.03, the COUNTY shall reimburse the AIRLINE for improvements completed during the term of this LEASE.

Compensation for improvements located on the Leased Premises shall be calculated by means of the following formula:

$$\text{COMPENSATION} = A \times \frac{B}{C}$$

A = The AIRLINE's actual leasehold improvement construction costs submitted in accordance with Section 8.07 in this LEASE.

B = Number of full months remaining in the term of the LEASE.

C = Number of full months between the date the AIRLINE completed construction of leasehold improvements and the date the LEASE would expire by its terms if the COUNTY did not exercise its right to early termination.

The AIRLINE shall submit to the COUNTY within sixty (60) days of completion of construction of any leasehold improvement notifications of completion of construction and submit detailed supporting documentation of construction costs together with "As-Built Documents" and "Record Documents" as required by Section 8.07 of this LEASE. The AIRLINE acknowledges and agrees if the AIRLINE fails to submit notifications and supporting documentation for any such leasehold improvements in a timely manner, the AIRLINE waives its right to compensation for such improvements.

SECTION 8.04 EXCLUSIVE REMEDY

The compensation provided pursuant to Section 8.03 in this LEASE shall be the AIRLINE's sole and exclusive remedy and form of compensation, costs or damages, including but not limited to, the eminent domain law and inverse condemnation (CAL. CODE CIV. PROC. §§1230.010 *et seq.*), and Relocation Assistance benefits (CAL. GOV. CODE §§7260 *et seq.*), due to termination, re-entry or acquisition of the leasehold by the COUNTY.

The AIRLINE agrees that exercise by the COUNTY of its termination rights hereunder shall not be construed as a taking by the COUNTY of any part of the Leased Premises, nor of the AIRLINE's rights under this LEASE, nor shall the AIRLINE, except as provided herein, be entitled to payment for any loss of goodwill, income, moving expenses or other amount because of partial or full termination of this LEASE.

SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION

Prior to commencement of construction of approved facilities, the AIRLINE shall furnish to the COUNTY evidence that assures the COUNTY that sufficient monies will be available to the AIRLINE and the COUNTY to complete the proposed construction. The amount of money

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available shall be at least the total estimated construction cost. Such evidence may take one of the following forms:

A. Completion Bond issued to the COUNTY as obligee.

B. Irrevocable Letter of Credit issued to the COUNTY that will remain in effect until the COUNTY acknowledges satisfactory completion of construction.

C. Any combination of the above.

All bonds and letters of credit must be issued by a surety company, financial institution or advising bank qualified and admitted to conduct business in the State of California and issued in an approved form approved by the COUNTY. All bonds and letters of credit shall ensure faithful and full observance and performance by the AIRLINE of all terms, conditions, covenants, and agreements relating to the construction of improvements within the Leased Premises.

It is not the intent of the contracting Parties herein to create a third-party beneficiary, and nothing in this Section shall be construed to do so.

SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES

The AIRLINE shall at all times indemnify and hold the COUNTY harmless from all Mechanics Liens, Stop-Notices, claims, losses, demands, damages, costs, expenses or liability costs for labor or materials in connection with construction, repair, alteration, or installation of structures, improvements, equipment, or facilities within the Leased Premises undertaken by the AIRLINE, and from the cost of defending against such claims, including attorneys' fees and costs.

In the event a mechanics lien or stop-notice is imposed upon the Leased Premises, the AIRLINE shall either:

A. Record a valid Release of Lien; or

B. Procure and record a bond in accordance with Section 8424 of the California Civil Code, which frees the Leased Premises from the claim of the lien or stop notice and from any action brought to foreclose the lien.

Should the AIRLINE fail to accomplish either of the two (2) optional actions above within fifteen (15) days after the filing of such a lien or stop notice, the LEASE shall be in default and shall be subject to immediate termination.

SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS

Within sixty (60) days following completion of any improvement within the Leased Premises, the AIRLINE shall furnish the Airport Director a complete package of “As-Built Documents” and "Record Documents," which include but are not limited to construction documents, specifications,

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

cost estimates, engineering studies, and calculations. The aforementioned information shall be submitted on two (2) thumb drives containing digital copies of the "As-Built Documents" and "Record Documents," organized in a detailed, logical, and comprehensible folder structure, which is in a form that is usable and accepted by the COUNTY, to the COUNTY's satisfaction, as described below, unless otherwise allowed by the Airport Director.

A. Drawings and Models:

1. All 2-D and 3-D architectural, engineering, design, and/or construction drawing and/or modeling files for the project shall be completed using AutoCAD 2019 and REVIT 2019 or a newer version of either software if approved by John Wayne Airport.
2. All geographic data, spatial analysis, geographic information system (GIS) mappings, drawings, exhibits, and/or figures for the project shall be completed using Environmental Systems Research Institute (ESRI) ArcGIS.
3. All 2-D and 3-D drawing and/or modeling files created via computer-aided design and drafting (CADD), building information modeling (BIM), and/or GIS for the project shall conform to the John Wayne Airport CADD/BIM/GIS standards and specifications.
4. In addition to the 2-D and 3-D drawing and/or modeling files indicated above, a PDF format (scaled to ARCH E1 format where applicable) of those drawings, exhibits, figures, etc. shall be generated and submitted digitally.

B. Documents and Reports:

1. All specifications, reports, and/or studies (e.g., geotechnical report, etc.), calculations, and other project information (e.g., construction submittals, operations, and maintenance (O&M) manuals, warranties, etc.) for the project shall be completed using MS Office suite applications and also generated and submitted digitally in a PDF format.

Note: "Record Documents," e.g., record drawings, specifications, calculations, etc., shall be prepared, stamped, and signed by the Architect and/or Engineer of Record for the project and shall reflect all updates and/or modifications that were approved during design and construction, i.e., separate from the as-built documents, which include contractor redlines, contract changes, etc. Refer to the "John Wayne Airport Construction Standards" for additional information.

In addition, two (2) sets of hard prints of the stamped and signed record drawings for the project, as described above, must be furnished by the AIRLINE with the thumb drives containing the "As-Built Documents" and "Record Documents." Basic specifications, standards, and requirements for BIM, CAD, and/or GIS produced information at the Airport can be located on the www.ocair.com website or provided by the Airport upon request.

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

Furthermore, the AIRLINE shall furnish the Airport Director with an itemized statement of the actual, direct construction costs of such improvement. The construction costs may include actual, direct fees paid to contractors, architects, engineers, surveyors, laborers, and suppliers, or permit fees required by governmental agencies to allow construction. Construction costs shall not include indirect costs such as financing costs, holding costs, legal fees, interest, administrative and overhead expenses, bond premiums, or developer fees. The statement of cost shall be sworn to and signed by the AIRLINE or its responsible agent under penalty of perjury. The AIRLINE must obtain the Airport Director's approval of acceptance of the "As-Built Documents" and "Record Documents" and the form and content of the itemized statement.

SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS

The AIRLINE shall be responsible for any damage caused by the AIRLINE, or the AIRLINE's aircraft, equipment, employees, agents, visitors, or suppliers, to common use areas of the Terminal or Airport facilities, including but not limited to runways, taxiways, access roads, navigational aids, apron areas and loading bridges. Should such damage require immediate repairs or replacement, and the AIRLINE is unable to respond immediately to complete said repairs or replacement, the Airport Director may cause to be made or make any necessary repairs or replacements, and the cost thereof shall be paid by the AIRLINE. Said cost shall include all labor, materials, equipment costs, and an administrative fee equal to fifteen percent (15%) of the sum of those items. Said cost shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the Airport Director.

In the event of damage to or destruction of the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises or in the event the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises are declared unsafe or unfit for use or occupancy by the COUNTY or any other public entity with jurisdiction to make and enforce such a declaration, the AIRLINE shall, within thirty (30) days, commence and diligently pursue completion of the repair, replacement or reconstruction of improvements to the same size and floor area as they existed immediately prior to the event causing the damage or destruction, as necessary to permit full use and occupancy of the Leased Premises for the purposes required by the LEASE. Repair, replacement, or reconstruction or improvements within the Leased Premises shall be accomplished in a manner and according to plans approved by the Airport Director. Except as otherwise provided herein, termination of this LEASE shall not reduce or nullify the AIRLINE's obligation under this paragraph. With respect to damage or destruction to be repaired by the COUNTY or which the COUNTY elects to repair, the AIRLINE waives and releases its rights under California Civil Code Sections 1932(2) and 1933(4).

SECTION 8.09 HEALTH AND SAFETY

The AIRLINE shall comply with all applicable California Occupational Safety & Health Administration (Cal/OSHA) requirements and all federal, state, or local safety orders. The AIRLINE shall post on the Lease Premises and at all construction sites a copy of "Construction

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

Safety Orders" and "General Industry Safety Orders" issued by the California State Division of Industrial Safety.

The AIRLINE shall, within thirty (30) days after the execution of this LEASE, submit to the COUNTY a comprehensive Safety Plan outlining the code of safe work practices and procedures. The plan must include emergency response procedures, notification procedures, and personnel training procedures. The AIRLINE shall convene safety meetings at regularly scheduled times as described in its Safety Plan and as required by Cal/OSHA. The AIRLINE and/or AIRLINE's contractor shall submit, prior to the start of any tenant improvements, the AIRLINE or AIRLINE's contractor required Cal/OSHA Safety Plan for approval by the Airport.

The AIRLINE shall submit to the COUNTY an annual report detailing the status of all permits required and issued to the AIRLINE by CAL OSHA or any other federal, state, or local government agency. Said report shall be due on or before January 31 of each calendar year.

ARTICLE IX - ACCOMMODATION

SECTION 9.01 JOINT USE REQUIREMENT

The AIRLINE and/or other airlines may be provided the opportunity by the COUNTY to initiate or expand service at the Airport and may have a need or requirement for certain types of Airport space and facilities. Such initiation or expansion of service may be reasonably implemented by the Airport Director based upon provisions of the Access Plan.

The AIRLINE agrees to make every reasonable effort to offer to any airline initiating service at the Airport the opportunity to share use of its Exclusive Use Area. In determining whether the use of another incoming airline initiating service at the Airport is reasonable and possible, the AIRLINE will have the right to consider the compatibility of the proposed operations of those with whom the AIRLINE has subleases or handling arrangements, the AIRLINE's existing and future flight schedules, the need for labor cooperation, the adverse competitive impacts resulting from the presence of the other aircraft operator on the AIRLINE's Exclusive Use Area and the availability of other such space at the Airport. Should the AIRLINE deny another airline initiating service at the Airport the opportunity to use the AIRLINE's Exclusive Use Area, the COUNTY may review the AIRLINE's space usage, and should it reasonably determine, considering all the factors noted herein (including the AIRLINE's reasons for such refusal), that the AIRLINE unreasonably refused usage by such other airline, it may require the AIRLINE to permit the other airline to use the AIRLINE's Exclusive Use Area, subject to the initiating airline executing an agreement with the AIRLINE acceptable to the COUNTY that complies with the material terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE shall, by separate agreement with such certificated and/or commuter airline as the COUNTY may designate, or by other arrangement as provided by the Airport Director, provide space and/or services within Leased Premises to accommodate said airlines' operation. Any said

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

agreement for joint use shall be subject to the Airport Director's approval and subject to the terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE agrees that in the event it subleases its Leased Premises to another airline, any sublease rental rate shall be calculated on a per-square-foot basis.

Sublease per square foot rental rates for sublet space shall reflect a reasonable pro-rata allocation of the AIRLINE's actual and direct costs related to said space and shall be based upon the following factors:

A. The square foot per annum rental rate currently paid by the AIRLINE to the COUNTY for space to be sublet; and

B. A reasonable square foot charge to compensate the AIRLINE for the pro-rata costs per square foot applicable to the AIRLINE improvement costs, maintenance costs, and a reasonable administrative fee.

The annual sublease rental rate shall not exceed two (2) times the square foot per annum rental rate currently paid by the AIRLINE to the COUNTY unless the AIRLINE can demonstrate to the satisfaction of the Airport Director that its costs for the subleased premises, exclusive of the administrative fee, justify a higher rate.

ARTICLE X - ASSIGNMENT AND SUBLEASE

SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING

The provisions of this Section are subject and subordinate to the limitations of Section 5.04 of this LEASE.

A. **Transfers**. The AIRLINE shall not transfer, assign, sublet, or hypothecate (hereinafter referred to as "Transfer") any interest of the AIRLINE in the Leased Premises without the prior written approval of the COUNTY. The AIRLINE shall give the COUNTY thirty (30) days' prior written notice of all proposed Transfers. The AIRLINE shall not make any such Transfers for a period longer than the remaining term of the LEASE.

If the COUNTY approves such Transfers, such approval does not constitute a waiver of any of the terms of the LEASE. All Transfer documents shall be consistent with the terms, covenants, and conditions of the LEASE, and in the event of any inconsistency, the provisions of this LEASE shall govern.

If the AIRLINE is a corporation, an unincorporated association, or a partnership, Transfers include the acquisition by any person other than the AIRLINE of any stock or interest in said corporation, unincorporated association, or partnership in the aggregate amount of fifty-one percent (51%) or more.

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

The failure by the AIRLINE to obtain the prior written approval by the COUNTY of any Transfer of the LEASE or any interest in the Leased Premises shall constitute a material breach of this LEASE and shall not confer any leasehold rights upon the transferee. Such failure shall be grounds for termination of this LEASE for default pursuant to Section 11.02.

B. **Conditions of the COUNTY Approval**. The COUNTY agrees that it will not arbitrarily withhold consent to any Transfer, but the COUNTY may withhold consent at its sole discretion if any of the following conditions exist:

(1) The AIRLINE, its successors, or assigns are in default of any term, covenant, or condition of this LEASE, whether notice of default has or has not been given by the COUNTY.

(2) The prospective subtenant, assignee, or transferee has not agreed in writing to keep, perform, and be bound by all the terms, covenants, and conditions of this LEASE.

(3) The prospective subtenant, assignee, or transferee is not financially capable or experienced in performing the LEASE obligations, as determined by the Airport Director.

(4) Subtenant's use is in conflict with the terms of this LEASE.

(5) All the terms, covenants, and conditions of Transfer, including the consideration therefore, of any and every kind, have not been revealed in writing to the Airport Director.

(6) Any construction required of the AIRLINE as a condition of this LEASE has not been completed to the satisfaction of the COUNTY.

(7) The AIRLINE has not provided the Airport Director with a copy of all documents relating to the Transfer, including, but not limited to, appraisals, notes, trust deeds, title reports, escrow instructions, *etc*.

(8) The AIRLINE attempts to hypothecate the leasehold for an amount greater than the cost of new improvements to be constructed on the Leased Premises. Hypothecation of the leasehold shall not be permitted for any reason other than to obtain loan proceeds necessary to construct new improvements on the Leased Premises.

C. **Affiliate Transactions**. The COUNTY has adopted in the Access Plan policies and regulations regarding transactions and aircraft operations at the Airport involving affiliations of commercial airlines operating, or desiring to operate, at the Airport ("the

affiliate policy"). The AIRLINE acknowledges that the COUNTY considers the affiliate policy to be an important and significant policy in support of the COUNTY's regulation of the Airport.

The AIRLINE acknowledges that there is a rational basis for this policy under the operational and historical circumstances affecting the Airport, that under such circumstances, this policy maintains appropriate equity between the rights and privileges of competing commercial operators using the Airport, and that the affiliate policy does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The AIRLINE agrees to comply fully and completely with the affiliate policy and all related regulations that appear in the Access Plan and/or this LEASE.

Any affiliate transaction described and defined in the Access Plan, and any affiliate transaction between the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, shall constitute a Transfer within the meaning of Paragraph A, above. In the event an affiliate transaction involving the AIRLINE is initiated, then not later than the time when the affiliate transaction is publicly announced:

(1) The AIRLINE shall notify the Airport Director of the fact of the initiation of the affiliate transaction.

(2) If the affiliate transaction is initiated by the AIRLINE, the AIRLINE shall promptly provide to the Airport Director copies of all agreements, or written offers or proposals, made with respect to the transaction and copies of all documents filed with federal authorities with respect to the transaction. If the affiliate transaction is initiated by some other person in respect of the AIRLINE, the AIRLINE shall promptly and continuously provide such documentation or other information regarding the transaction as may be available to the AIRLINE.

(3) In addition to all other obligations of the AIRLINE, if the affiliate transaction involves the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, the AIRLINE shall promptly arrange to negotiate with the Airport Director regarding the terms and conditions upon which the Director would recommend consent by the Board of Supervisors to a Transfer of this LEASE, or Transfer of the written agreement(s) between the other person or entity involved in the affiliate transaction and the COUNTY.

Notwithstanding any other provision of this LEASE, the LEASE may be terminated by the COUNTY on thirty (30) days' notice to the AIRLINE without further obligation of the COUNTY, and without any liability of the COUNTY to the AIRLINE whatsoever, if:

(4) The AIRLINE fails to comply with Paragraph C of this Section; or if

(5) The Airport Director fails to make a favorable recommendation to the Board of Supervisors regarding the Transfer within sixty (60) days after initiation and public announcement of the affiliate transaction, which contains terms and conditions agreed to by the AIRLINE and its affiliate(s); or if

(6) The Board of Supervisors fails to consent to the Transfer on terms and conditions which have been accepted by the AIRLINE within thirty (30) days after receipt of the recommendations of the Airport Director.

D. **Bankruptcy Transaction**. If the AIRLINE assumes this LEASE or proposes to assign the same pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, then notice of such proposed assignment shall be given to the COUNTY. The following information shall be provided to the COUNTY:

(1) The name and address of proposed assignee;

(2) All of the terms and conditions of such offer; and

(3) Adequate assurance to the COUNTY of the proposed assignee's future performance under the LEASE, including, without limitation, the assurance referred to in the U.S. BANKRUPTCY CODE, 11 U.S.C. §365(b)(3).

Any person or entity to which this LEASE is assigned pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, shall be deemed without further act or deed to have assumed all of the obligations arising under this LEASE on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to the COUNTY an instrument confirming such assumption.

E. **Non-Transferable Privileges.** Aircraft operations and ADDs authorized by Section 5.05 in this LEASE and the Access Plan are not property interests of the AIRLINE and are non-transferable in any form, and as such, are not subject to sale, assignment, hypothecation, and transfer by the AIRLINE under the terms of this Section. Any such attempted hypothecation, assignment, encumbrance, sale, or other such attempted transfer of operations, privileges, or ADDs is in violation of the public policy of the COUNTY and shall be void and shall constitute a breach and default of this LEASE.

SECTION 10.02 SUCCESSORS IN INTEREST

Unless otherwise provided in this LEASE, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all Parties hereto, all of whom shall be jointly and severally liable hereunder.

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

ARTICLE XI - TERMINATION AND DEFAULT

SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS

It is mutually agreed that this LEASE shall terminate and supersede any prior leases or agreements between the Parties hereto for the purpose of commercial air transportation and all related activities of the AIRLINE at the Airport.

SECTION 11.02 TERMINATION FOR DEFAULT

The COUNTY may terminate this LEASE and all of its obligations hereunder with prior written notice to the AIRLINE and may exercise all rights of entry for default and breach if the AIRLINE fails to perform any of its obligations under this LEASE, including, but not limited to:

A. Payment of rents, fees, charges and PFCs;

B. A general assignment for the benefit of creditors and any Transfer without the prior written approval by the COUNTY;

C. The issuance of any execution or attachment against the AIRLINE at the Airport that is undischarged within sixty (60) days of levy or seizure or if the Leased Premises are occupied by someone other than the AIRLINE;

D. The voluntary vacation or abandonment by the AIRLINE of the conduct of air transportation business at the Airport;

E. The violation by the AIRLINE of any of the terms of any insurance policy referred to in the LEASE;

F. If the AIRLINE is found by the FAA, TSA, or other government regulatory or successor agency to have violated specified safety standards in the conduct of the AIRLINE's business;

G. The violation or breach of any provision of the Access Plan;

H. The violation of any written directions of the Airport Director;

I. The appointment of a receiver to take possession of all or substantially all, the assets of the AIRLINE located at the Leased Premises or of the AIRLINE's leasehold interest in the Leased Premises.

Where applicable, and unless otherwise stated in this LEASE, or by written notice, the AIRLINE shall have fifteen (15) calendar days to cure any default prior to termination of this LEASE, or

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

such longer period as may be reasonably necessary to cure such default considering the nature thereof, at the Airport Director's discretion.

SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION

Except as otherwise agreed to herein, upon termination of this LEASE, the AIRLINE shall redeliver possession of said Leased Premises to the COUNTY in substantially the same condition that existed immediately prior to the AIRLINE's entry thereon, reasonable wear and tear, flood, earthquakes, war and any act of war, excepted. References to the termination of the LEASE in this LEASE shall include termination by reason of expiration.

SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY

If the AIRLINE abandons or quits the Leased Premises or is dispossessed thereof by process of law or otherwise, title to any personal property belonging to the AIRLINE and left on the Leased Premises fifteen (15) days after such event shall be deemed to have been transferred to the COUNTY. The COUNTY shall have the right to remove and to dispose of such property without liability therefor to the AIRLINE or to any person claiming under the AIRLINE and shall have no need to account therefor. Personal property left on the Leased Premises after termination, expiration, or abandonment of the LEASE shall not be construed as giving the AIRLINE possession of the Leased Premises during the fifteen (15) days after termination, expiration, or abandonment of the LEASE.

SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER

The AIRLINE agrees to yield and peaceably deliver possession of the Leased Premises to the COUNTY on the date of termination of this LEASE, whatsoever the reason for such termination.

Upon giving written notice of termination to the AIRLINE, the COUNTY shall have the right to re-enter and take possession of the Leased Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the LEASE and re-entry of the Leased Premises by the COUNTY shall in no way alter or diminish any obligation of the AIRLINE under the LEASE terms and shall not constitute an acceptance or surrender.

The AIRLINE waives any and all rights of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Leased Premises for any lawful reason or in the event the COUNTY re-enters and takes possession of the Leased Premises in a lawful manner.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

ARTICLE XII - SECURITY

SECTION 12.01 AIRPORT SECURITY

The AIRLINE shall comply with all current and applicable Airport, FAA, TSA, CBP, security-related rules, regulations, plans, and procedures. The AIRLINE is responsible for fines imposed by any regulatory agency as a result of the AIRLINE's failure to comply with applicable rules, regulations, orders, plans, and procedures regarding airport security.

The AIRLINE employees, subtenants/contractors shall be required to obtain airport security clearance in order to perform work under this LEASE. The AIRLINE must maintain a current, updated list of Authorized Signatories responsible for the Airport-Issued Identification Credential ("Airport ID/Security Credential") process, a list of current Airport ID/Security Credentialed AIRLINE employees and subtenants/contractors, and respond to scheduled and unscheduled audits at the request of the Airport. The AIRLINE employees and subtenants/contractors applying for an Airport ID/Security Credential must successfully complete a Criminal History Records Check ("CHRC") and a Security Threat Assessment ("STA") in accordance with current regulations. The AIRLINE employees and subtenants/contractors must also attend and successfully pass all related Security Identification Display Area ("SIDA") classes and tests for access to secure areas and a driver's permit with an appropriate and valid California Driver's License to drive on the airfield. The AIRLINE must attend all mandatory security-related exercises, and monthly security consortium meetings hosted by the Airport.

A. **Local Security**. The AIRLINE shall be responsible for the security of gates or doors that are located on the Leased Premises. Said gates and/or doors on the Leased Premises permitting entry to the restricted areas of the Airport shall be locked when not in use and/or under the AIRLINE's constant surveillance. The AIRLINE shall install such security equipment, including, but not limited to, video monitoring equipment, as may be required by the Airport Director to ensure compliance with all regulations of the FAA, TSA, or other governmental agencies having jurisdiction over Airport security. The AIRLINE shall exercise control over any person or vehicle escorted by the AIRLINE onto restricted or secure areas of the Airport, or to whom an Airport ID/Security Credential was issued by or at the request of the AIRLINE and ensure that such person or vehicle shall comply with all Airport security regulations.

B. **Federal Security**. As of the date of this LEASE, the TSA provides for all passenger and baggage screening conducted at the Airport. The AIRLINE may be required to provide assistance to TSA in its efforts to carry out its federal mandates. At some point during the term of this LEASE, the Airport or another entity may be authorized to provide these security services in lieu of the TSA.

C. **Penalties and Fines.** The AIRLINE shall promptly pay any penalties for which the AIRLINE is responsible. These penalties include, but are not limited to, civil penalties or

fines assessed against the Airport or the AIRLINE by the FAA, TSA, or any other governmental agency for the violation of any security-related laws, rules, policies, or regulations at the Airport.

D. **Airport ID/Security Credential Application and Lifecycle.** Prior to issuance of an Airport ID/Security Credential(s), designated AIRLINE Authorized Signatories who will be working onsite and engaged in the performance of work under this LEASE must pass the Airport's background check requirements, which includes an F.B.I. Criminal History Records Check ("CHRC") and a TSA Security Threat Assessment ("STA"), and the AIRLINE shall pay the applicable fees. Upon successful completion of the background checks, the AIRLINE's designated personnel will be required to attend a SIDA class and pass a written test. Those personnel who may be permitted by the Airport to drive on the Airport Operations Area ("AOA") perimeter road must also complete a Driver's Training class and written test. Airport ID/Security Credentials are not issued until designated AIRLINE personnel have: 1) completed appropriate application forms and submitted proof of identity and employment eligibility, 2) passed both background checks, 3) completed and passed appropriate training, and 4) paid an Airport ID/Security credential fee for each applicant. The AIRLINE should anticipate a minimum of fourteen (14) business days to complete the Airport ID/Security Credential process if all requirements listed above are fulfilled by individual Airport ID/Security Credential applicants in a timely manner, but factors outside the Airport's control can contribute to longer durations. If an applicant is applying for a CBP Seal due to their operational need to work international air service operations, this process may take longer. Authorized Signatories must be in constant contact with the Airport's ID/Access Control Office. The AIRLINE's designated personnel must successfully complete the Airport ID/Security Credential acquisition process unless other arrangements have been approved by the Airport. The AIRLINE shall be responsible for all applicable fees and costs associated with the background checks and badging process. The amount of such fees is subject to change without notice.

E. **Airport ID/Security Credential Applicant Requirements and Responsibilities.** The Airport Security Plan (ASP) requires that each person issued an Airport ID/Security Credential be made aware of their responsibilities regarding the privilege of access to restricted areas of the Airport.

The AIRLINE and all AIRLINE personnel within an access-controlled area (AOA, SIDA, secured area, or sterile area) are required to display on their person an Airport ID/Security Credential, unless they are escorted by an appropriately credentialed Airport individual with escort privileges. When working in a secure area, each Airport-credentialed person is responsible for challenging any individual who is not properly displaying an Airport-issued or approved and valid Airport ID/Security Credential. AIRLINE personnel and their subtenants/contractors must also validate Airport ID/Security Credential employees as described in security training. Any person who is not properly displaying or who cannot produce a valid Airport ID/Security Credential, unless they are being escorted, must

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

immediately be referred to the Sheriff's Department – Airport Police Services Office for proper handling.

The Airport ID/Security Credential is the property of the County of Orange and must be returned upon termination of AIRLINE personnel employment and/or termination of the Lease. The loss of an Airport ID/Security Credential shall be reported within twenty-four (24) hours to the Sheriff's Department–Airport Police Services by calling (949) 252-5000. The AIRLINE or AIRLINE personnel who lose their Airport ID/Security Credential shall be required to pay a fee before receiving a replacement Airport ID/Security Credential. The charge for lost Airport ID/Security Credential replacement will be posted in the Airport Administration Office and is subject to change without notice. A report shall be made before a replacement Airport ID/Security Credential will be issued.

The Airport ID/Security Credential is nontransferable.

In the event that the AIRLINE's employee's or contractor's Airport ID/Security Credential is not returned within three (3) business days to the Airport upon: 1) termination of AIRLINE personnel or contractor, 2) Airport ID badge expiration, or 3) upon termination of the LEASE, the AIRLINE shall be liable to the Airport for a fine in the amount of $250.00 per unreturned Airport ID/Security Credential. The amount of the fine is subject to change without notice. The AIRLINE's Security Deposit may be applied to cover the cost of the fine.

ARTICLE XIII - INSURANCE AND INDEMNITY

SECTION 13.01 INSURANCE

The AIRLINE agrees to carry all required insurance at the AIRLINE's expense and to provide the COUNTY current Certificates of Insurance, including all endorsements required herein, necessary to satisfy the COUNTY that the insurance provisions of this LEASE have been complied with. AIRLINE shall keep such insurance coverage current, provide Certificate of Insurance, and endorsements to the COUNTY during the entire term of this LEASE.

The AIRLINE agrees that the AIRLINE shall not operate on the Airport Premises at any time the required insurance is not in full force and effect as evidenced by a Certificate of Insurance and necessary endorsements or, in the interim, an official binder being in the possession of Airport Director. In no cases shall assurances by the AIRLINE, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. Airport Director will only accept valid Certificates of Insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. The AIRLINE also agrees that upon cancellation, termination, or expiration of the AIRLINE's insurance, the COUNTY may take whatever steps are necessary to interrupt any operation from or on the Airport Premises until such time as the Airport Director reinstates the LEASE.

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

If the AIRLINE fails to provide Airport Director with a valid Certificate of Insurance and endorsements, or binder at any time during the term of the LEASE, the COUNTY and the AIRLINE agree that this shall constitute a material breach of the LEASE. Whether or not a notice of default has or has not been sent to the AIRLINE, said material breach shall permit the COUNTY to take whatever steps necessary to interrupt any operation from or on the Airport Premises, and to prevent any persons, including, but not limited to, members of the general public, and the AIRLINE'S employees and agents, from entering the Premises until such time as Airport Director is provided with adequate evidence of insurance required herein. The AIRLINE further agrees to hold the COUNTY harmless for any damages resulting from such interruption of business and possession, including, but not limited to, damages resulting from any loss of income or business resulting from the COUNTY's action.

The AIRLINE may occupy the Airport Premises only upon providing to the COUNTY, the required insurance stated herein and maintain such insurance for the entire term of this LEASE. The COUNTY reserves the right to terminate this LEASE at any time the AIRLINE's insurance is canceled or terminated and not reinstated within ten (10) days of said cancellation or termination. The AIRLINE shall pay the COUNTY a fee of $300.00 for processing the reinstatement of the LEASE. The AIRLINE shall provide to the COUNTY immediate notice of said insurance cancellation or termination.

All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the same terms and conditions as set forth herein for the AIRLINE; excluding General Aviation Liability. All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the following required minimum limits: Commercial General Liability $1,000,000 per occurrence with a $2,000,000 aggregate; Commercial Auto Liability $1,000,000 combined single limit each accident for non-air operations area (AOA); and, $5,000,000 combined single limit each accident for air operations area. Pollution Liability will be required when hazardous materials or waste are involved with limits commensurate with the exposure. The AIRLINE shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by the COUNTY from the AIRLINE under this LEASE. It is the obligation of the AIRLINE to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Airport Premises. Such proof of insurance must be maintained by the AIRLINE through the entirety of this LEASE and be available for inspection by a COUNTY representative at any reasonable time.

All self-insured retentions (SIRs) shall be clearly stated on the Certificate of Insurance. Any self-insured retention (SIR) in excess of Fifty Thousand Dollars ($50,000) shall specifically be approved by the County's Risk Manager. The COUNTY reserves the right to require current audited financial reports from the AIRLINE. If the AIRLINE is self-insured, AIRLINE will indemnify and defend the COUNTY for any and all claims resulting or arising from AIRLINE's use of the Airport Premises, services or other performance in accordance with the indemnity provision states in this LEASE.

If the AIRLINE fails to maintain insurance acceptable to the COUNTY for the full term of this LEASE, the COUNTY may terminate this LEASE.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com**).

If the insurance carrier does not have an A.M. Best Rating of A-VIII, the CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the AIRLINE shall provide the minimum limits and coverage as set forth below:

Coverages	Minimum Limits
Aviation Commercial General Liability (Including but not limited to General Liability, Passenger Legal Liability, War/Extended Perils Liability, Personal Injury, Contractual Liability, Premises, Products and Completed Operations, Ground Hangarkeepers and liability for vehicles and mobile equipment operated on restricted airport premises.)	$250,000,000 per occurrence $250,000,000 aggregate
Workers' Compensation	Statutory
Employers' Liability Insurance	$1,000,000 per accident or disease
Pollution Liability Insurance	$1,000,000 per claims made or per occurrence
Commercial Property Insurance on an "All Risk" or "Special Causes of Loss" basis covering all contents and any tenant improvements including Business Interruption/Loss of Rents with a 12-month limit.	100% of the Replacement Cost Value and no coinsurance provision

Increased insurance limits may be satisfied with Excess/Umbrella policies. Excess/Umbrella policies when required must provide Follow Form coverage.

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

Required Endorsements

The Aviation Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees, agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by County of Orange shall be excess and non-contributing.

The Pollution Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

Pollution Liability insurance must include coverage for bodily injury and property damage, including coverage for loss of use and/or diminution in property value, and for clean-up costs arising out of, pertaining to, or in any way related to the actual or alleged discharge, dispersal, seepage, migration, release or escape of contaminants or pollutants resulting from any services or work performed by, or behalf of, AIRLINE, including the transportation of hazardous waste, hazardous materials, or contaminants.

If AIRLINE's Pollution Liability policy is a claims-made policy, AIRLINE shall agree to the following:

1. The retroactive date must be shown and must be before the date of the contract or the beginning of the LEASE.

2. Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after expiration or earlier termination of LEASE.

3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the contract services, AIRLINE must purchase an extended reporting period for a minimum of three (3) years after expiration of earlier termination of the LEASE.

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

The Workers' Compensation policy shall contain a Waiver of Subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees. Blanket coverage may also be provided which will state – **As Required by Written Agreement.**

All insurance policies required by this LEASE shall waive all rights of subrogation against County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

The Commercial Property policy shall contain a Loss Payee endorsement naming the County of Orange as respects the COUNTY's financial interest when applicable.

Insurance certificates should be forwarded to the COUNTY address provided in the Clause (NOTICES) below or to an address provided by Airport Director. AIRLINE has ten (10) business days to provide adequate evidence of insurance, or this LEASE may be cancelled.

AIRLINE shall provide thirty (30) days prior written notice of any policy cancellation or non-renewal and ten (10) days prior written notice where cancellation is due to non-payment of premium and provide a copy of the cancellation notice to COUNTY. Failure to provide written notice of cancellation may constitute a material breach of the LEASE, upon which the COUNTY may suspend or terminate this Contract

The COUNTY expressly retains the right to require AIRLINE to increase or decrease insurance of any of the above insurance types throughout the term of this LEASE. Any increase or decrease in insurance will be as deemed by the County of Orange Risk Manager as appropriate to adequately protect the COUNTY.

The COUNTY shall notify AIRLINE in writing of changes in the insurance requirements. If the AIRLINE does not deposit copies of acceptable certificates of insurance and endorsements with the COUNTY incorporating such changes within thirty (30) days of receipt of such notice, this LEASE may be in breach without further notice to the AIRLINE, and the COUNTY shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit the AIRLINE's liability hereunder nor to fulfill the indemnification provisions and requirements of this LEASE, nor in any way to reduce the policy coverage and limits available from the insurer.

SECTION 13.02 INDEMNITY

The AIRLINE agrees to indemnify, defend with counsel approved in writing by the COUNTY, and hold the COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies which the COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related

to the services, products or other performance provided by the AIRLINE pursuant to this LEASE. If judgment is entered against the AIRLINE and the COUNTY by a court of competent jurisdiction because of the concurrent active negligence of the COUNTY or the COUNTY INDEMNITEES, the AIRLINE and the COUNTY agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS

SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION

A. In all its activities within the scope of its airport program, AIRLINE 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 (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance

If AIRLINE transfers its obligation to another, the transferee is obligated in the same manner as AIRLINE.

B. During the performance of this LEASE, AIRLINE, for itself, its assignees, and successors in interest, agrees as follows::

1) **Compliance with Regulations:** AIRLINE 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 LEASE.

2) **Nondiscrimination:** AIRLINE, with regard to the work performed by it during the LEASE, will not discriminate on the grounds of race, color, or national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The AIRLINE 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.

3) **Solicitations for Subcontracts, including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding or negotiation made by AIRLINE for work to be performed under a subcontract, including procurement of materials or leases of equipment, each potential subcontractor or supplier will be notified by AIRLINE of the AIRLINE's obligations under this LEASE and the

Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.

4) **Information and Reports:** AIRLINE 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 COUNTY or the FAA to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, AIRLINE will so certify to the COUNTY or the FAA, as appropriate, and will set forth what efforts it has made to obtain this information.

5) **Sanctions for Noncompliance:** In the event of the AIRLINE's noncompliance with the non-discrimination provisions of this LEASE, the COUNTY will impose such sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

a. Withholding payments under the LEASE until the AIRLINE complies, and/or

b. cancelling, terminating, or suspending the LEASE, in whole or in part.

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

C. AIRLINE, for itself, 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 Leased Premises for a purpose for which an FAA activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, AIRLINE 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

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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 said facilities.

2) 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.

3) In the construction of any improvements on, over, or under the Leased Premises 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.

4) AIRLINE will use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title VI List of Pertinent Nondiscrimination Acts and Authorities.

D. AIRLINE shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service.

E. AIRLINE, for itself, its assignees, and successors in interest, agrees to comply with the following nondiscrimination 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);

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, subrecipients and contractors, 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) The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex)

10) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations); [rescinded January 21, 2025];

11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)][rescinded March 1, 2025]; and

12) 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).

F. In the event of a breach of any of the above Nondiscrimination covenants, the COUNTY shall have the right to terminate the LEASE and to re-enter and repossess said lands and facilities thereon and hold the same as if said LEASE had never been made or issued.

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT

The COUNTY reserves the right to develop further or improve the Airport as it sees fit, regardless of the desires or views of the AIRLINE, and without interference or hindrance.

The COUNTY reserves the right, but shall not be obligated to the AIRLINE, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of the AIRLINE in this regard.

SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A.

This LEASE shall be subordinate to the provisions and requirements of any existing or future agreement between the COUNTY and the United States or any lawful requirement of the United States relative to the development, operation, or maintenance of the Airport.

SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS

The AIRLINE agrees that the AIRLINE's use of the Leased Premises, including all construction thereon, shall conform to applicable FEDERAL AVIATION REGULATIONS.

The AIRLINE agrees to comply with the applicable notification and review requirements covered in Part 77 of the FEDERAL AVIATION REGULATIONS (as same may be amended from time to time or such other regulation replacing Part 77 as may be adopted by Federal authority) prior to the construction of the improvements described herein and prior to the construction of any future structure or building upon the Leased Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

SECTION 14.05 FEDERAL LAW PREEMPTION

Notwithstanding any provisions of this LEASE, to the contrary and notwithstanding any provision of any other agreements, laws, or ordinances to the contrary, any requirement that is imposed on the AIRLINE in this LEASE, or any local authorities, shall not apply to the AIRLINE to the extent that such requirement is or would otherwise be preempted by federal law, including but not limited to the Airline Deregulation Act (49 U.S.C. § 41713).

SECTION 14.06 NONEXCLUSIVE RIGHT

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to conduct aeronautical activities or provide aeronautical services to the public as prohibited by 49 U.S.C. § 40103(e) and 47107(a)(4), as amended from time to time, and the COUNTY reserves the right to grant others the privilege and right of conducting any or all activities of an aeronautical nature.

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

SECTION 14.07 WAR OR NATIONAL EMERGENCY

This LEASE 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.

SECTION 14.08 RESERVED

SECTION 14.09 AMERICANS WITH DISABILITIES ACT

The AIRLINE shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 ("ADA") in connection with: (a) the Leased Premises or any portion thereof and its operations thereon, the AIRLINE's furnishings, trade fixtures, and equipment; (b) removing physical barriers; (c) providing auxiliary aids and services for use of the AIRLINE's furnishings, trade fixtures and equipment, where necessary or required; and (d) modifying its policies, practices and procedures to comply with the ADA. The AIRLINE shall develop a work plan to correct or avoid any violations or non-compliance with the ADA and to address the processing of disability complaints. The AIRLINE shall deliver to the COUNTY, upon the COUNTY's request, a copy of each report and work plan. The COUNTY's approval of or acceptance of any aspect of the AIRLINE's activities under this LEASE shall not be deemed or construed in any way as a representation that such item or activity of practice complies with the ADA. The AIRLINE agrees to indemnify, defend, and hold the COUNTY harmless from and against any and all costs incurred by the COUNTY with respect to the AIRLINE's failure to comply with the ADA.

SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT

In accordance with 49 C.F.R. § 27.72, the AIRLINE shall ensure the provision of boarding equipment for passengers with mobility impairment, including, but not limited to, aircraft boarding chairs used to transfer passengers from their wheelchair or other apparatus to their seat in the aircraft cabin. The AIRLINE shall provide all related passenger assistance with this equipment. The equipment shall be provided and maintained in accordance with 49 C.F.R. § 27.72 and the applicable FAA Advisory Circulars, including AC 150/5220-21C.

The COUNTY owns and maintains ramps for utilization by the AIRLINE on the Airport apron in the event a ramp is needed for boarding or deplaning of the aircraft. The AIRLINE shall promptly notify the COUNTY if COUNTY-owned ramps require maintenance. If the AIRLINE owns and operates additional ramps, the AIRLINE shall maintain those ramps in proper working condition. The AIRLINE shall provide assistance to passengers with mobility impairment when ramps are used for boarding or deplaning of the aircraft.

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

ARTICLE XV - MISCELLANEOUS PROVISIONS

SECTION 15.01 TIME

Time is of the essence in this LEASE.

SECTION 15.02 LEASE ORGANIZATION

The various headings and numbers herein, the grouping of provisions of this LEASE into separate sections and paragraphs, and the organization hereof, are for the purpose of convenience only and shall not be considered otherwise.

SECTION 15.03 AMENDMENTS

This LEASE sets forth all of the agreements and understandings of the Parties with regard to its subject matter, and any modification must be written and properly executed by both Parties.

SECTION 15.04 SIGNS

The AIRLINE agrees not to construct, maintain, or allow any sign upon the Leased Premises except as approved by the COUNTY. The AIRLINE shall submit for approval all new signage to be placed in the ticketing lobby, including baggage sizers, and pylon signs. Illustrative drawings and design dimensions must accompany all requests for approval. Unapproved signs, banners, flags, etc., may be removed by the COUNTY without prior notice to the AIRLINE.

The AIRLINE will not place any promotional signs or advertising materials in any location within the Leased Premises or within any Common Use Area of the Terminal without the prior consent of the COUNTY. All requests for the approval of temporary promotional signs for the AIRLINE shall be accompanied by illustrative drawings and design dimensions along with information about the type of signs proposed and proposed locations. All approved promotional signs shall be allowed to remain in the terminal for ninety (90) days. At the end of ninety (90) days, all temporary signage must be removed, or the AIRLINE may resubmit a request to COUNTY to extend past ninety (90) days.

The AIRLINE shall keep all ticket counter space used by the AIRLINE and any associated ticket lifts and podiums free of all signs, advertising materials, credit card application dispensing units, posters, and banners. The COUNTY may, without notice, remove any unauthorized signs or advertising materials, and may store them at the AIRLINE's expense; the COUNTY may dispose of items if they are not promptly claimed by the AIRLINE after notice from the COUNTY.

SECTION 15.05 PERMITS AND LICENSES

The AIRLINE shall be required to obtain any and all approvals, permits, and/or licenses that may be required in connection with the operation of the Leased Premises as set out herein. No permit,

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

approval, or consent given hereunder by the COUNTY in its governmental capacity shall affect or limit the AIRLINE's obligations hereunder, nor shall any approvals or consents given by the COUNTY as a Party to this LEASE be deemed approval as to compliance or conformance with applicable governmental codes, laws, ordinances, rules, or regulations.

SECTION 15.06 RESERVED

SECTION 15.07 TAXES AND ASSESSMENTS

This LEASE may create a possessory interest that is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) that become due and payable upon the Leased Premises or upon fixtures, equipment, or other property installed or constructed thereon shall be the full responsibility of the AIRLINE, and the AIRLINE shall cause said taxes and assessments to be paid promptly.

SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If either Party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental laws or regulations, or other cause without fault and beyond the control of the Party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse the AIRLINE from the prompt payment of any rental or other charge required of the AIRLINE except as may be expressly provided elsewhere in this LEASE.

SECTION 15.09 PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this LEASE is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 15.10 WAIVER OF RIGHTS

The failure of the COUNTY or the AIRLINE to insist upon strict performance of any of the terms, covenants, or conditions of this LEASE shall not be deemed a waiver of any right or remedy that the COUNTY or the AIRLINE may have and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of the LEASE thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this LEASE. Any waiver, in order to be effective, must be signed by the Party whose right or remedy is being waived.

SECTION 15.11 RESERVATIONS TO THE COUNTY

The Leased Premises are accepted "AS IS," and the AIRLINE is subject to any and all existing easements and encumbrances. The COUNTY reserves the right to install, lay, construct, maintain, repair, and operate sanitary sewers, drains, Stormwater sewers, pipelines, manholes and connections; water, oil and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, under and along the Leased Premises or any part thereof; and to enter the Leased Premises for any and all such purposes. The COUNTY also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, under, and along any and all portions of the Leased Premises. No right reserved by the COUNTY in this Section shall be so exercised as to interfere unreasonably with the AIRLINE's operations hereunder or to impair the security of any secured creditor of the AIRLINE.

The COUNTY agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The COUNTY further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Leased Premises by the AIRLINE.\, the AIRLINE shall only be entitled to a reduction in the rent payable to the COUNTY during the period of interference, which shall be reduced in proportion to the interference with the AIRLINE's use of the Leased Premises. The AIRLINE shall not be entitled to any other form of compensation.

SECTION 15.12 AUTHORITY OF THE AIRLINE

If the AIRLINE is a corporation, each individual executing this LEASE on behalf of said corporation represents and warrants that they are duly authorized to execute and deliver this LEASE on behalf of said corporation, in accordance with the by-laws of said corporation, and that this LEASE is binding upon said corporation.

SECTION 15.13 PUBLIC RECORDS

The AIRLINE understands that written information submitted to and/or obtained by the COUNTY from the AIRLINE related to this LEASE and/or the Leased Premises, either pursuant to this LEASE or otherwise, may be open to inspection by the public pursuant to the California Public Records Act (Cal. Gov. Code §§7920.000 *et seq.*) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public.

SECTION 15.14 RELATIONSHIP OF PARTIES

The relationship of the Parties hereto is that of lessor and lessee, and it is expressly understood and agreed that the COUNTY does not in any way or for any purpose become a partner of the AIRLINE in the conduct of the AIRLINE's business or otherwise or a joint venturer with the AIRLINE; and the provisions of this LEASE and the agreements relating to rent payable hereunder are included

Docusign Envelope ID: 24076FE9-6E88-46E3-B69D-5C2EFC6EE442

solely for the purpose of providing a method by which rental payments are to be measured and ascertained. This LEASE is intended for the sole benefit of the Parties hereto and their successors, and unless otherwise provided herein or by law, no rights are created, or are intended to be created, for the benefit of, or enforceable by, any third parties.

SECTION 15.15 GOVERNING LAW AND VENUE

This LEASE has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this LEASE, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

SECTION 15.16 ATTORNEY'S FEES

In any action or proceeding to enforce or interpret any provision of this LEASE, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorney's fees, costs, and expenses.

SECTION 15.17 EMERGENCY SERVICES

The Airport Director has the right to request that the AIRLINE'S employees aid in and use AIRLINE's inventory of goods in an emergency to assist in maintaining the welfare of persons at or near the Airport. The AIRLINE shall be reimbursed by the COUNTY for the cost of goods as soon as practicable at a rate not to exceed costs as existed immediately prior to the emergency.

SECTION 15.18 NOTICES

All notices pursuant to this LEASE shall be addressed to either Party as set forth below and shall be sent through the United States mail, duly registered or certified, return receipt requested with postage prepaid, or by an overnight carrier service. If any notice is sent by an overnight carrier service, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof. Notwithstanding the above, the COUNTY may also provide notices to the AIRLINE by personal delivery or by regular mail postage prepaid, and any such notice so given shall be deemed to have been given upon the date of personal delivery or three (3) days after the date of deposit in the United States Mail, respectively.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

To:	COUNTY John Wayne Airport 3160 Airway Avenue Costa Mesa, CA 92626 Attention: Airport Director	To:	AIRLINE Alaska Airlines, Inc. 19300 International Boulevard Seattle, WA 98188

Either Party hereto may, from time to time, by written notice to the other in the method described above, designate a different address, which shall be substituted for the one above specified.

[Signatures continue on following page]

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first above written.

AIRLINE: Alaska Airlines, Inc.

By: _____

By: _____

APPROVED AS TO FORM:
County Counsel

By: _____

APPROVED AS TO AUDIT AND ACCOUNTING:
Auditor-Controller

By: _____

RECOMMENDED FOR APPROVAL:
John Wayne Airport

By: _____
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this
document has been delivered to the Chair
of the Board per G.C. Sec. 25103, Reso 79-1535

Attest:

COUNTY:
COUNTY OF ORANGE

_____
Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

By: _____
Chairman, Board of Supervisors

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first above written.

AIRLINE: Alaska Airlines, Inc.

By: _____

By: _____

APPROVED AS TO FORM:
County Counsel

By: _____
DocuSigned by:
Mark Sanchez
5EE66EC8DA7B48F...

APPROVED AS TO AUDIT AND ACCOUNTING:
Auditor-Controller

By: _____
Signed by:
Vivian Luz C. Grzeszczak
98187C051B2C443...

RECOMMENDED FOR APPROVAL:
John Wayne Airport

By: _____
Signed by:
Charlene Reynolds
A1A526A921AF49F...
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this
document has been delivered to the Chair
of the Board per G.C. Sec. 25103, Reso 79-1535

Attest:

COUNTY:
COUNTY OF ORANGE

_____

By: _____
Chairman, Board of Supervisors

Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT A
LEASED PREMISES DESCRIPTION

Project Management Number: PM 1121-0300-0080

Airline: Alaska Airlines, Inc.

The Leased Premises referred to in this Lease shall mean all the premises shown on a floor plan marked "Exhibit B," attached hereto and made a part hereof, being those certain Exclusive Use Areas designated as follows:

Airline Ticket Office, and Airline Ticket Counter, containing 1,799 square feet and 429 square feet, respectively, located on the Terminal A concourse of the Departure Level.

Ramp/Operations Office containing 667 square feet of space located on the Terminal A ramp on the Arrival Level.

Baggage Service Office containing 344 square feet of space located on the Terminal A concourse of the Arrival Level.

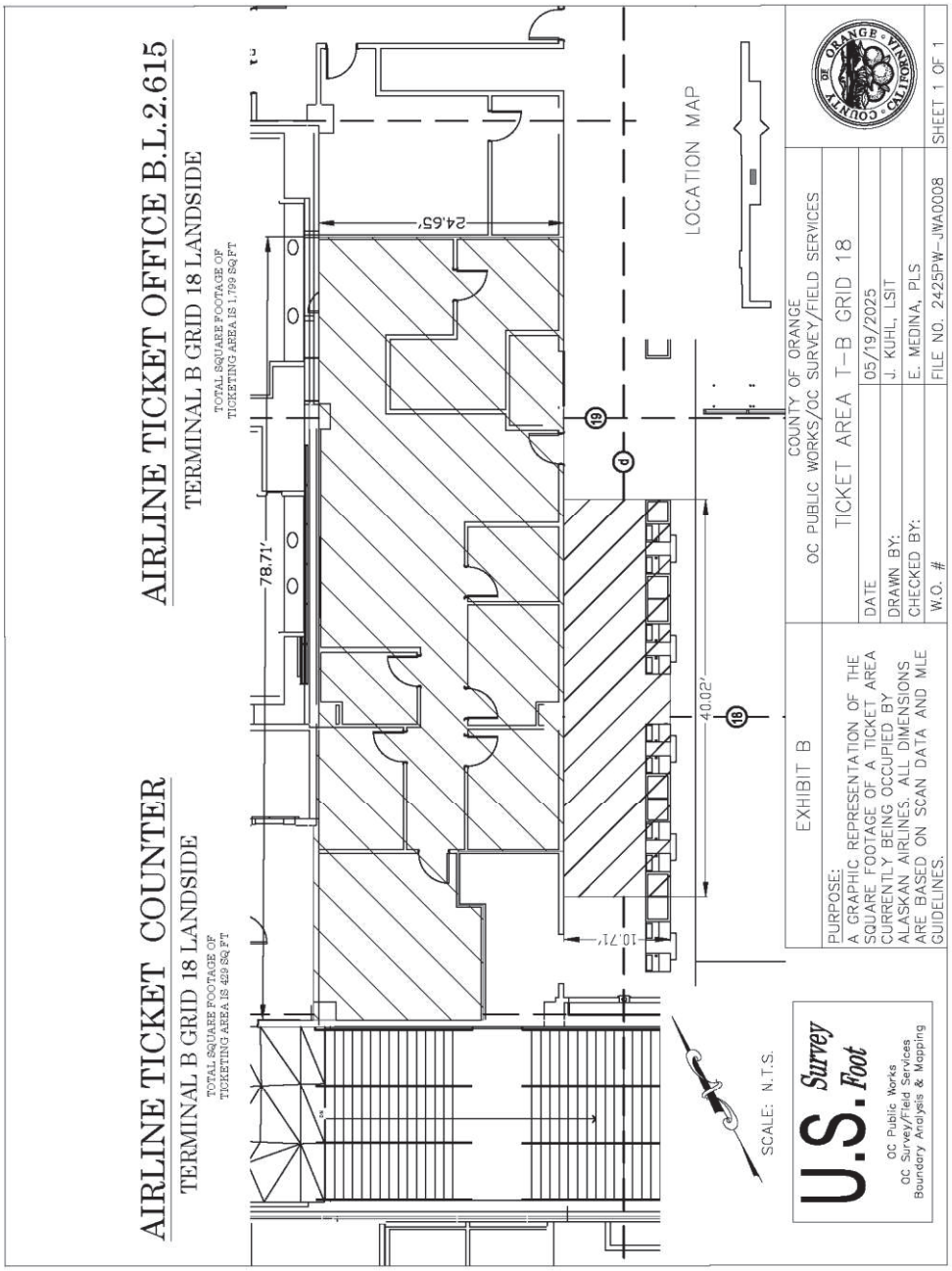
Said Exclusive Use Areas shall also include the premises shown on a map marked "Exhibit C," attached hereto and made a part hereof, being Apron Area. Said "Exhibit C" may be revised at any time by Airport Director.

The Leased Premises shall also include the premises shown on a map marked "Exhibit D," being those certain Common Use Areas designated as Baggage Claim/Baggage Make-up Areas, Holdrooms, Airside Concourses, Security Areas, and Loading Bridges,

Said Exclusive Use and Common Use Areas are situated at the Thomas F. Riley Terminal Building, John Wayne Airport, 18601 Airport Way, in the City of Santa Ana, County of Orange, State of California, and located on Lots 132 and 135 of Block 7 of the Irvine Subdivision, per map recorded in Book 1, Page 88 of Miscellaneous Maps in the Office of the County Recorder of Orange County, together with the right of ingress and egress thereto.

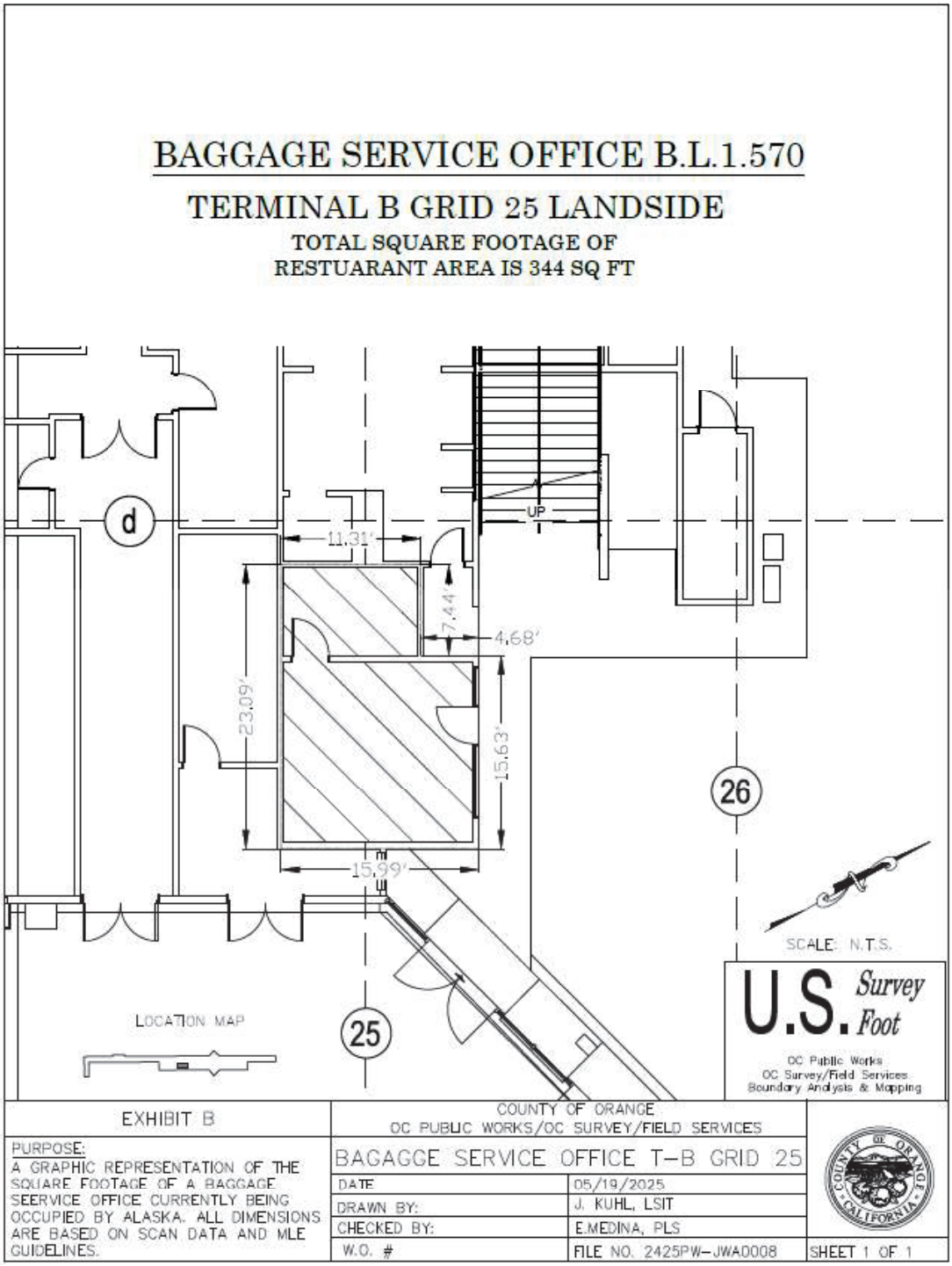
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
MAP OF LEASED PREMISES - TERMINAL EXCLUSIVE USE AREA



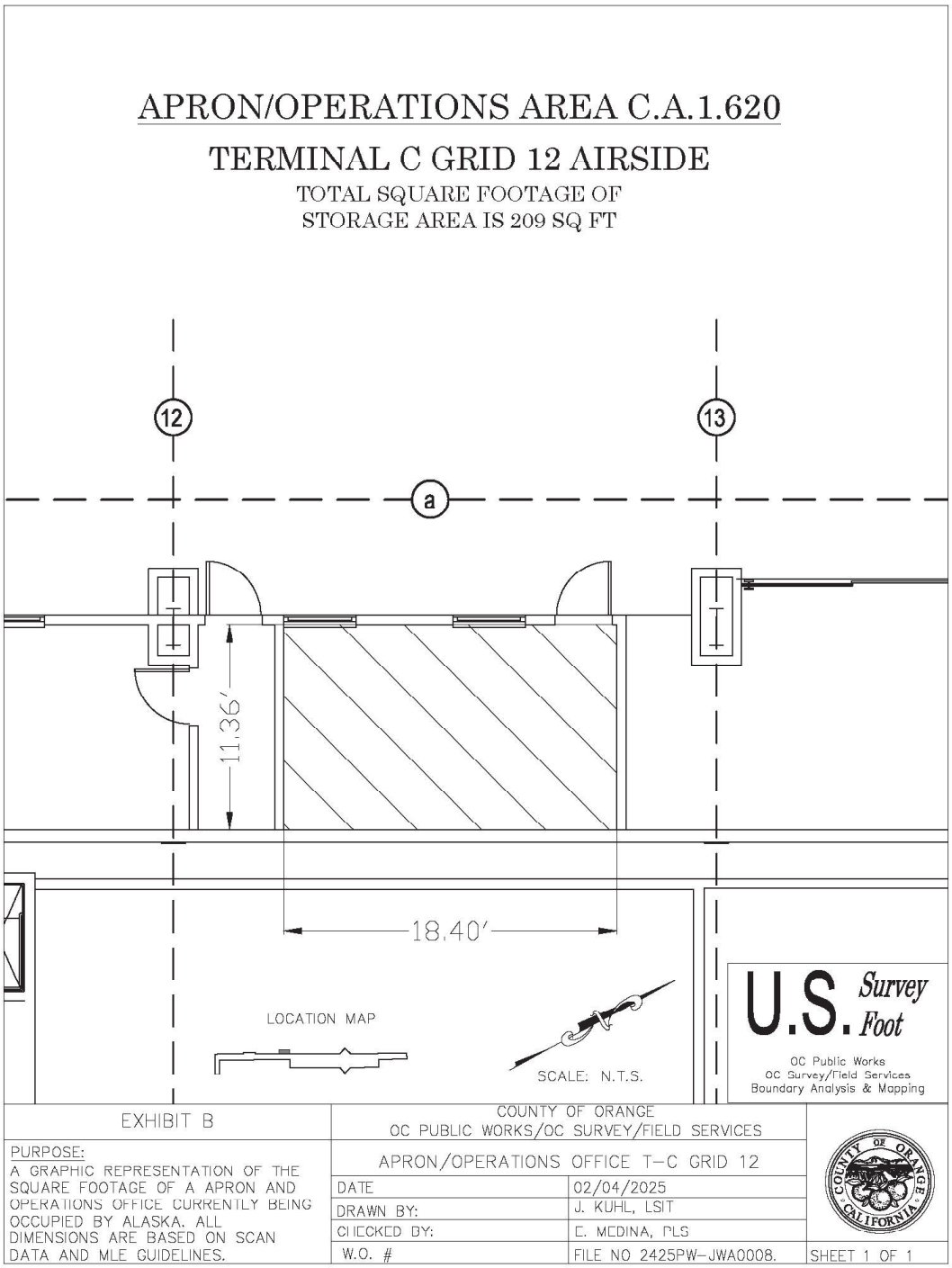
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
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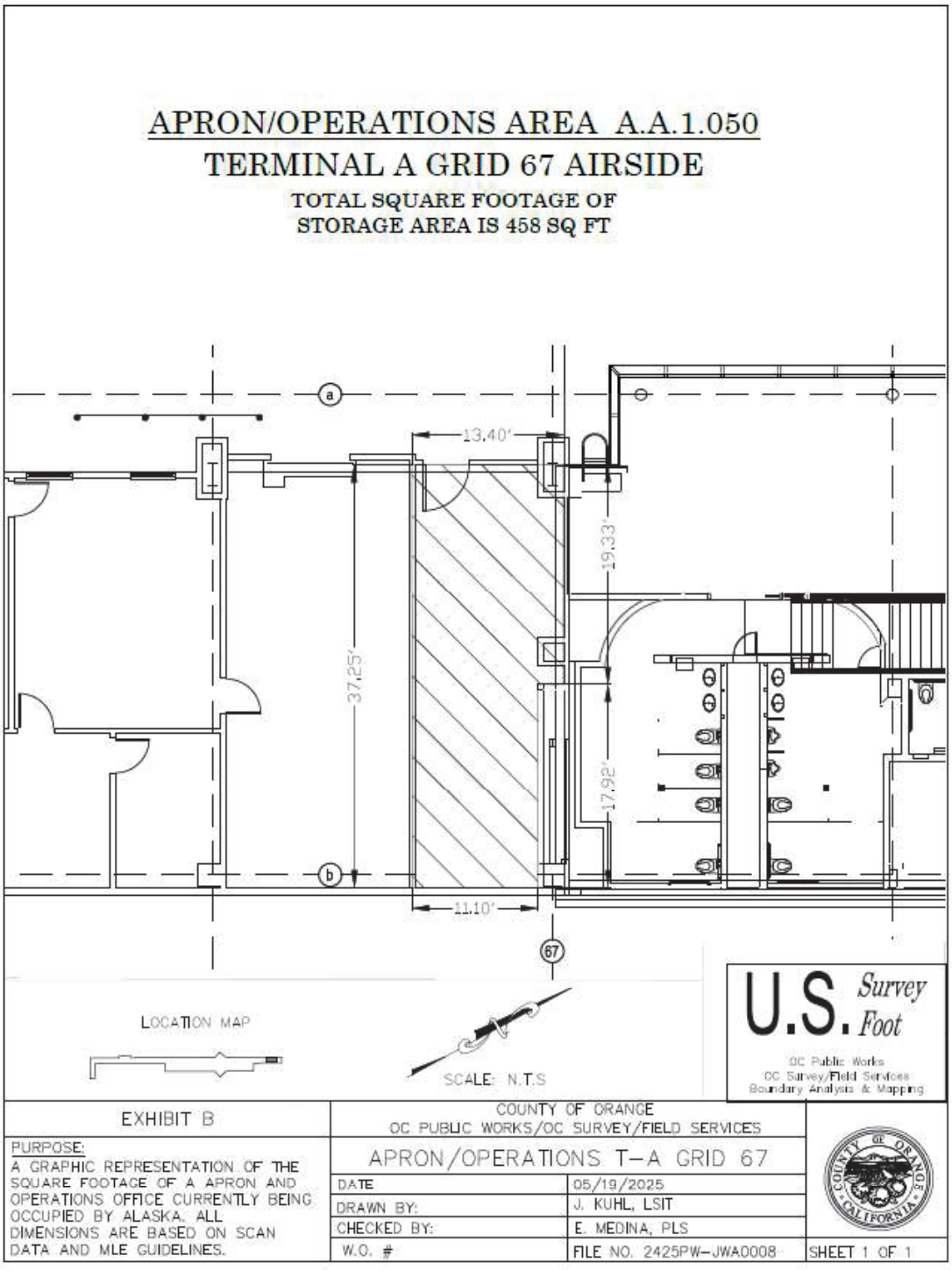
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
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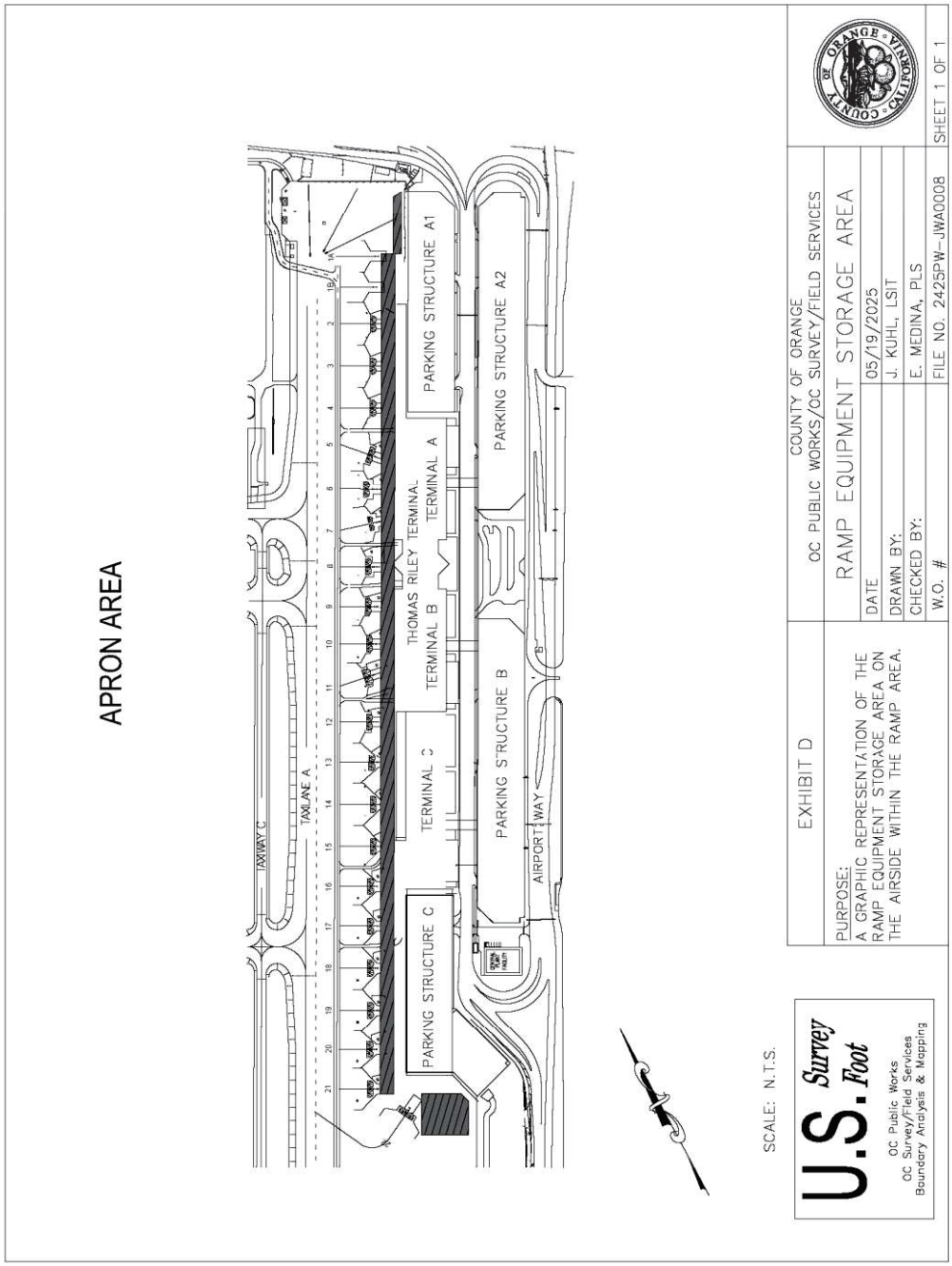
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
MAP OF LEASED PREMISES - TERMINAL EXCLUSIVE USE AREA



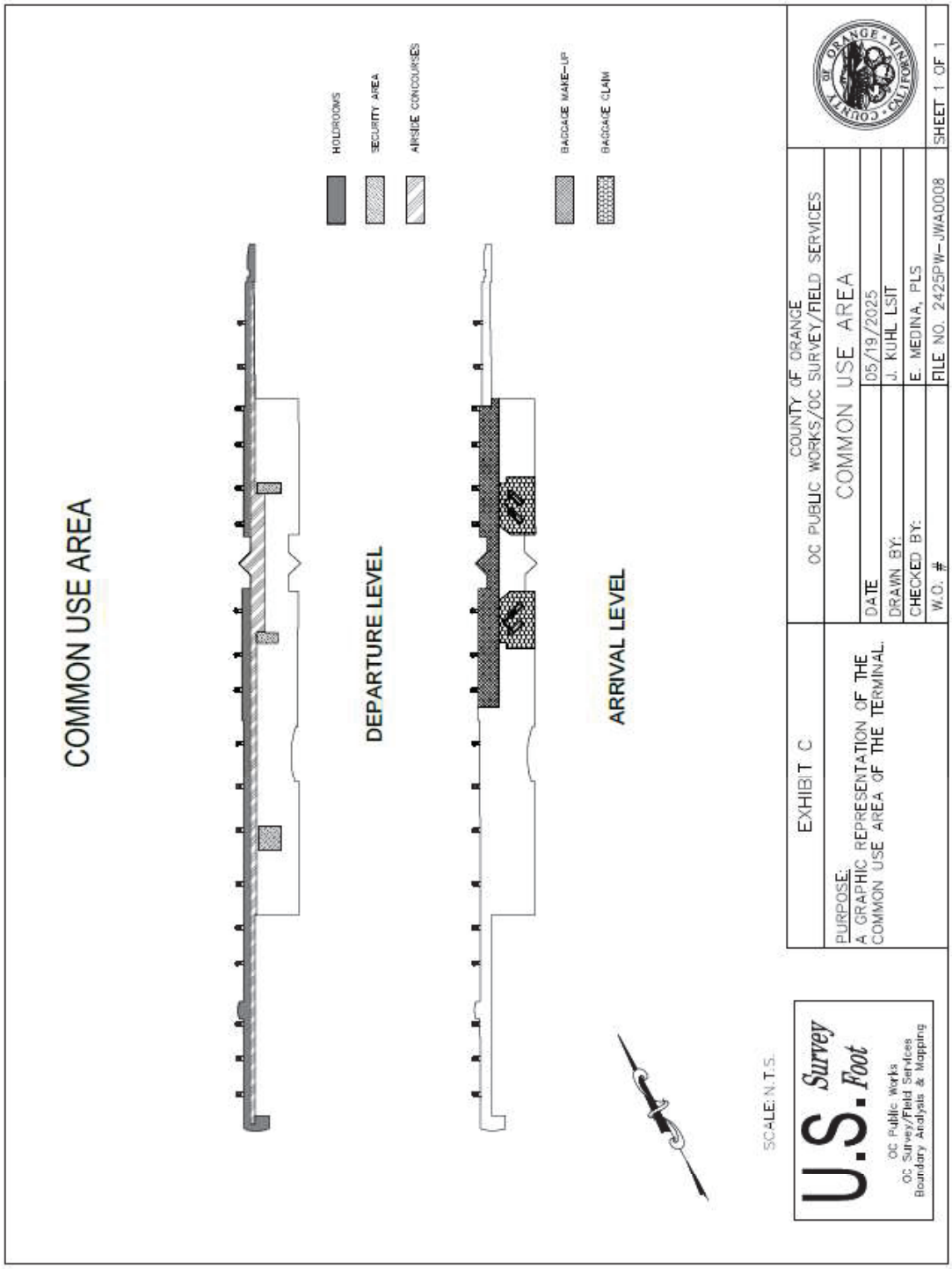
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT C
APRON AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT D
COMMON USE AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT E
JOHN WAYNE AIRPORT
SUMMARY OF OPERATION AND MAINTENANCE RESPONSIBILITIES

	Exclusive Use Areas	Common Use Areas	SIDA - Non Public Areas	Public Areas Sidewalks and Roadways	Airfield
Building Exteriors	C	C	C	C	C
Doors	A (1)	C (1)	C	C	-
Loading Bridges	C	C	C	-	C
Landscaping	-	C	C	C	C
Roadways	-	C	C	C	C
Law Enforcement, Fire Protection, Emergency Medical Services	C	C	C	C	C
Plumbing	C (1,2)	C	C	C	C
Electrical and Lighting	C (1,2)	C	C	C	C
HVAC	C (1)	C	C	C	C
Glass Breakage	C (1)	C	C	C	C
Communications Systems CU P PS	C (1)	C(1)	C	C	C
Custodial Service/Window Cleaning	A	C	C	C	C
Baggage Handling Systems	C	C	C	C	-
Bag-Claim Carousel Equipment	-	C	C	C	-
Baggage Scales (ticket counters)	C	C	-	-	-
People Movers (elevators, escalators)	C	C	C	C	-
Signage	A	C	C	C	C
Ramp	A	C (3)	C (3)	-	-

Key: A = Airline
C = County

1. Airline is responsible for maintenance, repair and replacement of Airline-installed devices and equipment.
2. Airline is responsible for routine maintenance, including relamping and ballast replacement.
3. Airline is responsible for cleaning ramp areas of trash and spills (from building to VSR).

If Airline fails to perform its maintenance and repair obligations as stated in the Lease, the County may perform the work after providing the Airline written notice and recover its entire cost plus a 15% charge from Airline as additional costs. Said cos ts shall be due and payable by the Airline to the County as stated in Article V, Section 5.07 of the Lease.

In the event the Airline makes any repairs or modifications to an area or equipment, at the request of the County, as per Section 4.01 subsection C of this Lease, and those areas or equipment are currently maintained by the County, the County will continue the maintenance responsibilities for those areas or equipment.

JOHN WAYNE AIRPORT
ORANGE COUNTY

AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

Dated _____

Between

County of Orange

and

Allegiant Air LLC

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

RECITALS 1
ARTICLE I - DEFINITIONS 2
SECTION 1.01 AAAC 2
SECTION 1.02 AAAC CHAIR 2
SECTION 1.03 ACCESS PLAN 2
SECTION 1.04 ADD 2
SECTION 1.05 AIRLINE RATES AND CHARGES 3
SECTION 1.06 AIRPORT 3
SECTION 1.07 AIRPORT DIRECTOR 3
SECTION 1.08 APRON AREA 3
SECTION 1.09 AUDITOR-CONTROLLER 3
SECTION 1.10 BOARD OF SUPERVISORS 3
SECTION 1.11 CBP 3
SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT 3
SECTION 1.13 COMMON USE AREA 3
SECTION 1.14 COUNTY 4
SECTION 1.15 CUPPS 4
SECTION 1.16 CUSS 4
SECTION 1.17 DOT 4
SECTION 1.18 EMV 4
SECTION 1.19 ENVIRONMENTAL LAWS 4
SECTION 1.20 EXCLUSIVE USE AREA 5
SECTION 1.21 FAA 5
SECTION 1.22 GSE 5
SECTION 1.23 HAZARDOUS SUBSTANCES 5
SECTION 1.24 IAF 6
SECTION 1.25 NON-STORMWATER DISCHARGE 6
SECTION 1.26 PFC 6
SECTION 1.27 POLLUTANT 6
SECTION 1.28 RON 7
SECTION 1.29 STORMWATER 7
SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES 7
SECTION 1.31 TERMINAL 7
SECTION 1.32 TSA 7
ARTICLE II – TERM OF LEASE 7
SECTION 2.01 TERM OF LEASE 7
SECTION 2.02 HOLDING OVER 7
SECTION 2.03 TERMINATION FOR CONVENIENCE 8
ARTICLE III – LEASED PREMISES 8
SECTION 3.01 LEASED PREMISES 8

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 3.02 NATURE OF AIRLINE'S ESTATE 9
SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES 9
ARTICLE IV - RENT, FEES AND CHARGES 9
SECTION 4.01 RENT, FEES AND CHARGES 9
SECTION 4.02 PAYMENT PROCEDURE 13
SECTION 4.03 CHARGE FOR LATE PAYMENT 14
SECTION 4.04 PASSENGER FACILITY CHARGE 14
SECTION 4.05 PROVISION AGAINST SET-OFFS 15
SECTION 4.06 SECURITY DEPOSIT 16
SECTION 4.07 NEW ENTRANT DEPOSIT 17
SECTION 4.08 MARKETING FUND FEE 17
ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES 18
SECTION 5.01 USE 18
SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES 19
SECTION 5.03 RULES AND REGULATIONS 19
SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE 20
SECTION 5.05 OPERATIONAL REQUIREMENTS 21
SECTION 5.06 RECORDS AND ACCOUNTS 22
SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS 25
SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON 27
SECTION 5.11 AIRCRAFT PARKING 27
SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT 30
SECTION 5.12 PORTER SERVICES 28
ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT 28
SECTION 6.01 COMMON USE EQUIPMENT 28
SECTION 6.02 COMMON USE EQUIPMENT STOCK 29
SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK 29
SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT 29
SECTION 6.06 NETWORK USAGE 30
SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES 32
SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES 32
ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION 33
SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE 33
SECTION 7.02 SPILL RESPONSE PLAN 34

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION 35
SECTION 7.04 ENVIRONMENTAL STEWARDSHIP 36
SECTION 7.05 RESERVED 38
SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION 38
SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS 39
SECTION 7.08 ANTI-IDLING POLICY 39
ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS 39
SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY 39
SECTION 8.02 IMPROVEMENTS BY THE AIRLINE 40
SECTION 8.03 AIRLINE REIMBURSEMENT 41
SECTION 8.04 EXCLUSIVE REMEDY 42
SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION 42
SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES 43
SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS 43
SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS 45
SECTION 8.09 HEALTH AND SAFETY 45
ARTICLE IX - ACCOMMODATION 46
SECTION 9.01 JOINT USE REQUIREMENT 46
ARTICLE X - ASSIGNMENT AND SUBLEASE 47
SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING 47
SECTION 10.02 SUCCESSORS IN INTEREST 50
ARTICLE XI - TERMINATION AND DEFAULT 50
SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS 51
SECTION 11.02 TERMINATION FOR DEFAULT 51
SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION 52
SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY 52
SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER 52
ARTICLE XII - SECURITY 52
SECTION 12.01 AIRPORT SECURITY 52
ARTICLE XIII - INSURANCE AND INDEMNITY 55
SECTION 13.01 INSURANCE 55
SECTION 13.02 INDEMNITY 59
ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS 59
SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION 60
SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT 63
SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A. 63
SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS . 64

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 14.05 FEDERAL LAW PREEMPTION 64
SECTION 14.06 NONEXCLUSIVE RIGHT 64
SECTION 14.07 WAR OR NATIONAL EMERGENCY 64
SECTION 14.08 RESERVED 64
SECTION 14.09 AMERICANS WITH DISABILITIES ACT 65
SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT 65
ARTICLE XV - MISCELLANEOUS PROVISIONS 65
SECTION 15.01 TIME 65
SECTION 15.02 LEASE ORGANIZATION 65
SECTION 15.03 AMENDMENTS 66
SECTION 15.04 SIGNS 66
SECTION 15.05 PERMITS AND LICENSES 66
SECTION 15.06 RESERVED 66
SECTION 15.07 TAXES AND ASSESSMENTS 66
SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE 67
SECTION 15.09 PARTIAL INVALIDITY 67
SECTION 15.10 WAIVER OF RIGHTS 67
SECTION 15.11 RESERVATIONS TO THE COUNTY 67
SECTION 15.12 AUTHORITY OF THE AIRLINE 68
SECTION 15.13 PUBLIC RECORDS 68
SECTION 15.14 RELATIONSHIP OF PARTIES 68
SECTION 15.15 GOVERNING LAW AND VENUE 69
SECTION 15.16 ATTORNEY'S FEES 69
SECTION 15.17 EMERGENCY SERVICES 69
SECTION 15.18 NOTICES 69

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

LIST OF EXHIBITS

EXHIBIT A LEASED PREMISES DESCRIPTION – TERMINAL EXCLUSIVE USE AREA

EXHIBIT B FLOOR PLAN OF LEASED PREMISES – TERMINAL EXCLUSIVE USE AREA

EXHIBIT C MAP OF APRON AREA

EXHIBIT D MAP COMMON USE AREA

EXHIBIT E AIRLINE MAINTENANCE OBLIGATIONS

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

THIS AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE ("LEASE") is made and entered into this ___ day of _____, 2025, by and between the COUNTY OF ORANGE, a political subdivision of the State of California ("COUNTY"), and Allegiant Air LLC ("AIRLINE"), with COUNTY and AIRLINE sometimes individually referred to as "Party" or collectively referred to as "Parties."

RECITALS

WHEREAS, the COUNTY, through its Board of Supervisors, is the owner and proprietor of John Wayne Airport ("JWA" or "Airport"), located in the County of Orange, State of California, and operates and maintains the Airport as a governmental function for the primary purpose of providing air transportation to the public; and

WHEREAS, COUNTY and AIRLINE entered into a Certificated Passenger Airline Lease dated November 3, 2020, with a term effective January 1, 2021, through December 31, 2025 ("Existing Lease"); and

WHEREAS, the AIRLINE is engaged in the business of commercial air transportation of persons, property, cargo, and mail as a scheduled air carrier and is certificated or otherwise authorized by the United States of America to engage in such business; and

WHEREAS, the AIRLINE desires to enter into an agreement addressing certain premises, facilities, rights, licenses, services, and privileges at the Airport; and

WHEREAS, as part of its ongoing effort to operate the Airport in a manner sensitive to the residents who live under the Airport's approach and departure corridors, the COUNTY has developed one of the most stringent access and noise abatement programs in the country. The Airport monitors all aircraft operations, both commercial and private, for compliance with the program. These noise abatement and access restrictions derive from the 1985 Settlement Agreement between the COUNTY, City of Newport Beach, and other parties and are implemented through ordinances, resolutions (including Resolutions No. 85-255, 85-256, 85-259, 85-1231, 85-1232, and 85-1233), regulations (including the Phase 2 Commercial Airline Access Plan and Regulation) and policies of the COUNTY, as they may be amended from time to time; and

WHEREAS, the 1985 Settlement Agreement has been periodically amended by its parties to, among other things, increase the authorized passenger levels at the Airport; and

WHEREAS, the amendments to the 1985 Settlement Agreement preserve and continue to implement important restrictions on the use of JWA, "grandfathered" under the AIRPORT NOISE AND CAPACITY ACT OF 1990 ("ANCA"), which reflect and accommodate historical policy decisions of the Board of Supervisors regarding the appropriate point of balance between the competing interests of the air transportation and aviation community and local residents living in the vicinity of the Airport. These policy decisions address, among other issues, nighttime operational restrictions and maximum permitted single-event noise levels; and

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

WHEREAS, the COUNTY and the AIRLINE mutually desire to enter into this LEASE, which amends and restates the Existing Lease, in order to provide air transportation services to the community and its visitors through December 31, 2030; and

WHEREAS, the COUNTY has the right to permit and grant the use of its property at the Airport to the AIRLINE for the operation of the AIRLINE's air transportation services; and

WHEREAS, the AIRLINE acknowledges that this LEASE is being entered into under the provisions of CAL. PUBLIC UTIL. CODE §§21690.5 *et seq.*, and, in particular, §21690.9.

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained to be observed and performed by the respective Parties hereto:

THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I - DEFINITIONS

The following words, terms, and phrases, whenever used in this LEASE, shall have the meaning and significance attached to them in this Article unless otherwise apparent from context.

SECTION 1.01 AAAC

"AAAC" shall mean the JWA – Airport Airline Affairs Committee. The AAAC is composed of the airline properties representatives for the carriers serving JWA.

SECTION 1.02 AAAC CHAIR

"AAAC Chair" shall mean the Chairperson elected by the AAAC to act as the spokesperson for carriers serving JWA.

SECTION 1.03 ACCESS PLAN

"Access Plan" shall mean the Phase 2 Commercial Airline Access Plan and Regulation for John Wayne Airport, Orange County, as that plan existed when originally adopted and approved by the Orange County Board of Supervisors in 1990, as it has been amended by the Board of Supervisors from time to time, and as it may be amended by the Board of Supervisors at any time during the term of this LEASE.

SECTION 1.04 ADD

"ADD" shall mean Average Daily Departure, as defined in the Access Plan. Except as expressly provided in the Access Plan, all commercial air carrier departures at JWA are regulated departures and require an ADD allocation. ADD allocations are the exclusive property of the COUNTY.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 1.05 AIRLINE RATES AND CHARGES

"Airline Rates and Charges" shall mean all rates, fees, and charges payable to the COUNTY by the AIRLINE, as specified herein**.**

SECTION 1.06 AIRPORT

"Airport" shall mean the John Wayne Airport, Orange County, California.

SECTION 1.07 AIRPORT DIRECTOR

"Airport Director" shall mean the Director of JWA or his or her duly authorized designee.

SECTION 1.08 APRON AREA

"Apron Area" shall mean the land identified as Apron Area in Exhibit C attached hereto, and, except as otherwise provided herein, all facilities, equipment, and improvements now or hereafter located thereon.

SECTION 1.09 AUDITOR-CONTROLLER

"Auditor-Controller" shall mean the Auditor-Controller, County of Orange, or designee.

SECTION 1.10 BOARD OF SUPERVISORS

"Board of Supervisors" shall mean the COUNTY's governing body.

SECTION 1.11 CBP

"CBP" shall mean Customs and Border Protection, U.S. Department of Homeland Security.

SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT

"Certificated Maximum Landing Weight" shall mean the current maximum allowable gross landing weight of aircraft operated by the AIRLINE and certificated by the Federal Aviation Administration (FAA) for operation at the Airport.

SECTION 1.13 COMMON USE AREA

"Common Use Area" shall mean the nonexclusive use of space, in common with other airlines, located in the Terminal, as shown in Exhibit D.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 1.14 COUNTY

"COUNTY" shall mean the County of Orange, a political subdivision of the State of California.

SECTION 1.15 CUPPS

"CUPPS" shall mean the Airport's Common Use Passenger Processing System.

SECTION 1.16 CUSS

"CUSS" shall mean Common Use Self Service.

SECTION 1.17 DOT

"DOT" shall mean the U.S. Department of Transportation.

SECTION 1.18 EMV

"EMV" shall mean Europay, Mastercard, or Visa.

SECTION 1.19 ENVIRONMENTAL LAWS

“Environmental Laws” shall mean any federal, State, or local laws, statutes, ordinances, codes, judgments, orders, rules, or regulations pertaining to the environment and/or human health, Hazardous Substances, Pollutants, occupational safety and health, industrial hygiene, or the environmental conditions on, at, under or about the Airport, and includes, without limitation, the following: (i) the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; (ii) Clean Water Act, 33 U.S.C. § 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 C.F.R. Parts 173 and 175; (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 U.S.C. § 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 (“Proposition 65”); (ix) California Health and Safety Code §§25100, 25395.7, 25915 *et seq.*; (x) the Porter-Cologne Water Quality Control Act (California Water Code); (xi) California Civil Code § 3479 *et seq.*; (xii) Stormwater Discharge Rules, 40 C.F.R. §§ 122.26, 122.30-37; (xiii) the Carpenter-Presley-Tanner Hazardous Substances Account Act; (xiv) the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; (xv) the Safe Drinking Water Act, 24 U.S.C. § 300f, *et seq.*; xvi) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Industrial Activities, Order No. 2014-0057-DWQ (or most current); xvii) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, Order No. 2009-0009-DWQ amended by 2010-0014-DWQ & 2012-0006-DWQ; xviii) The County of Orange, Orange County Flood Control District, and The

Incorporated Cities of Orange County within the Santa Ana Region Areawide Urban Stormwater Runoff Orange County Municipal Separate Storm Sewer System (MS4) Permit Order No. R8-2009-0030 (National Pollutant Discharge Elimination System No. CAS618030) as amended by Order No. R8-2010-0062; xix) South Coast Air Quality Management District Regulations and Rules; and (xx) all other federal, State, and local laws, rules, orders, directives, and codes, regulations, judgments, and orders relating to (a) emissions, discharges, releases, and/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 (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Substances, as such laws are amended, and the regulations and administrative codes applicable thereto.

SECTION 1.20 EXCLUSIVE USE AREA

"Exclusive Use Area" shall mean the areas of the Terminal and on the Terminal Apron that the COUNTY has granted the AIRLINE the right to use on an exclusive-use basis, subject to the Joint Use Requirement, during the term of this LEASE. The AIRLINE's Exclusive Use Area is described in Exhibit A and shown in Exhibits B and C.

SECTION 1.21 FAA

"FAA" shall mean the Federal Aviation Administration created under the FEDERAL AVIATION ACT OF 1958 or such successor agency as may have similar jurisdiction over the AIRLINE or its business and the Airport.

SECTION 1.22 GSE

"GSE" shall mean Ground Service Equipment and include any auxiliary power unit, mobile stairs, aircraft support equipment, machinery, spare parts, or other equipment used or stored by any qualified air carrier or ground service provider in support of operations at JWA.

SECTION 1.23 HAZARDOUS SUBSTANCES

“Hazardous Substances” shall mean any pollutant, contaminant, chemical, compound, substance, hazardous or toxic substance, material, waste, and/or any other matter, which is or shall become regulated by any governmental entity, including, but not limited to COUNTY acting in its governmental capacity, the State of California, and/or the United States Government. 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, nuisance, and/or is controlled or governed under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos-containing materials; (iv) flammable or explosive substances; (v) mold-containing materials; poly-chlorinated biphenyl compounds; and/or (vi) substances designated by any governmental entity to cause cancer and/or reproductive toxicity.

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SECTION 1.24 IAF

"IAF" shall mean the International Arrival Facility and include the areas of the Terminal that house U.S. Customs and Border Protection and are for the use of arriving international passengers.

SECTION 1.25 NON-STORMWATER DISCHARGE

"Non-Stormwater Discharge" shall mean any discharge to storm sewer systems that is not entirely composed of Stormwater. "Non-Stormwater Discharge" includes "Unauthorized Non-Stormwater Discharges" and "Authorized Non-Stormwater Discharges" as defined by the California Environmental Protection Agency State Water Resources Control Board's National Pollutant Discharge Elimination System General Permit for Discharges of Stormwater Associated with Industrial Activities and Construction Activities.

SECTION 1.26 PFC

"PFC" shall mean federally approved Passenger Facility Charges or passenger facility fees, as authorized by 49 U.S.C. §40117 and regulated by 14 C.F.R. Part 158, as such statute and regulation currently exist or as they may be amended during the term of this LEASE.

SECTION 1.27 POLLUTANT

“Pollutant” means any chemical, compound, substance, liquid, solid or semi-solid substance, or combination thereof, including but not limited to:

a. Artificial materials (such as floatable plastics, wood products or metal shavings);

b. Household waste (such as trash, paper, and plastics; cleaning chemicals, yard wastes, animal fecal materials, used oil and fluids from vehicles, lawnmowers, and other common household equipment);

c. Metals and nonmetals, including compounds of metals and nonmetals (such as cadmium, lead, zinc, copper, silver, nickel, chromium, cyanide, phosphorus, and arsenic) with characteristics that cause an adverse effect on living organisms;

d. Petroleum and related hydrocarbons (such as fuels, lubricants, surfactants, waste oils, solvents, coolants, and grease);

e. Substances having a pH less than 6.5 or greater than 8.6, or unusual coloration, turbidity, or odor;

f. Materials causing an increase in biochemical oxygen demand, chemical oxygen demand, or total organic carbon;

g. Materials that contain base/neutral or acid-extractable organic compounds;

h. Those pollutants defined in Section 1362(6) of the Federal Clean Water Act;

i. Any other constituent or material, including but not limited to pesticides, herbicides, fertilizers, fecal coliform, fecal streptococcus, or enterococcus, or eroded soils, sediment, and particulate materials in quantities that will interfere with or adversely affect the beneficial use of the receiving waters, flora or fauna of the State; and

j. Any substance listed under Health and Safety Code, §25316.

SECTION 1.28 RON

"RON" shall mean the remain overnight positions where the AIRLINE's aircraft are required to park when they "remain overnight" at JWA.

SECTION 1.29 STORMWATER

"Stormwater" shall mean stormwater runoff, snowmelt runoff, and stormwater surface runoff and drainage.

SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES

"Tenant Design and Construction Guidelines" shall mean the Tenant Criteria Manual, CAD Standards, BIM Standards Manual, and GIS Data Standard which can be found on the OCAIR.COM website.

SECTION 1.31 TERMINAL

"Terminal" shall mean the Thomas F. Riley commercial passenger terminal and concourses at JWA, as may be modified at any time during the term of this LEASE.

SECTION 1.32 TSA

"TSA" shall mean the Transportation Security Administration of the U.S. Department of Homeland Security, the federal agency responsible for regulation of airport security, or any such successor agency.

ARTICLE II – TERM OF LEASE

SECTION 2.01 TERM OF LEASE

The term of this LEASE shall commence on January 1, 2021, and expire on December 31, 2030.

SECTION 2.02 HOLDING OVER

In the event the AIRLINE shall continue in possession of the Leased Premises after the term of this LEASE, such possession shall not be considered an extension or renewal of this LEASE but

a tenancy from month-to-month and shall be governed by the conditions and covenants contained in this LEASE.

SECTION 2.03 TERMINATION FOR CONVENIENCE

This LEASE may be terminated for convenience by either Party for any reason and without cause upon ninety (90) days' written notice.

ARTICLE III – LEASED PREMISES

SECTION 3.01 LEASED PREMISES

The COUNTY leases to the AIRLINE that certain property hereinafter referred to as "Leased Premises." Said premises shall be leased to the AIRLINE in "as-is" condition and shall consist of the following:

A. **Exclusive Use Area**. Exclusive use of the space, subject to the requirements set forth in Section 9.01 of this LEASE entitled "JOINT USE REQUIREMENT," located in the Terminal and on the Apron and Airfield, as described on Exhibit A and shown in Exhibits B and C, which exhibits are attached hereto and by reference made a part hereof and hereinafter referred to as "Exclusive Use Area."

B. **Common Use Area**. Nonexclusive use, in common with other airlines, of space located in the Terminal as shown on Exhibit D, which exhibit is attached hereto and by reference made a part hereof, and hereinafter referred to as "Common Use Areas." Common Use Areas include:

(1) Baggage Claim and Baggage Make-up Areas;

(2) Hold rooms (departure lounges);

(3) Airside Concourses;

(4) Landside Concourses;

(5) Loading Bridges

(6) Baggage and Passenger Screening Areas;

(7) Security Areas.

The use of these Common Use Areas shall be subject to the reasonable control and regulation of the Airport Director.

SECTION 3.02 NATURE OF AIRLINE'S ESTATE

The AIRLINE acknowledges and agrees:

A. That the COUNTY has granted to the AIRLINE a leasehold interest in the Leased Premises only.

B. That the COUNTY retains a fee ownership for federal income tax purposes in and to the Leased Premises, as well as all other ownership burdens and benefits connected with such fee ownership.

C. That the AIRLINE has not been granted any direct or indirect right or option to purchase the Leased Premises from the COUNTY at any time during or after the termination of this LEASE.

SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES

The AIRLINE shall not install equipment of any kind outside the Leased Premises unless authorized in writing by the Airport Director and/or designee prior to installation.

ARTICLE IV - RENT, FEES AND CHARGES

SECTION 4.01 RENT, FEES AND CHARGES

The rents, fees, and charges contained in this LEASE are established in accordance with (i) Resolution 02-062 dated March 12, 2002 (or as subsequently amended), which reasserts and establishes the John Wayne Airport Revenue Planning Policy, and (ii) the Bond Indenture for the Airport Revenue Bonds, Series 1987, and the First Supplemental, Second Supplemental, Third Supplemental, Fourth Supplemental, Fifth Supplemental, and Sixth Supplemental Indenture Series 1993, 1997, 2003, 2009 and 2019, as well as any future bond indentures or supplemental indentures that may be issued or adopted from time to time. The Airport Director and the AAAC Chair shall present any modifications to the rents, fees, and charges to the AAAC prior to implementation.

A. The AIRLINE shall make payment of the following rents, fees, and charges, which shall be due and payable monthly in advance on the first day of each month with a 15-day grace period, and the AIRLINE agrees that the COUNTY will not invoice for such rents, fees, and charges:

(1) **Exclusive Use Areas**

(a) Terminal Building. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use terminal space.

Exclusive use terminal space consists of the airline ticket counter, airline ticket office, baggage service office, and operations/ramp office.

For the purpose of calculating terminal building rent, the AIRLINE's Exclusive Use Area(s) of the terminal building contains the square feet described in Exhibit A and shown in Exhibit B.

(b) Terminal Apron. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use of terminal apron space used for GSE. For purposes of calculating terminal apron rent, the AIRLINE's Exclusive Use Area(s) of the apron contains the square feet shown on Exhibit C. Exhibit C may be modified at any time by Airport Director.

(c) Airport Tenant Improvement Amortization Schedule. The AIRLINE shall reimburse the COUNTY for tenant improvement by the COUNTY based on the amortization schedule established by the Airport Director.

(2) **Common Use Areas**

(a) Arrival Level. The COUNTY shall establish fees for shared use of baggage claim and baggage make-up areas. Said fees shall be established on the basis of allocating the Airport's total costs and expenses associated with the baggage claim and baggage make-up areas to the commercial airlines in the terminal accordingly: twenty percent (20%) of the costs to be shared evenly among the commercial airlines and eighty percent (80%) of the costs to be shared based on each commercial airline's percentage of total deplaned passengers at the Airport, including their commuter affiliates.

(b) Departure Level. The COUNTY shall establish fees for shared use of departure level common areas, including hold-rooms, airside concourses, baggage/passenger screening areas, and security areas. Said fees shall be established by allocating the Airport's total costs and expenses associated with departure level common areas accordingly: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

The COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Modifications may include fee revisions, the establishment of new fee classifications, or such

other changes as needed to respond to the AIRLINE's use of the Airport. At the end of each modification period, the COUNTY shall establish monthly fees and issue credits for any overpayments by the AIRLINE or invoice the AIRLINE for any underpayments for the previous period.

In the event an obligation to pay fees begins or terminates on some day other than the first or last day of the month, the fees shall be prorated to reflect the actual period of use based on a thirty (30) day month. The fees for any partial calendar month during which this LEASE becomes effective will be payable on such effective date.

(c) IAF. Fees shall be established by the COUNTY for shared use of the IAF. Said fees shall be established based on the Airport's total costs and expenses associated with the IAF area. The IAF fees shall be allocated to commercial carriers operating international flights according to the carrier's ratio of international deplaned passengers and the fee schedule established by the COUNTY.

(d) CBP. Costs shall be passed through to commercial carriers operating international flights based on international deplaned passengers at JWA and the fee schedule established by the COUNTY.

(e) CUPPS. Fees shall be established by the COUNTY for the implementation, maintenance, support, services and supplies, and periodic upgrades of the Common Use Passenger Processing System (CUPPS). Said fees shall be established and allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

In the event of future CUPPS upgrade implementation due to technological requirements or regulatory compliance, the cost of CUPPS upgrade shall be amortized over three years, allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each airlines percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

(1) The JWA CUPPS has EMV credit card capability. JWA will not activate this capability until the JWA AAAC agrees to its activation, in whole or in part, using a processing system acceptable to the affected airlines and JWA.

(2) In the event AIRLINE does not use JWA's installed EMV credit card chip processing system, the COUNTY will not be liable for fraudulent credit card transactions by AIRLINE customers, and AIRLINE shall indemnify the COUNTY pursuant to Section 13.02 of this LEASE for such transactions.

(3) **Additional Fees**

The COUNTY shall establish additional fees including, but not limited to, utility expenses, janitorial expenses, and annual security expenses resulting from any security measures implemented after September 11, 2001. Such fees shall be established annually by allocating the Airport's total cost accordingly: ten percent (10%) of the cost to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the cost to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

B. The AIRLINE shall pay the following fees and charges payable monthly in arrears on or before the twentieth (20th) day of each month with no grace period. The AIRLINE agrees that the COUNTY will not invoice for the following fees and charges and may require the AIRLINE to submit future monthly reports electronically via JWA's portal and prescribed format. Airport will make reasonable efforts to develop an electronic format that allows AIRLINE to report requested information efficiently.

(1) Landing fees based on the latest schedule established by the COUNTY covering the operation of scheduled airlines and commercial operations at the Airport. Landing fees shall be expressed in terms of a rate per one thousand (1,000) pounds of maximum gross landing weight of aircraft certified by the FAA.

(2) Aircraft RON parking fees based on the latest schedule established by the COUNTY. Aircraft parking fees shall be expressed in dollars per night.

(3) Operations fees (gate use fees) based on the schedule established by the COUNTY. Operations fees shall be expressed in dollars per daily departure.

Upon thirty (30) days' written notice from the Airport Director, the COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Changes may include fee revisions, establishment of new fee classifications, or such other changes as needed to respond to the AIRLINE's use of the Airport, the need for the COUNTY to receive fair and equitable rents, fees, and charges for all uses of the Airport, and to ensure the Airport is operated at no cost to the local taxpayer. With regard to any dispute as to what may constitute reasonable rents, fees, and charges, the AIRLINE shall first exhaust all remedies provided by applicable federal law and FAA regulations. At the end of each modification period, the COUNTY shall establish monthly fees and apply any underpayments or overpayments by the AIRLINE to the subsequent rates and charges period. At the discretion of the COUNTY, overpayments may be refunded via credit memo and underpayments may be invoiced.

C. Based upon prior written agreement between the AIRLINE and the COUNTY, the AIRLINE may pay for facilities repairs or modifications that would normally be the responsibility of the COUNTY. Costs for such repairs or modifications shall be deducted from the AIRLINE rent by the COUNTY upon submittal to the COUNTY of invoices, receipts, statements, or other documentation acceptable to the COUNTY for said repairs or modifications. All invoices, receipts, statements, or other documentation shall include a detailed description of the nature of the work performed and the associated costs. Upon completion of all repairs or modifications, the AIRLINE shall submit to the COUNTY a written request for rent credit and all documentation for the repairs or modifications.

Notwithstanding anything in this LEASE to the contrary, all amounts payable by the AIRLINE to or on behalf of the COUNTY under this LEASE, whether or not expressly denominated as rent, shall constitute rent for the purposes of the U.S. BANKRUPTCY CODE, 11 U.S.C. §502(b)(6).

The AIRLINE shall notify the Airport in writing within thirty (30) days of filing a petition for bankruptcy.

SECTION 4.02 PAYMENT PROCEDURE

A. **Place of Payment and Filing**. Payments and statements required by Sections 4.01, 4.08, and 5.06 in this LEASE shall be delivered to the County of Orange, Office of the Auditor-Controller, John Wayne Airport Accounting Services, 3160 Airway Avenue, Costa Mesa, California 92626. The designated place of payment and filing may be changed at any time by the COUNTY upon ten (10) days' written notice to the AIRLINE. Payments may be remitted by automated clearing house (ACH) deposit to the COUNTY's designated bank account or made by check payable to the County of Orange. The AIRLINE assumes all risk of loss if payments are made by mail.

B. **Form of Payment**. All sums due under this LEASE shall be paid in lawful money of the United States of America without offset, deduction, or prior notice or demand. No payment by the AIRLINE or receipt by the COUNTY of a lesser amount than the payment due shall

be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and the COUNTY shall accept such check or payment without prejudice to the COUNTY's right to recover the balance of the amount due or pursue any other remedy in this LEASE. All electronic payments must be remitted by Automated Clearing House (ACH) deposit to the COUNTY's designated bank account, or any future mode prescribed by the COUNTY. Any fees assessed to the COUNTY's bank account due to the use of another form of payment (e.g., wire transfer) not prescribed or approved by the COUNTY shall be passed through to AIRLINE plus a twenty-five dollars ($25.00) processing fee.

C. **Penalty for NSF Check** In the event a check submitted by AIRLINE is returned for non-sufficient funds ("NSF"), the AIRLINE agrees to pay the COUNTY a service charge in the amount of twenty-five dollars ($25) for the first returned check, and thirty-five dollars ($35) for each subsequent check. AIRLINE may also be liable for treble damages pursuant to California Civil Code Section 1719.

SECTION 4.03 CHARGE FOR LATE PAYMENT

The AIRLINE hereby acknowledges that the late payment of rent or any other sums due hereunder will cause the COUNTY to incur costs not contemplated by this LEASE, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices, increased accounting costs, or lost interest income.

Accordingly, if any payment of rent as specified in Section 4.01 in this LEASE or of any other sum due the COUNTY is not received by the COUNTY by the due date, a late charge of one and one-half percent (1.5%) of the payment due shall be added to the payment, and the total sum shall become immediately due and payable to the COUNTY. An additional charge of one and one-half percent (1.5%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

The AIRLINE and the COUNTY hereby agree that such late charges represent a fair and reasonable estimate of the costs that the COUNTY will incur by reason of the AIRLINE's late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by the COUNTY shall in no event constitute a waiver of the AIRLINE's default with respect to such overdue payment or prevent the COUNTY from exercising any of the other rights and remedies granted hereunder.

SECTION 4.04 PASSENGER FACILITY CHARGE

The COUNTY expressly reserves the right to impose PFCs on airline passengers for the use of the Airport in accordance with 49 U.S.C. §40117 and applicable implementing regulations adopted by

the FAA, including 14 C.F.R. Part 158, as they may be amended from time to time (the "PFC Regulations").

The AIRLINE shall hold in trust for the COUNTY the net principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY. For the purposes of Section 4.04, net principal amount shall mean the total principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY, reduced by any amount that the AIRLINE is permitted to retain pursuant to 49 U.S.C. §40117 and the PFC Regulations. Monthly PFCs collected by the AIRLINE shall be remitted to the COUNTY no later than the last day of the following calendar month or, if that date falls on a weekend or holiday, the first business day thereafter. In addition, PFCs collected by the AIRLINE shall be remitted to the COUNTY at the address specified in Section 4.02, Part A, "Place of Payment and Filing" or at such other place as designated by the COUNTY.

Should the AIRLINE fail to remit the net principal amount of all PFCs to the COUNTY within five (5) days following the remittance date specified above, the AIRLINE shall be deemed to be in default pursuant to Article XI hereof. In addition, any late payment of PFCs shall be subject to late fees computed at the rate of one and one-half percent (1.5%) per month of the payment due and/or the highest rate allowable under applicable state law from the due date until paid in accordance with Section 4.03 of this LEASE.

Nothing contained herein shall be construed to supersede the rights and obligations provided in 14 C.F.R. Part 158 regarding PFCs. In the event that a conflict exists between such federal regulation and this agreement, the federal regulation shall govern.

Reporting and Auditing Requirement: Airlines are required to comply with Part 158 Subpart D Reporting, Recordkeeping and Audits of PFC accounts maintained by the collecting carriers, specifically refer to Part §158.65, §158.69 and §158.71. The PFC report must be filed by the last day of the month following the calendar quarter by the collecting carrier to the County/Airport. The collecting air carrier's quarterly report must state:

(i) The collecting air carrier and airport involved
(ii) The total PFC revenue collected
(iii) The total PFC revenue refunded to passengers
(iv) The collected revenue withheld for reimbursement of expenses under §158.53
(v) The dates and amounts of each remittance for the quarter

SECTION 4.05 PROVISION AGAINST SET-OFFS

It is the obligation of the AIRLINE to pay all fees and charges, free of any set-offs or claims, in the amount and at the times specified in this LEASE. In the event that the AIRLINE desires to contest the validity or amount of any such fees and charges, the AIRLINE shall first pay the same to the COUNTY and may then seek a refund in any appropriate forum.

SECTION 4.06 SECURITY DEPOSIT

The AIRLINE, prior to the commencement of operations, shall deposit with the COUNTY a security deposit approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director ("Security Deposit").

Concurrently with each revision of the rent pursuant to Section 4.01 in this LEASE, the Security Deposit to be provided by the AIRLINE shall be adjusted to approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director to guarantee the faithful performance by the AIRLINE of its obligations under this LEASE and the payment of all rents, fees, and charges due hereunder. In no event shall the amount of the Security Deposit be less than the existing Security Deposit. The amount of the Security Deposit will not be increased unless the adjusted Security Deposit is equal to or more than one hundred twenty percent (120%) of the prevailing Security Deposit. PFCs shall be excluded from the rents, fees, and charges used to determine the AIRLINE's Security Deposit.

The Security Deposit shall take one of the forms set out below and shall guarantee the AIRLINE's full and faithful performance of all the terms, covenants, and conditions of this LEASE:

A. A Letter of Credit from one or more financial institutions, subject to regulation by the State of California or Federal government, pledging that funds necessary to secure performance of the terms, covenants, and conditions of this LEASE are on deposit and guaranteed for payment, and agreeing that said funds shall be trust funds securing AIRLINE'S performance and that all or any part shall be paid to COUNTY, or order upon demand by Airport Director. Both the financial institution(s) and the form of the instrument(s) must be approved by Airport Director, or designee. The financial institution shall have a minimum long-term credit rating by two of the three Nationally Recognized Statistical Rating Organizations (NRSROs): Moody's (AA3), S&P Global (AA-), and Fitch (AA-).

B. A Faithful Performance Bond executed by a surety company or financial institution qualified and admitted to do business in the State of California and issued in a form approved by the COUNTY. The surety company must have a minimum A. M. Best rating of A-/VIII as determined by the most current edition of ambest.com. Under the bond, the surety company shall guarantee to COUNTY full and complete performance of all the terms, conditions and covenants herein to be performed on the part of AIRLINE, including the payment of use fees as well as any and all other payments. Said bond shall be maintained at the cost of AIRLINE throughout the existence of this LEASE. Said Surety shall give Airport Director or designee a minimum thirty (30) days' prior written notice of cancellation or material change in said bond. Such cancellation or material change without Airport Director's or designee's prior written consent shall constitute a default under this LEASE.

Regardless of the form in which the AIRLINE elects to make said Security Deposit, all or any portion of the principal sum shall be available unconditionally to the COUNTY for correcting any

default or breach of this LEASE by the AIRLINE, its successors or assigns, or for payment of expenses incurred by the COUNTY as a result of the failure of the AIRLINE, its successors or assigns, to faithfully perform all terms, covenants, and conditions of this LEASE.

Should the AIRLINE elect to provide either a Letter of Credit or a Faithful Performance Bond to fulfill the Security Deposit requirements of this LEASE, said Letter of Credit or bond shall have the effect of releasing the depository or creditor therein from liability on account of the payment of any or all of the principal sum to the COUNTY, or order upon demand by the Airport Director.

In the event the Airport Director withdraws all or any portion of the Security Deposit as provided herein, the AIRLINE shall, within ten (10) days of any withdrawal by the Airport Director, replenish the Security Deposit to maintain it at amounts herein required throughout the term of this LEASE. Failure to do so shall be deemed a default and shall be grounds for immediate termination of this LEASE as per Article XI of this LEASE.

The AIRLINE shall be obligated to maintain the Security Deposit in effect until the expiration date or earlier termination of this LEASE.

The Security Deposit, after deduction of all amounts due the COUNTY, shall be rebated, reassigned, released or endorsed by the COUNTY to the AIRLINE or order, as applicable, after one hundred twenty (120) days have elapsed, or at an earlier time to be determined by the Airport Director, following the expiration date of the term of this LEASE, provided the AIRLINE has fully and faithfully performed each and every term, covenant, and condition of this LEASE.

SECTION 4.07 NEW ENTRANT DEPOSIT

A cash security deposit in the sum of FIVE HUNDRED THOUSAND DOLLARS ($500,000.00) shall be provided by a new entrant AIRLINE prior to the commencement of operations.

This deposit shall be returned to the new entrant AIRLINE after six (6) months of continuous operation.

SECTION 4.08 MARKETING FUND FEE

The COUNTY has established a marketing fund for the Airport to conduct sales promotions, Airport-wide advertising, and related activities intended to promote the Airport and its tenants. Commencing January 1 of each calendar year, AIRLINE shall be required to make an annual marketing fund payment in the amount of ten thousand dollars ($10,000.00). AIRLINE agrees to pay this amount on or before January 1 of each year. All monies received by the Airport for the marketing fund shall be used solely for the purpose of Airport tenants' promotions and directly related expenses. In the event any year of this LEASE contains less than 12 months, AIRLINE shall pay a pro-rata portion of the annual amount corresponding to the number of months remaining in that calendar year.

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For example, if the LEASE commenced on November 1, AIRLINE would pay the monthly pro-rata portion ($833.33 per month) of the annual marketing fund amount for November and December (totaling $1,666.66). Then, commencing on January 1, AIRLINE would make the full annual marketing fund payment of $10,000.00. Should the LEASE expire on September 15, AIRLINE would pay a pro-rata portion of the annual amount for the months of January through September.

ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES

SECTION 5.01 USE

The AIRLINE's use of the Leased Premises and its operations shall be limited to conducting a scheduled commercial airline operation. Subject to the limitations set forth in this Section and Sections 5.03, 5.04, 5.05, and 9.01 in this LEASE, AIRLINE'S operations are subject to the following authorized uses:

A. Loading and unloading of passengers.

B. Loading and unloading of baggage.

C. Passenger processing operations.

D. Flight operations office.

E. The AIRLINE shall have the right to have its aircraft and other equipment serviced by suppliers of its choice. Such suppliers may provide materials and services, including, but not limited to, aviation fuel, ground vehicle fuel, lubricating oil, greases, parts, and all other materials and supplies and services required by AIRLINE in the conduct of its air transportation service.

F. Mail, freight, and cargo operations, but only when such activity is incidental to, and conducted in connection with, regularly scheduled commercial passenger operations. The AIRLINE shall not conduct any operations at the Airport with aircraft which are:

   1) Used at the Airport exclusively or primarily for mail, freight, or cargo services; or

   2) Which have been modified in any manner for the purpose or the primary effect of reducing the passenger carrying capacity and increasing the cargo or freight carrying capacity of the aircraft.

G. Air charter activities in compliance with Access Plan.

H. Commissary services for the AIRLINE's employees at the Airport and in-flight catering services in support of the AIRLINE's air operations at the Airport. This does not permit

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the AIRLINE to conduct commissary or in-flight services for any other airline or other person at the Airport without first obtaining a separate license to allow commissary or in-flight services for other airlines.

I. Handling of other airlines' operations and ticketing pursuant to Section 9.01 in this LEASE.

J. Employee training incidental to the other uses permitted under this Section.

K. Areas identified on the attached "Exhibits A, B, and C" as the AIRLINE Ticket Counter, AIRLINE Ticket Office, Baggage Service Office, Ramp/Operations Office, and Apron Equipment Storage are strictly limited to their identified uses.

L. Other uses as authorized by the Airport Director.

SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES

The COUNTY grants the AIRLINE a license for the nonexclusive use of all public Airport facilities including, but not limited to, taxiways, runways, navigational aids, and facilities relating thereto for purposes of landings, takeoffs, and taxiing of the AIRLINE's aircraft. All such use shall be in accordance with the laws of the United States of America, State of California, and the rules and regulations promulgated by their authority with reference to aviation and air navigation, and in accordance with all reasonable and applicable rules, regulations, and ordinances of the COUNTY now in force or hereafter prescribed or promulgated by ordinance or by law, including the Access Plan. The use of these areas shall be subject to the control and regulation of the Airport Director.

This license for non-exclusive use is subject to all rights reserved by the COUNTY to license, permit, authorize, regulate, and relocate concessionaires and other Airport tenants, including but not limited to booths, counters, offices, lockers, and wall space.

SECTION 5.03 RULES AND REGULATIONS

The COUNTY may adopt and enforce “Airport Rules and Regulations” that the AIRLINE agrees to observe and obey with respect to the use of the Airport and its appurtenances, facilities, improvements, equipment, and services, provided that such rules and regulations shall not be inconsistent with safety, with applicable rules, regulations and orders including those of the FAA and TSA with respect to all operations of the Airport, and with the terms of and AIRLINE’s rights under this LEASE. Except in the case of emergency, the COUNTY shall give the AIRLINE written notice and opportunity to comment on any proposed changes or additions to the Airport Rules and Regulations that could impact the AIRLINE's operations at the Airport before such proposed rules and regulations are adopted by the COUNTY. If requested, the COUNTY shall promptly provide a copy of such Airport Rules and Regulations to the AIRLINE.

The AIRLINE's operations under this LEASE shall comply with all Airport Rules and Regulations and shall observe, obey, comply with, and not otherwise hinder or obstruct any and all rules, regulations, laws, ordinances, statutes, or orders of any governmental authority, whether federal, state, or local, lawfully exercising authority over the Airport or the activities thereon, including compliance with FAA, TSA, and Airport security rules, regulations and plans.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines, or penalties of any nature whatsoever that may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE's operation under this LEASE, including, but not limited to, the payment of any fines or penalties for any breach of security, arising from the unauthorized entry of any person or vehicle onto the Airport or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE's operation under this LEASE.

The COUNTY shall not be liable to the AIRLINE for any diminution or deprivation of possession, or of its rights hereunder, on account of the exercise of such right or authority provided in this LEASE, nor shall the AIRLINE be entitled to terminate the whole or any portion of the leasehold estate herein created by reason of the exercise of such right or authority, unless the exercise thereof shall so interfere with the AIRLINE's use and occupancy of the Leased Premises so as to constitute a termination in whole or in part of this LEASE by operation of law in accordance with the laws of the State of California.

SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE

The AIRLINE agrees that:

A. Notwithstanding any provision in this LEASE to the contrary, the AIRLINE shall conduct all of its operations and activities at the Airport in strict conformity with the Access Plan and each of its regulations and limitations on the AIRLINE's activities and operations at the Airport.

B. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are privileges that may be revoked or modified by the COUNTY at any time during the term of this LEASE, and that such privileges do not constitute property rights of the AIRLINE.

C. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are not transferable, assignable, or delegable by the AIRLINE to any other person or entity by operation of law or otherwise, and that such allocations and other operating privileges may not be pledged, hypothecated or encumbered by the AIRLINE at any time for any purpose.

D. The remedies specified in the Access Plan for any Access Plan violation by the AIRLINE are not the exclusive remedies of the COUNTY, but shall constitute additional nonexclusive remedies that the COUNTY may enforce separately or cumulatively with other remedies under the enforcement provisions of this LEASE.

E. The AIRLINE shall not at any time, or for any reason, make any assertion to any court, administrative agency, administrative tribunal, or other similar forum that is in any respect inconsistent with the terms and provisions of this Section, except that nothing in this Section shall prevent the AIRLINE from making any argument or asserting any position to the COUNTY, as applicable, in connection with any action by the COUNTY to revoke or modify allocations of operating privileges or any amendments to the Access Plan.

F. All provisions of Section 5.01 and Article XI in this LEASE are subject to the terms, provisions, and limitations of this Section.

SECTION 5.05 OPERATIONAL REQUIREMENTS

The AIRLINE agrees to abide by the following operational conditions and requirements:

A. **Flight Operations and Reallocations**. The number of allocated ADDs, including "regularly scheduled," "charter," "maintenance, and "cargo," shall not exceed the number of departures authorized and allocated to the AIRLINE under the Access Plan. In addition to any and all remedies available to the COUNTY under this LEASE and all provisions of the Access Plan, the COUNTY may reallocate ADDs or other operating privileges granted to the AIRLINE under the provisions of the Access Plan. The AIRLINE shall not operate at JWA unless it conducts its operations with ADDs, allocated seat capacity, or other Authorized Departures directly and formally allocated to the AIRLINE by action of the Board of Supervisors; the AIRLINE conducts all of its operations with aircraft that have been certified for operation at the Airport consistent with Access Plan requirements; and, the AIRLINE has met all other applicable COUNTY requirements.

B. **Hours of Operation**. Except as expressly authorized, the AIRLINE's aircraft shall not depart from the Airport between the hours of 10:00 p.m. and 7:00 a.m. (8:00 a.m. on Sundays) and shall not arrive at the Airport between the hours of 11:00 p.m. and 7:00 a.m. (8:00 a.m. Sundays), as measured at any JWA noise monitoring station. All times shown are Pacific Time.

The AIRLINE acknowledges that the COUNTY may, by regulation, permit some operations by general aviation (nonscheduled, noncommercial) users of the Airport during the nighttime hours with certain specific aircraft types that have noise characteristics similar to the noise characteristics of aircraft that can operate as "Class E" aircraft, as that term is defined in the Access Plan. The AIRLINE does now, or may during the term of this LEASE, operate Class E aircraft at the Airport; nevertheless, the AIRLINE agrees that

the limitations on hours of operations contained in this Section shall be applicable to all of its operations at the Airport, including its Class E operations.

The AIRLINE further acknowledges that there is a rational basis for the COUNTY to distinguish between general aviation operations and regularly scheduled operations by Class E (or noise equivalent) aircraft during the nighttime hours and that this distinction does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The COUNTY agrees that this provision is, and during the term of this LEASE shall be, included in all leases, operating agreements, or other service operating agreements between the COUNTY and any person conducting regularly scheduled commercial operations at the Airport.

C. **Aircraft Types**. The AIRLINE agrees that it will not operate any aircraft at the Airport unless and until that aircraft type has been certified and qualified for operation by the COUNTY in accordance with the provisions and procedures of the Access Plan. The AIRLINE further agrees that it will abide by all aircraft-type restrictions and limitations contained in the Access Plan, as amended, or as it may hereafter be amended, and any other restrictions on aircraft types which may hereafter be adopted by the Board of Supervisors of the County of Orange.

D. **Gate Management.** AIRLINE agrees to utilize gate management software, access/equipment provided by Airport, to upload and maintain current daily arrival and departure information for aircraft operations to jetbridge/hardstand gates and RONs utilized by AIRLINE. Airport will make reasonable efforts to develop gate management software that allows for efficient uploading and maintaining of current daily arrival and departure information by AIRLINE.

E. **Noninterference**. The AIRLINE shall cooperate with and not interfere with the COUNTY's and other airlines' use of and operations at the Airport. The AIRLINE shall not place any ropes, barricades, and/or stanchions on the public or Common Use Area without prior written approval of the Airport Director.

F. **Disposal of Refuse from International Operations**. Airlines operating international service shall contract with a CBP-approved vendor for the disposal of refuse from arriving international flights.

SECTION 5.06 RECORDS AND ACCOUNTS

A. **Records**. The AIRLINE shall at all times keep true and complete records of all transactions in the operation of all business activities, of whatever nature, conducted in pursuance of the rights granted by this LEASE. The AIRLINE shall maintain such records for a period of five (5) years beyond the expiration or earlier termination of this LEASE.

B. **Reports**. The AIRLINE shall provide to the Auditor-Controller and the Airport Director at the end of each calendar month, on forms to be supplied by the COUNTY, statistical information respecting the AIRLINE's operations at the Airport, including, but not limited to, the total number of all aircraft operations conducted by the AIRLINE; the total combined certificated gross landing weight of all such aircraft operations; the total number of enplaned, deplaned and through passengers; the total number of pounds of airmail, cargo and express mail enplaned and deplaned; and the total number of aircraft stored daily and monthly at the Airport. Such reports shall be submitted to the Airport Director no later than fifteen (15) calendar days following the last day of each month. The AIRLINE must attest that the list is an accurate representation of the AIRLINE's activity for the month.

The AIRLINE shall also provide to the Airport Director, for each day, a copy of the AIRLINE's flight dispatch logs or a listing made from such logs, certified as correct by a responsible station manager or dispatcher, showing the type of equipment used for each flight and the actual takeoff and landing times, and not gate times. Said copy of logs or listing shall be made available for each day's activities by noon (12:00 p.m., Pacific Time) of the following day.

C. **Audits**. All the AIRLINE's records and supporting source documents related to rates and fees in this LEASE or business operations conducted within or from the Leased Premises shall be kept and made available to the COUNTY at one location within the geographical limits of the COUNTY or shall be made available at offices in the COUNTY within ten (10) working days after written notice to produce said records and source documents. The COUNTY shall, through its duly authorized agents or representatives, have the right to examine and audit said records and supporting source documents at any and all reasonable times, as set out herein, for the purpose of determining the accuracy thereof and of the monthly statements to the COUNTY.

The COUNTY, upon request of the AIRLINE, may authorize the above-referenced records and supporting source documents to be kept in a single location outside the limits of the COUNTY provided the AIRLINE shall agree to pay all expenses including, but not limited to transportation, food and lodging necessary for the COUNTY to send a representative to audit said records. Said right shall not, unless determined necessary by the COUNTY, be exercised by the COUNTY more than once each accounting year.

The full cost of said audit, as determined by the COUNTY, shall be borne by the AIRLINE if either or both of the following conditions exist:

(1) The audit reveals an underpayment of more than two percent (2%) between the rents and fees due as reported and paid by the AIRLINE in accordance with this LEASE and the rent due as determined by said audit; and/or

(2) The AIRLINE has failed to maintain true and complete records and supporting source documents in accordance with paragraph A above. The adequacy of records shall be determined at the sole discretion of the COUNTY.

Otherwise, the COUNTY shall bear the cost of said audit, excluding the aforementioned expenses related to an audit of documents kept outside the limits of the COUNTY. The cost of said audit, if due from the AIRLINE, shall be included as rent for the first month following invoice to the AIRLINE.

Upon the request of the COUNTY, the AIRLINE shall promptly provide necessary data to enable the COUNTY to fully comply with the requirements of the State of California or the United States of America for information or reports directly relating to this LEASE and to the AIRLINE's use of the Leased Premises.

D. **Failure to Maintain Adequate Records**. In addition to any other remedies available to the COUNTY under this LEASE, at law or in equity, in the event that the AIRLINE fails to maintain and keep records and accounts from business operations conducted on or from the Leased Premises and/or source documents relating thereto, or to make the same available to the COUNTY for examination and audit as required by this LEASE, the COUNTY, at the COUNTY's option, may:

(1) Perform such examinations, audits, and/or investigations itself or through agents or employees as the COUNTY and/or its auditors may deem appropriate to confirm the amount of rents, fees, and charges payable by the AIRLINE under this LEASE; and any and all costs and/or expenses incurred by the COUNTY in connection therewith shall be promptly reimbursed to the COUNTY by the AIRLINE upon demand.

(2) Require that the AIRLINE pay rents and fees based on the COUNTY's best good faith estimate of the AIRLINE's activities from business operations conducted on or from the Leased Premises and Airport; and any such determination made by the COUNTY shall be conclusive and binding upon the AIRLINE.

Costs payable by the AIRLINE pursuant to this Section shall include reimbursement to the COUNTY of the services provided at such rates as the COUNTY may, from time to time, in good faith, establish for such services. In the case of services provided by the COUNTY's employees, such rates shall be sufficient to reimburse the COUNTY for employees' salaries, including employee taxes and benefits, and the COUNTY's overhead; or, at the COUNTY's option, may be at the rate for such services that would be charged by a qualified third party or parties, approved by the COUNTY, if engaged by the COUNTY to perform such services. Said costs payable by the AIRLINE shall be included as rent for the first month following invoice to the AIRLINE.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS

The AIRLINE agrees to maintain Exclusive Use Areas in a safe, clean, sanitary condition and in compliance with all applicable laws. The AIRLINE shall be responsible for making all necessary repairs required to maintain the Exclusive Use Areas and improvements in good condition. All repairs and improvements made by the AIRLINE to the Exclusive Use Areas shall be in compliance with all current federal, state, local laws, regulations, ordinances, and building codes, and all Airport regulations (collectively, "Codes") adopted consistent with Section 5.03. The Codes encompass all fire, life, and structural safety aspects and apply to the construction, alteration, moving, demolition, repair, and use of the Exclusive Use Areas. Any additions, alterations, repairs, and changes of use or occupancy in the Exclusive Use Areas shall comply with the provisions for new buildings and structures as set forth in the Codes. All devices or safeguards that are required by the Codes shall be maintained in conformance with the edition of the Codes under which it was installed. Maintenance obligations of the AIRLINE are shown on Exhibit E, which exhibit is attached hereto and by reference made a part hereof.

The AIRLINE shall immediately notify the Airport Director and the Airport Operations Center ("AOC") of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings.

The AIRLINE further agrees to provide approved containers for trash and recycling and to keep the Leased Premises free and clear of rubbish and litter. The Airport Director shall have the right to enter upon and inspect the AIRLINE's Leased Premises and other Airport facilities at any time for cleanliness, safety, and maintenance inspections as set out herein. The Airport Director shall attempt to provide reasonable notice prior to entering AIRLINE's Leased Premises.

The AIRLINE shall designate in writing to the Airport Director an on-site representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness, and general order.

If the AIRLINE fails to maintain or make repairs or replacements as required herein, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

If the AIRLINE fails to maintain or make repairs or replacements, including removal of all its GSE and/or any AIRLINE materials at its loading and unloading operations at the end of its approved hours of operation as required herein, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

The AIRLINE expressly waives any and all claims against the COUNTY for compensation for any and all loss or damage to the AIRLINE's property sustained by reason of any defect, deficiency, or impairment of any water supply system, drainage or sewer system, gas supply system, telephone system, electrical supply system or electrical apparatus or wires serving the Leased Premises, except to the extent caused by the COUNTY's negligence or willful misconduct.

SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES

The COUNTY will provide a means of access for aircraft between the terminal complex and the taxiway and runway system of the Airport, apron, airplane gate positions, and aircraft loading bridges in the area immediately adjacent to the passenger terminal building. No special possessory, exclusive, or vested right whatsoever, save and except the use in common with other airlines and other aircraft owners, shall vest in the AIRLINE by reason of the proximity of such facilities to the AIRLINE's gate loading positions.

The AIRLINE shall maintain, at its sole expense, apron, aircraft gate positions, and aircraft loading bridges in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum products, or grease that may result from activities of its passengers, employees, agents, or suppliers. AIRLINE shall promptly remove all oil and grease spillage attributable to AIRLINE’s aircraft or equipment.

If the AIRLINE fails to perform its obligations in such regard, to perform such as maintenance, cleaning, or repair as the COUNTY reasonably deems necessary, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES

All assignment of gate positions (*i.e.*, aircraft loading bridges and aircraft hardstand positions) shall be made in accordance with rules, regulations, and directives provided in the Access Plan

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and made at the complete discretion of the Airport Director, as he/she may determine is appropriate. The Airport Director, in making gate assignment (*i.e.*, loading bridge and hardstand) positions to the airlines, may take into account the needs and requirements of the airlines, as well as the requirements of other Airport users, for use of gate positions adjacent to the passenger terminal building, and other factors that the Airport Director determines are appropriate. Without liability, cost, or obligation to the COUNTY, gate assignment positions and aircraft loading bridge and hardstand positions may be changed from time to time as determined necessary by the Airport Director. The Airport Director may consider passenger activity, number of aircraft operations,

type of aircraft used, scheduling needs, and any other factors they may deem appropriate when assigning gate positions, loading bridges, and hardstand positions.

SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON

The COUNTY reserves the right to regulate, by the adoption of an ordinance, rules, or other means, adopted consistent with Section 5.03, the use of vehicles and automotive equipment upon, over, and across the apron and around the passenger terminal building. Vehicles and equipment used upon, over, and across the apron and around the passenger terminal building should be in good working order and free of leaks. In the event of an emergency not specifically provided for in said rules and regulations, the Airport Director shall have the power to take charge of the direction of such vehicle and automotive traffic in the area affected and regulate the same until the cause of such emergency has been removed. The existence of an emergency other than an aircraft emergency, shall be determined by the Airport Director.

SECTION 5.11 AIRCRAFT PARKING

The AIRLINE shall make arrangements with the Airport Director for each aircraft parking space that may be made available to the AIRLINE subject to Section 3.01 in this LEASE.

If, in the judgment of the Airport Director, it becomes necessary to move the AIRLINE's aircraft in order to ensure public safety, improve ramp area efficiency or otherwise, then the AIRLINE shall immediately move said aircraft to the location designated by the Airport Director.

Should any aircraft owned or operated by the AIRLINE, through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the landing and field facilities at the Airport, the AIRLINE shall:

A. Immediately remove said aircraft to such location as shall be designated by the Airport Director, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

B. In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal

agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by the Airport Director.

Should the AIRLINE fail to remove said aircraft, or should aircraft owned or operated by the AIRLINE be abandoned at the Airport, the COUNTY shall have the right to remove such aircraft by any means the Airport Director deems necessary under the circumstances, and the AIRLINE shall keep and hold the COUNTY harmless from any and all costs, loss, liability, damage or expense incurred by the COUNTY or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal as well as moving and storage costs therefor. The AIRLINE agrees that the designation of any aircraft parking positions anywhere on the Airport, if any, made for the AIRLINE's use is presently regulated by the Access Plan and that nothing in this Section obligates the COUNTY to provide, make available, or consent to any aircraft parking spaces for the AIRLINE's use. The AIRLINE agrees that it may not independently make arrangements for aircraft parking space at the Airport without express written consent of the Airport Director, which may be withheld in their sole discretion.

SECTION 5.12 PORTER SERVICES

The AIRLINE may provide directly or indirectly adequate porter (skycap) and/or assistance service for the convenience of its passengers in areas designated by the Airport Director. Porter services include baggage check-in services, wheelchair services, and ticket screening services. The AIRLINE shall provide the Airport Director a plan that enumerates the salient features of its porter services arrangements and a copy of its agreement if service is provided by other than the AIRLINE’s employees. All podiums utilized for porter service shall be approved in writing by the Airport Director. The size, shape, and color shall be coordinated with and must be identical to all other airlines' podiums. The AIRLINE's plan shall also provide the details of any podiums and their proposed locations necessary to provide porter services.

ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT

SECTION 6.01 COMMON USE EQUIPMENT

The COUNTY agrees to supply and maintain all equipment for the CUPPS/CUSS, which shall be situated in areas such as, but not limited to ticket counters, ticket lobbies, skycap, and gate podiums. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY’s service desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with CUPPS. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve

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the efficiency of the Airport, including but not limited gate assignment, scheduling and implementation of any software updates.

SECTION 6.02 COMMON USE EQUIPMENT STOCK

The AIRLINE may be asked to supply its own ticket (kiosk) stock in the use of the CUPPS at Common Use Area positions from time to time as it pertains to Radio Frequency Identification (RFID) or specialty stock not provided by the COUNTY. In the event that multiple airlines share kiosk space, all airlines will be required to remove their own stock and allow the other airlines to use the COUNTY-supplied stock, as further outlined herein. When utilizing the COUNTY Common Use Area, the AIRLINE may use either its own stock or the COUNTY's common stock. If the AIRLINE elects to use its own stock, it shall be responsible for removing all stock from the COUNTY's equipment at the end of the usage period. AIRLINE stock shall be subject to approval by the COUNTY. In the event that the COUNTY deems the AIRLINE stock to be injurious to CUPPS, the AIRLINE will immediately cease usage of the offending stock upon such notice by the COUNTY.

SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK

The COUNTY will not supply RFID bag tag stock for use in as part of the Baggage Handling System unless RFID becomes standard common-use stock at all locations within the Airport. AIRLINE shall be required to meet the IATA / ATA standards for the twenty-one-inch (21") bag tag (or as the standard may be amended by IATA / ATA) prior to the start-up of operations at the Airport. In the event that RFID is deployed Airport-wide, the AIRLINE shall provide to the COUNTY the necessary Baggage Service Messages (BSMs) that will be required to facilitate the AIRLINE's baggage through the Baggage Handling System that utilizes RFID technology to track and route baggage to the appropriate baggage carrousel. The COUNTY makes no express warranty as to the operability of the technology and/or baggage handling system equipment, and the sole extent of liability of the COUNTY with respect to the technology and/or baggage handling system equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably possible to technical difficulties with the BHS equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with the RFID, BHS, and BSMs systems. The AIRLINE will not be allowed to use its own bag tag stock, unless specifically permitted to do so in writing by the COUNTY, which must at the time meet any and all standards that may be set forth by the COUNTY for such stock. The COUNTY reserves the right to sell and collect applicable advertising revenues that may be generated from the reverse side of any the COUNTY-supplied bag tag stock.

SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT

The AIRLINE will not install, deploy, or otherwise engage in the use of any proprietary self-service check-in kiosks and/or device, applications, and/or technologies on its Leased Premises, or any portion of the Airport with the expectation to screen any checked bags at the Airport without prior approval from the Airport Director. At the request of the Airport Director, the AIRLINE will work with the COUNTY and other related parties in the development of a Common Use Self Service (CUSS) compliant kiosk application, or other similar applications, and/or devices as may be required to have the AIRLINE operational on all CUSS kiosks at the Airport. The COUNTY reserves the right to establish the locations for implementation of such CUSS kiosks to meet the needs of its customers and the Air Transportation Companies, as well as the operational needs of the Airport. The COUNTY agrees to supply and maintain, with its personnel and at its expense, all common-use self-service kiosk equipment, which shall be situated at designated ticket counters, at various areas of the terminal lobby and customer service areas, and other such locations, and using such passenger processing models as determined by the Airport Director to be most beneficial to meet the operational needs of the Airport. The COUNTY will supply all of the boarding pass stock necessary for the use of the CUSS equipment. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the Common Use Equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE's vendor issues relating to the AIRLINE's applications that run in conjunction with the CUSS systems. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve the efficiency of the Airport.

SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT

The AIRLINE shall not install at any gate hold room, gate counter, skycap, ticket counter, or kiosk, any AIRLINE-owned or proprietary computer equipment, kiosks, phones, other electronic equipment, or similar equipment without the prior express written permission of Airport Director. The AIRLINE shall not make any modification to the COUNTY's Common Use Equipment, including but not limited to modifying the keyboards, adding adhesive or other markings, or otherwise modifying the equipment physically and/or electronically. Any such modifications and/or damage that is willfully or negligently caused by the AIRLINE shall be remedied by the AIRLINE, to the sole satisfaction of the COUNTY, at the sole cost of the AIRLINE. In the event that the damage is repaired by the COUNTY, the AIRLINE will reimburse the COUNTY for both the fully allocated cost of time and materials pertaining to the repairs plus fifteen percent (15%) administrative fees.

SECTION 6.06 NETWORK USAGE

The AIRLINE will not install any proprietary cabling and/or similar infrastructure at the Airport without prior written approval of the COUNTY. As such, AIRLINE shall make use of the

COUNTY's data communications backbone at the Airport for its communications needs to connect separate operating locations within the Airport campus (i.e., ticketing, baggage service, operations, maintenance, etc.). The AIRLINE shall be fully integrated into the COUNTY's infrastructure backbone prior to startup of operations and thereafter shall be responsible for removing all proprietary cabling and/or other similar infrastructure back to point of origin, at the AIRLINE's sole cost. Where authorized, at the discretion of the Airport Director, any and all data communication cabling installed by the AIRLINE shall be in accordance with the Airport's Tenant Design and Construction Guidelines and, upon installation, shall become the property of the COUNTY. Such improvements shall not be subject to any reimbursement or useful life clauses under Section 8.01 of this LEASE. The COUNTY may impose reasonable fees to AIRLINE for the use of such network, including but not limited to, any fees for unusual and/or excessive or non-standard usage, as reasonably determined by Airport Director.

A. The AIRLINE will assign a representative(s), hereinafter "Authorized Network Representative," to work with the COUNTY to determine user access and network connectivity information. The AIRLINE shall be solely responsible for ensuring that Authorized Network Representatives are not security risks and, upon the COUNTY's request, provide the COUNTY with any information reasonably necessary for the COUNTY to evaluate any security event or incident relating to any Authorized Network Representative or use of the COUNTY's network.

B. The AIRLINE shall be solely responsible for the selection, implementation, and maintenance of security procedures and policies that are sufficient to ensure that (i) the AIRLINE's use of the COUNTY's network is secure and is used only for authorized purposes stated herein, and (ii) the AIRLINE's business information and data are protected against improper access, use, loss, disclosure, alteration, or destruction. The AIRLINE agrees that it will not abuse or misuse the Network Connection, any of the components thereof, or any of the capabilities provided thereby. Unless otherwise explicitly provided herein, in no event shall the AIRLINE use the Network Connection as its internet service provider.

(1) The AIRLINE shall notify the COUNTY's Information Systems as soon as possible upon the discovery of any security breach or potential security breach that may affect the AIRLINE or the COUNTY's confidential information or the security of the Network or any Network Connection.

(2) The AIRLINE shall ensure adequate security protection for the COUNTY from any third-party connections established on the AIRLINE's network. Adequate security protection means (i) protection to preserve confidentiality, integrity, and availability of the Network and information of the COUNTY and (ii) protection from malicious codes and/or unauthorized intrusions.

(3) The AIRLINE and the COUNTY shall be responsible for maintaining the highest industry standards for security best practices on computing devices that

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could affect the availability and health of the Network connection, the Network, systems, applications, or data of the AIRLINE and the COUNTY, respectively, specifically including, but not limited to, use of up-to-date antivirus protection, anti-SPAM, and establishment and use of a timely security patch management process.

SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES

The AIRLINE acknowledges that the COUNTY provides wireless capabilities for the AIRLINE's operational use in accordance with applicable Federal Communications Commission (FCC) regulations, rulings, and/or guidelines. The AIRLINE agrees that it will not install, deploy, or otherwise engage in the use of any transmitting wireless device, applications, and/or technologies in its Exclusive Use Areas, any portion of the Airport, or within the airport system (regardless of any Exclusive Use, Preferential Use, Common Use, and/or Joint Use assignments) without having first obtained the express written permission of the Airport Director. Such wireless applications shall only be for the AIRLINE's operational use. Use by any others or for the benefit of any other parties is specifically prohibited. At the request of the Airport Director, the AIRLINE will cease operation of a particular device due to interference with another transmitting device that is deemed necessary for operational and/or life-safety purposes.

SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES

A. The AIRLINE will have use of the In-Line Baggage Handling Systems (BHS) in a location as designated by the Director to meet the operational needs of the Airport. The AIRLINE will be responsible to verify that it has certified CUTE, CUSS, and Baggage Service Messages (BSM) applications to operate the BHS and RFID, where applicable, prior to the start-up of service at the Airport. The AIRLINE will actively work with the COUNTY staff and the AIRLINE's system provider(s) to expedite all information systems and/or technologies work that may be required to ensure such applications are properly certified by the COUNTY and its system provider(s), if applicable. The COUNTY shall have the right to charge the AIRLINE for any expenses incurred by the COUNTY, including staffing to manage passenger lines and/or additional maintenance staff if the AIRLINE fails to adhere to BHS system procedures and/or properly staff the baggage make-up areas to meet the demand and such failure results in an operational impact to the Airport and/or the BHS equipment.

B. Following the COUNTY's BHS training, provided by the COUNTY to the AIRLINE, the AIRLINE will be solely responsible for the proper operations, training, and supervision of its staff for its portion of the operational responsibilities of the BHS system. The AIRLINE shall ensure that it maintains staffing levels during all operational hours, including irregular operations, that are sufficient to retrieve baggage from the baggage make-up carrousels and/or piers in order to prevent the inefficient use of the in-line baggage handling system in a fully automated mode and to prevent the system from initiating a "die-back" situation,

which may require the COUNTY to intercede manually and/or cause additional staffing by the COUNTY, its contractors, or TSA staff to initiate baggage screening mitigation procedures as a result of baggage stacking up on the make-up carrousels and/or piers. The AIRLINE shall not initiate any procedures or work rules that, as determined by the Director, will negatively impact the in-line BHS without the prior written approval of the COUNTY and without concurrence from TSA. The COUNTY reserves the right to recover any costs from the AIRLINE that may result from the AIRLINE's failure to comply with this Section of the LEASE.

C. The AIRLINE will designate a representative as a Ground Security Coordinator ("GSC") to handle issues that may arise from time to time with the BHS. The GSC will be the point of contact with the TSA and the COUNTY for all issues concerning checked passenger baggage and/or BHS performance. The GSC must be available during the AIRLINE's operational hours.

D. The AIRLINE acknowledges that all oversized checked baggage must be delivered to a designated oversized area for screening.

E. The AIRLINE acknowledges it may have a more stringent screening requirement for checked passenger baggage than that of TSA. As such, the AIRLINE will be responsible for providing these additional screening services and associated staffing to meet such requirements, including, but not limited to, X-Ray screening, and any additional training for additional services, and/or any additional services at no additional cost to the COUNTY. The AIRLINE must provide evidence of proper training for such additional measures to the Director upon request. The COUNTY may, at its sole discretion, provide and maintain the X-ray screening device.

F. The AIRLINE shall be responsible for ordering, pick-up and maintaining an appropriate level of any and all consumables related to the Common Use Equipment and/or BHS, including, but not limited to, RFID embedded bag tag stock, boarding pass stock, toner cartridges for laser printers, or other similar items, in accordance with policies and procedures established by the COUNTY in the event AIRLINE uses propriety consumables.

ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE

The AIRLINE agrees that it shall abide with all applicable Hazardous Substances laws, rules and regulations, relating to Hazardous Substances including, but not limited to, 49 C.F.R. Parts 171 *et seq*. The AIRLINE shall not cause any Hazardous Substances to be brought upon, kept, used, stored, generated, treated, managed or disposed of in, on or about or transferred to or from the Airport, except to the extent that such Hazardous Substances are (i) necessary for or useful to the AIRLINE's business and (ii) used, kept and stored in a manner that complies with all applicable

Environmental Laws, the Airport Rules and Regulations, and all other applicable laws.

The AIRLINE shall comply with all applicable Environmental Laws and shall not engage in any activity on or about the Airport that violates any applicable Environmental Law. In conducting its operations and maintenance on the Airport under this LEASE, the AIRLINE shall comply with such regulations regarding the storage, distribution, processing, handling and/or disposal, including the Stormwater discharge requirements, of Hazardous Substances including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

The AIRLINE shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental agency having jurisdiction or any applicable Environmental Law for clean-up and removal of any contamination involving any Hazardous Substances caused by the AIRLINE. In conducting a clean-up of a Hazardous Substance release under this LEASE, the AIRLINE shall comply with applicable Environmental Laws. Hazardous waste generated by the AIRLINE or its contractors shall be disposed properly and under the AIRLINE's EPA ID number.

The AIRLINE shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Stormwater drainage system unless authorized by applicable Environmental Law and the Airport's Stormwater Discharge Permit. The AIRLINE shall not allow or cause the entry of any Unauthorized Non Stormwater Discharge that is under its control into the Stormwater drainage system of the Airport or into the Stormwater drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the COUNTY for that purpose, and the AIRLINE complies with recommendations made by the state and/or federal Environmental Protection Agency and the Airport's Stormwater Discharge Permit requirements. The AIRLINE shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by any applicable Environmental Law.

The AIRLINE shall provide all notices required pursuant to the SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986, CAL. HEALTH & SAF. CODE § 25249 *et seq*. The AIRLINE shall provide prompt written notice to the COUNTY within three (3) days of receipt of all written notices of violation of any applicable Environmental Law received by the AIRLINE.

SECTION 7.02 SPILL RESPONSE PLAN

Airlines and fueling companies are required to provide (separately or collectively) a Local Spill Response Action Plan to address specific spill response management. Airlines are encouraged to coordinate response efforts between the airlines and fueling contractors. At a minimum, the plan should address the following:

a) Response team organization, members, and responsibilities;
b) Spill response procedures (including notifications);

c) Personnel training;
d) Personal protective equipment; and
e) Spill kit inventory and management

The AIRLINE shall immediately notify the Airport Director and the AOC of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings. The AIRLINE is responsible to mitigate such spills and perform any remediation necessary to satisfy the applicable federal, state, or local oversight agencies. If the COUNTY personnel, equipment, or third party services are needed to support mitigation, the COUNTY will be reimbursed by the AIRLINE for labor, equipment, and third party costs for all services provided. In addition to reimbursing the COUNTY for the costs of all services provided by third parties to mitigate such spills, the AIRLINE shall pay to County administrative costs in the amount of one thousand dollars ($1,000) per incident. Said costs shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the COUNTY.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE’s operation under this LEASE, including, but not limited to, the payment of any fines or penalties arising from any breach of security, fire, emergency, accident, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, Non-Stormwater Discharge, or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE’s operation under this LEASE.

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION

Federal regulations for Stormwater discharges were issued by the U.S. Environmental Protection Agency (U.S. EPA) (40 CFR Parts 122, 123, and 124). The U.S. EPA, through the NPDES permitting program, regulates discharges of potentially contaminated wastewater and Stormwater into waters of the United States. California has been delegated NPDES general permitting authority by the U.S. EPA. California's State Water Board has issued NPDES permits to regulate municipal, industrial, and construction Stormwater discharges under the NPDES permitting program.

Section 402(p) of the Clean Water Act (CWA) requires NPDES permits for Stormwater discharges from municipal separate storm sewer systems (MS4s). The County of Orange is the principal permittee for Orange County's MS4 Permit Order No. R8-2009-0030 (or currently effective permit) No. CAS 618030 (MS4 Permit). As a facility owned and operated by the County of Orange, the Airport implements requirements in the MS4 permit and is responsible for discharges

into the system. One of the MS4 Permit requirements is to establish the legal authority to control discharges. The County's Water Quality Ordinance (OCCO Title 4, Division 13, Sections 4-13-10 et. seq.) regulates non-stormwater discharges into the MS4 to reduce the discharge of pollutants into the waters of the State. The CWA and the resulting MS4 permit require the County to take steps to reduce pollutants leaving its systems to the maximum extent practicable. The MS4 permit requires the County to develop and implement a Local Implementation Plan (LIP) describing the programs and procedures required by the MS4 permit. The Airport will enforce these Stormwater requirements on municipal areas of the Airport

AIRLINE shall not have prohibited discharge to the MS4 system or on-site storm drains. Some non-stormwater discharges (i.e., fire sprinkler tests) require additional permits with the Regional Water Quality Control Board (RWQCB). AIRLINE is responsible for obtaining and implementing monitoring requirements associated with any non-stormwater discharge permits. AIRLINE shall notify COUNTY prior to any non-stormwater discharge.

In the furtherance of these regulations and Section 402 of the Clean Water Act (CWA), the State of California has adopted a General Permit for discharges of Stormwater associated with industrial activities: “State Water Resources Control Board (State Water Board) Water Quality Order No. 2014-0057-DWQ, NPDES General Permit No. CAS 000001 (Industrial General Permit or IGP).” JWA has applied for and received coverage to discharge Stormwater and authorized non-stormwater discharges pursuant to the general permit for industrial activities and is subject to the permit’s requirements, conditions, and penalties. The permit requires the development and implementation of an effective Industrial Stormwater Pollution Prevention Plan (SWPPP) and Monitoring Implementation Plan (MIP). This plan is developed by COUNTY and covers AIRLINE. The airside portion of JWA where industrial activities take place is covered by the IGP. Industrial activities include maintenance, fueling, equipment cleaning, storage areas, and material handling activities. AIRLINE shall comply with applicable Stormwater discharge requirements and Best Management Practices for industrial facilities described in the SWPPP. COUNTY will provide the required annual training for AIRLINE as part of the SWPPP training requirements. AIRLINE shall have all personnel working within the airside portion of John Wayne Airport to attend annual training or AIRLINE shall provide annual training to personnel using JWA-approved training materials.

SECTION 7.04 ENVIRONMENTAL STEWARDSHIP

AIRLINE shall support the COUNTY’s Environmental Compliance and Stewardship program through participation in various efforts or implementation of Airport plans. COUNTY shall provide AIRLINE advance notice of any proposed changes to the following plans that may affect AIRLINE operations:

A. Air Quality Improvement Plan (AQIP) and Memorandum of Understanding (MOU) with the South Coast Air Quality Management District
B. Climate Action Plan.
C. Waste Management Plan.

D. Stormwater Pollution Prevention Plan.
E. Green Concessions Program.

AIRLINE shall implement and support the following environmental policies and provide reports and documents as required:

A. Adopt and adhere to the following GSE requirement: GSE associated with commercial operations shall achieve fleet average oxides of nitrogen (NOx) emission factor of 1.7 grams per brake horsepower per hour (g/bhp-hr)upon lease initiation through 2030 and 0.9 g/bhp-hr by January 1, 2031, respectively, as calculated in accordance with the Airport's AQIP and MOU with SCAQMD. Within 30 days of lease execution the AIRLINE shall develop and provide to JWA a GSE improvement plan to demonstrate how the GSE requirement will be met. Annually AIRLINE shall provide GSE data as required by the MOU by March 30.
B. AIRLINE has been provided a copy of the COUNTY's Environmentally Preferable Purchasing Policy (2022) and shall consider developing a similar policy that addresses the AIRLINE's procurement of goods and services as applicable.
C. AIRLINE shall affirm its commitment to Environmental Sustainability at the Airport. The Policy commitment shall be submitted to the JWA within 30 days of LEASE execution.
D. Upon request, AIRLINE shall provide reports necessary for environmental compliance, regulatory requirements and Airport mitigation measure obligations including but not limited to GSE data, fuel usage, spills, and business emergency plans.

Conservation: All AIRLINE facilities and improvements shall meet the Airport's Tenant Design and Construction Guidelines, as may be amended from time to time. All improvements shall meet the California Green Building Code (Title 24) CALGreen Tier 1. In particular, the AIRLINE shall implement the following conservation measures and policies as applicable:

A. Use equipment and appliances that are ENERGY STAR rated or equivalent and EPA Water Sense or equivalent, as applicable, when replacing existing equipment and appliances.
B. Use high-efficiency light fixtures and bulbs (including compact fluorescents) when replacing or installing new fixtures and bulbs.
C. Install sensors in office areas to turn off lights when unoccupied when these areas are being renovated or updated.
D. Install energy-efficient heating and cooling equipment when replacing or upgrading.
E. Use energy-efficient computers and servers when replacing this equipment.
F. Select equipment with variable-speed motors and fan drives when possible.
G. Use paperless receipt technology when possible.

Waste Minimization and Diversion: AIRLINE is expected to meet all recycling and organics (food waste) reduction requirements to facilitate JWA's solid waste reduction program per the requirements of California Public Resources Code Section 42648. To the fullest extent possible, AIRLINE shall cooperate with COUNTY to reduce and divert waste from landfills. AIRLINE

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shall participate in COUNTY's waste diversion program, which may include waste reduction practices, including recycling, compostable containers (no Styrofoam), composting of food waste, and reuse/recycling of fats, oils, and grease.

SECTION 7.05 RESERVED

SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION

To the fullest extent authorized by law, the AIRLINE shall indemnify, defend, and hold the COUNTY, its officers, and employees harmless from and against any and all applicable Environmental Law claims, judgments, damages, penalties, fines, costs, liabilities, losses, orders, and lawsuits arising out of any actions or inaction by the AIRLINE, the AIRLINE's operations at the Airport or any action arising from and which involve the AIRLINE's officers, agents, subcontractors, and employees, including the cost of defense arising therefrom, including but not limited to the following:

(1) The AIRLINE'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 the AIRLINE's release of Hazardous Substances on the Airport since the time the AIRLINE first occupied the Airport.

(2) The AIRLINE's release of Hazardous Substances upon or within the Airport.

(3) The AIRLINE's violation of any applicable Environmental Law, except that the AIRLINE's obligations under this paragraph shall not extend to known and pre-existing conditions that are, as of the date of this LEASE, the subject of investigation and remediation by the COUNTY or others, or remediation conditions that arise from operations of third parties that are not affiliated with the AIRLINE that take place off of the Airport. For purposes of this provision, a party shall be deemed to be affiliated with the AIRLINE if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of the AIRLINE or if it is controlled by or under common control with the AIRLINE.

(4) The AIRLINE's causing or allowing any discharge into the Airport Drainage System that is prohibited by Section 7.01 of this LEASE.

This indemnification includes, without limitation, reasonable attorney's fees/costs and other costs incurred by the COUNTY in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental entity because of any Hazardous Substances being present in the soil or groundwater under the Airport. However, the AIRLINE'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 the COUNTY or its agents, servants or independent contractors who are directly responsible to the COUNTY.

In the event the indemnitees described hereinabove are named as defendants or respondents in any lawsuit or administrative proceeding, the AIRLINE shall, at the request of the COUNTY, represent the indemnitee with qualified counsel approved in writing by the COUNTY.

In the event that a monetary judgment is awarded against the COUNTY and the AIRLINE because of the concurrent negligence of the COUNTY and the AIRLINE or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Both the COUNTY and the AIRLINE agree that neither party shall request a jury apportionment. Nothing stated in this LEASE and in this indemnity obligation shall be construed as authorizing any award of attorney's fees/costs in any action to enforce the terms of this LEASE.

The rights and obligations set forth in this indemnification shall survive the termination of this LEASE.

SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS

In the event that any of the terms of the environmental requirements codified in this Article conflict with any other terms of this LEASE, the environmental requirements contained in this Article shall apply.

SECTION 7.08 ANTI-IDLING POLICY

Within six months of LEASE execution, AIRLINE must develop, implement, and submit to the Airport Director or designee for approval a fleet-wide anti-idling policy. At a minimum, the anti-idling policy shall include the requirement that vehicle engines shall be turned off when vehicles are not occupied and that occupied vehicles be turned off after no more than a five-minute idling period. AIRLINE’s policy shall also include all sublicensee and third-party vehicles that enter Airport property at the direction of the AIRLINE.

ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS

SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY

The COUNTY may alter, repair, maintain, remodel, expand, remove, or improve any of the facilities at the Airport or any of its appurtenances.

In addition, the COUNTY may reassign or relocate the AIRLINE's Exclusive Use Area. The COUNTY shall provide the AIRLINE advance notice of such action and shall make every reasonable effort to provide the AIRLINE alternative space that is reasonably comparable to the AIRLINE's operations at the same rates and charges that the AIRLINE would have paid for the

space being surrendered. In the event no alternative space is available, the AIRLINE shall surrender its space promptly to the COUNTY, provided that the AIRLINE shall be reimbursed for the reasonable cost of any such reassignment, reallocation, or relocation and the cost of the AIRLINE's unamortized investment, if any, as documented by the AIRLINE to the satisfaction of the COUNTY and mutually agreed to by the Airport Director and AIRLINE. All of such costs, as well as the COUNTY's cost of providing the alternative space aforementioned, shall be included in the cost of the particular project requiring such reassignment, reallocation or relocation.

SECTION 8.02 IMPROVEMENTS BY THE AIRLINE

The AIRLINE shall not perform any construction upon the Leased Premises, nor shall the AIRLINE modify, alter, or remove any permanent improvements lying within the Leased Premises without prior written approval of the COUNTY. Any construction, modifications, alterations, or removal of any permanent improvements by the AIRLINE shall be at the AIRLINE's expense.

A. **Consent Required From the COUNTY**. No structures, improvements, or facilities shall be constructed, erected, altered, removed, or made within the Leased Premises without prior written consent of the COUNTY, which consent may be withheld or conditioned in the COUNTY's discretion. Minor repairs, replacement, and maintenance proposed for the Leased Premises, the cost of which does not exceed one hundred seventy-five thousand dollars ($175,000) annually, shall be approved by the Airport Director. All other structures, improvements, facilities, repairs, replacement, removal, and maintenance items shall be approved by the Board of Supervisors.

B. **Compliance with Plans and Construction Standards**. All improvements constructed by the AIRLINE within the Leased Premises shall be constructed in strict compliance with detailed plans and specifications approved by the Airport Director. All construction shall be conducted in a good and workmanlike manner and shall conform to applicable building codes, rules, regulations, and the Airport's architectural standards as contained in reference document "John Wayne Airport, Architect and Engineer Guide," which can be provided by Airport upon request. All work shall be done in conformity with Airport-approved plans, valid building, and other necessary permits and shall be acceptable to the COUNTY and the appropriate governmental entity inspecting such work. The AIRLINE shall be responsible for filing Form 7460 for any construction and/or height of construction equipment with the FAA if required.

All improvements constructed by the AIRLINE, including the plans and specifications therefor, shall conform in all respects to the applicable statutes, ordinances, building codes, rules, and regulations of the COUNTY and such other governmental authority as may have jurisdiction. The Airport Director's approval shall not constitute a representation or warranty as to such conformity, which shall remain the AIRLINE's responsibility. The AIRLINE, at its own cost and expense, shall procure all permits necessary for such construction.

C. **Insurance Requirements**. The AIRLINE shall obtain aviation commercial general liability insurance during construction. If the construction is done by an independent contractor, insurance shall be procured by the contractor in the name of the AIRLINE and the COUNTY. All insurance shall be within the limits and coverages acceptable to the COUNTY's Risk Management Services.

D. **Noninterference**. The AIRLINE warrants that it or its contractor shall in no way delay, cause delays to or interfere with any Airport operations or other contractors working in the terminal or on the Airport, except with the prior written approval of the Airport Director, as set out herein. The AIRLINE agrees to hold the COUNTY harmless from the cost of any time lost by the COUNTY or any damages to the COUNTY due to the actions or failure to act of the AIRLINE or its contractor.

E. **Trailers and Modular Structures**. All improvements constructed by the AIRLINE shall be of a permanent nature. Trailers and modular buildings are prohibited on the Leased Premises. This provision shall not apply to the use of the COUNTY-approved temporary modular buildings or trailers during construction. Upon completion of construction, all trailers or modulars must be immediately removed from the Leased Premises.

F. **The AIRLINE's Cost and Expense**. All renovation or construction by the AIRLINE pursuant to this Section shall be at the AIRLINE's sole cost and expense. The AIRLINE shall keep its existing or future Exclusive Use Area, and the improvements constructed thereon free and clear of all liens and, shall pay all costs for labor and material arising out of such construction, and shall hold the COUNTY harmless from any liability in respect thereto. The AIRLINE shall have the right to contest any and all liens filed against its existing or future Exclusive Use Area. The AIRLINE further agrees that the COUNTY shall have the right to post notices of non-responsibility as provided by Sections 3094 and 3129 of the California Civil Code.

G. **Ownership of Improvements**. All improvements and facilities, exclusive of trade fixtures, constructed or placed within the Leased Premises by the AIRLINE must, upon completion, be free and clear of all liens, claims, or liability for labor or material and at the COUNTY's option shall become the property of the COUNTY at the expiration of this LEASE or upon earlier termination hereof. The COUNTY retains the right to require the AIRLINE, at the AIRLINE's cost, to remove any or all improvements located within the Leased Premises at the expiration or termination hereof.

SECTION 8.03 AIRLINE REIMBURSEMENT

In the event the COUNTY should require the Leased Premises, or any portion thereof, for any Airport purpose and removes any portion of the AIRLINE's Leased Premises from this LEASE or terminates the LEASE for convenience pursuant to Section 2.03, the COUNTY shall reimburse the AIRLINE for improvements completed during the term of this LEASE.

Compensation for improvements located on the Leased Premises shall be calculated by means of the following formula:

$$\text{COMPENSATION} = A \times \frac{B}{C}$$

A = The AIRLINE's actual leasehold improvement construction costs submitted in accordance with Section 8.07 in this LEASE.

B = Number of full months remaining in the term of the LEASE.

C = Number of full months between the date the AIRLINE completed construction of leasehold improvements and the date the LEASE would expire by its terms if the COUNTY did not exercise its right to early termination.

The AIRLINE shall submit to the COUNTY within sixty (60) days of completion of construction of any leasehold improvement notifications of completion of construction and submit detailed supporting documentation of construction costs together with "As-Built Documents" and "Record Documents" as required by Section 8.07 of this LEASE. The AIRLINE acknowledges and agrees if the AIRLINE fails to submit notifications and supporting documentation for any such leasehold improvements in a timely manner, the AIRLINE waives its right to compensation for such improvements.

SECTION 8.04 EXCLUSIVE REMEDY

The compensation provided pursuant to Section 8.03 in this LEASE shall be the AIRLINE's sole and exclusive remedy and form of compensation, costs or damages, including but not limited to, the eminent domain law and inverse condemnation (CAL. CODE CIV. PROC. §§1230.010 *et seq.*), and Relocation Assistance benefits (CAL. GOV. CODE §§7260 *et seq.*), due to termination, re-entry or acquisition of the leasehold by the COUNTY.

The AIRLINE agrees that exercise by the COUNTY of its termination rights hereunder shall not be construed as a taking by the COUNTY of any part of the Leased Premises, nor of the AIRLINE's rights under this LEASE, nor shall the AIRLINE, except as provided herein, be entitled to payment for any loss of goodwill, income, moving expenses or other amount because of partial or full termination of this LEASE.

SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION

Prior to commencement of construction of approved facilities, the AIRLINE shall furnish to the COUNTY evidence that assures the COUNTY that sufficient monies will be available to the AIRLINE and the COUNTY to complete the proposed construction. The amount of money available shall be at least the total estimated construction cost. Such evidence may take one of the following forms:

A. Completion Bond issued to the COUNTY as obligee.

B. Irrevocable Letter of Credit issued to the COUNTY that will remain in effect until the COUNTY acknowledges satisfactory completion of construction.

C. Any combination of the above.

All bonds and letters of credit must be issued by a surety company, financial institution or advising bank qualified and admitted to conduct business in the State of California and issued in an approved form approved by the COUNTY. All bonds and letters of credit shall ensure faithful and full observance and performance by the AIRLINE of all terms, conditions, covenants, and agreements relating to the construction of improvements within the Leased Premises.

It is not the intent of the contracting Parties herein to create a third-party beneficiary, and nothing in this Section shall be construed to do so.

SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES

The AIRLINE shall at all times indemnify and hold the COUNTY harmless from all Mechanics Liens, Stop-Notices, claims, losses, demands, damages, costs, expenses or liability costs for labor or materials in connection with construction, repair, alteration, or installation of structures, improvements, equipment, or facilities within the Leased Premises undertaken by the AIRLINE, and from the cost of defending against such claims, including attorneys' fees and costs.

In the event a mechanics lien or stop-notice is imposed upon the Leased Premises, the AIRLINE shall either:

A. Record a valid Release of Lien; or

B. Procure and record a bond in accordance with Section 8424 of the California Civil Code, which frees the Leased Premises from the claim of the lien or stop notice and from any action brought to foreclose the lien.

Should the AIRLINE fail to accomplish either of the two (2) optional actions above within fifteen (15) days after the filing of such a lien or stop notice, the LEASE shall be in default and shall be subject to immediate termination.

SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS

Within sixty (60) days following completion of any improvement within the Leased Premises, the AIRLINE shall furnish the Airport Director a complete package of “As-Built Documents” and "Record Documents," which include but are not limited to construction documents, specifications, cost estimates, engineering studies, and calculations. The aforementioned information shall be submitted on two (2) thumb drives containing digital copies of the “As-Built Documents” and "Record Documents," organized in a detailed, logical, and comprehensible folder structure, which

is in a form that is usable and accepted by the COUNTY, to the COUNTY's satisfaction, as described below, unless otherwise allowed by the Airport Director.

A. Drawings and Models:

1. All 2-D and 3-D architectural, engineering, design, and/or construction drawing and/or modeling files for the project shall be completed using AutoCAD 2019 and REVIT 2019 or a newer version of either software if approved by John Wayne Airport.
2. All geographic data, spatial analysis, geographic information system (GIS) mappings, drawings, exhibits, and/or figures for the project shall be completed using Environmental Systems Research Institute (ESRI) ArcGIS.
3. All 2-D and 3-D drawing and/or modeling files created via computer-aided design and drafting (CADD), building information modeling (BIM), and/or GIS for the project shall conform to the John Wayne Airport CADD/BIM/GIS standards and specifications.
4. In addition to the 2-D and 3-D drawing and/or modeling files indicated above, a PDF format (scaled to ARCH E1 format where applicable) of those drawings, exhibits, figures, etc. shall be generated and submitted digitally.

B. Documents and Reports:

1. All specifications, reports, and/or studies (e.g., geotechnical report, etc.), calculations, and other project information (e.g., construction submittals, operations, and maintenance (O&M) manuals, warranties, etc.) for the project shall be completed using MS Office suite applications and also generated and submitted digitally in a PDF format.

Note: "Record Documents," e.g., record drawings, specifications, calculations, etc., shall be prepared, stamped, and signed by the Architect and/or Engineer of Record for the project and shall reflect all updates and/or modifications that were approved during design and construction, i.e., separate from the as-built documents, which include contractor redlines, contract changes, etc. Refer to the "John Wayne Airport Construction Standards" for additional information.

In addition, two (2) sets of hard prints of the stamped and signed record drawings for the project, as described above, must be furnished by the AIRLINE with the thumb drives containing the "As-Built Documents" and "Record Documents." Basic specifications, standards, and requirements for BIM, CAD, and/or GIS produced information at the Airport can be located on the www.ocair.com website or provided by the Airport upon request.

Furthermore, the AIRLINE shall furnish the Airport Director with an itemized statement of the actual, direct construction costs of such improvement. The construction costs may include actual, direct fees paid to contractors, architects, engineers, surveyors, laborers, and suppliers, or permit

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fees required by governmental agencies to allow construction. Construction costs shall not include indirect costs such as financing costs, holding costs, legal fees, interest, administrative and overhead expenses, bond premiums, or developer fees. The statement of cost shall be sworn to and signed by the AIRLINE or its responsible agent under penalty of perjury. The AIRLINE must obtain the Airport Director's approval of acceptance of the "As-Built Documents" and "Record Documents" and the form and content of the itemized statement.

SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS

The AIRLINE shall be responsible for any damage caused by the AIRLINE, or the AIRLINE's aircraft, equipment, employees, agents, visitors, or suppliers, to common use areas of the Terminal or Airport facilities, including but not limited to runways, taxiways, access roads, navigational aids, apron areas and loading bridges. Should such damage require immediate repairs or replacement, and the AIRLINE is unable to respond immediately to complete said repairs or replacement, the Airport Director may cause to be made or make any necessary repairs or replacements, and the cost thereof shall be paid by the AIRLINE. Said cost shall include all labor, materials, equipment costs, and an administrative fee equal to fifteen percent (15%) of the sum of those items. Said cost shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the Airport Director.

In the event of damage to or destruction of the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises or in the event the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises are declared unsafe or unfit for use or occupancy by the COUNTY or any other public entity with jurisdiction to make and enforce such a declaration, the AIRLINE shall, within thirty (30) days, commence and diligently pursue completion of the repair, replacement or reconstruction of improvements to the same size and floor area as they existed immediately prior to the event causing the damage or destruction, as necessary to permit full use and occupancy of the Leased Premises for the purposes required by the LEASE. Repair, replacement, or reconstruction or improvements within the Leased Premises shall be accomplished in a manner and according to plans approved by the Airport Director. Except as otherwise provided herein, termination of this LEASE shall not reduce or nullify the AIRLINE's obligation under this paragraph. With respect to damage or destruction to be repaired by the COUNTY or which the COUNTY elects to repair, the AIRLINE waives and releases its rights under California Civil Code Sections 1932(2) and 1933(4).

SECTION 8.09 HEALTH AND SAFETY

The AIRLINE shall comply with all applicable California Occupational Safety & Health Administration (Cal/OSHA) requirements and all federal, state, or local safety orders. The AIRLINE shall post on the Lease Premises and at all construction sites a copy of "Construction Safety Orders" and "General Industry Safety Orders" issued by the California State Division of Industrial Safety.

The AIRLINE shall, within thirty (30) days after the execution of this LEASE, submit to the COUNTY a comprehensive Safety Plan outlining the code of safe work practices and procedures. The plan must include emergency response procedures, notification procedures, and personnel training procedures. The AIRLINE shall convene safety meetings at regularly scheduled times as described in its Safety Plan and as required by Cal/OSHA. The AIRLINE and/or AIRLINE's contractor shall submit, prior to the start of any tenant improvements, the AIRLINE or AIRLINE's contractor required Cal/OSHA Safety Plan for approval by the Airport.

The AIRLINE shall submit to the COUNTY an annual report detailing the status of all permits required and issued to the AIRLINE by CAL OSHA or any other federal, state, or local government agency. Said report shall be due on or before January 31 of each calendar year.

ARTICLE IX - ACCOMMODATION

SECTION 9.01 JOINT USE REQUIREMENT

The AIRLINE and/or other airlines may be provided the opportunity by the COUNTY to initiate or expand service at the Airport and may have a need or requirement for certain types of Airport space and facilities. Such initiation or expansion of service may be reasonably implemented by the Airport Director based upon provisions of the Access Plan.

The AIRLINE agrees to make every reasonable effort to offer to any airline initiating service at the Airport the opportunity to share use of its Exclusive Use Area. In determining whether the use of another incoming airline initiating service at the Airport is reasonable and possible, the AIRLINE will have the right to consider the compatibility of the proposed operations of those with whom the AIRLINE has subleases or handling arrangements, the AIRLINE's existing and future flight schedules, the need for labor cooperation, the adverse competitive impacts resulting from the presence of the other aircraft operator on the AIRLINE's Exclusive Use Area and the availability of other such space at the Airport. Should the AIRLINE deny another airline initiating service at the Airport the opportunity to use the AIRLINE's Exclusive Use Area, the COUNTY may review the AIRLINE's space usage, and should it reasonably determine, considering all the factors noted herein (including the AIRLINE's reasons for such refusal), that the AIRLINE unreasonably refused usage by such other airline, it may require the AIRLINE to permit the other airline to use the AIRLINE's Exclusive Use Area, subject to the initiating airline executing an agreement with the AIRLINE acceptable to the COUNTY that complies with the material terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE shall, by separate agreement with such certificated and/or commuter airline as the COUNTY may designate, or by other arrangement as provided by the Airport Director, provide space and/or services within Leased Premises to accommodate said airlines' operation. Any said agreement for joint use shall be subject to the Airport Director's approval and subject to the terms and conditions of this LEASE, including the indemnification and insurance provisions.

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The AIRLINE agrees that in the event it subleases its Leased Premises to another airline, any sublease rental rate shall be calculated on a per-square-foot basis.

Sublease per square foot rental rates for sublet space shall reflect a reasonable pro-rata allocation of the AIRLINE's actual and direct costs related to said space and shall be based upon the following factors:

A. The square foot per annum rental rate currently paid by the AIRLINE to the COUNTY for space to be sublet; and

B. A reasonable square foot charge to compensate the AIRLINE for the pro-rata costs per square foot applicable to the AIRLINE improvement costs, maintenance costs, and a reasonable administrative fee.

The annual sublease rental rate shall not exceed two (2) times the square foot per annum rental rate currently paid by the AIRLINE to the COUNTY unless the AIRLINE can demonstrate to the satisfaction of the Airport Director that its costs for the subleased premises, exclusive of the administrative fee, justify a higher rate.

ARTICLE X - ASSIGNMENT AND SUBLEASE

SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING

The provisions of this Section are subject and subordinate to the limitations of Section 5.04 of this LEASE.

A. **Transfers**. The AIRLINE shall not transfer, assign, sublet, or hypothecate (hereinafter referred to as "Transfer") any interest of the AIRLINE in the Leased Premises without the prior written approval of the COUNTY. The AIRLINE shall give the COUNTY thirty (30) days' prior written notice of all proposed Transfers. The AIRLINE shall not make any such Transfers for a period longer than the remaining term of the LEASE.

If the COUNTY approves such Transfers, such approval does not constitute a waiver of any of the terms of the LEASE. All Transfer documents shall be consistent with the terms, covenants, and conditions of the LEASE, and in the event of any inconsistency, the provisions of this LEASE shall govern.

If the AIRLINE is a corporation, an unincorporated association, or a partnership, Transfers include the acquisition by any person other than the AIRLINE of any stock or interest in said corporation, unincorporated association, or partnership in the aggregate amount of fifty-one percent (51%) or more.

The failure by the AIRLINE to obtain the prior written approval by the COUNTY of any Transfer of the LEASE or any interest in the Leased Premises shall constitute a material

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breach of this LEASE and shall not confer any leasehold rights upon the transferee. Such failure shall be grounds for termination of this LEASE for default pursuant to Section 11.02.

B. **Conditions of the COUNTY Approval**. The COUNTY agrees that it will not arbitrarily withhold consent to any Transfer, but the COUNTY may withhold consent at its sole discretion if any of the following conditions exist:

(1) The AIRLINE, its successors, or assigns are in default of any term, covenant, or condition of this LEASE, whether notice of default has or has not been given by the COUNTY.

(2) The prospective subtenant, assignee, or transferee has not agreed in writing to keep, perform, and be bound by all the terms, covenants, and conditions of this LEASE.

(3) The prospective subtenant, assignee, or transferee is not financially capable or experienced in performing the LEASE obligations, as determined by the Airport Director.

(4) Subtenant's use is in conflict with the terms of this LEASE.

(5) All the terms, covenants, and conditions of Transfer, including the consideration therefore, of any and every kind, have not been revealed in writing to the Airport Director.

(6) Any construction required of the AIRLINE as a condition of this LEASE has not been completed to the satisfaction of the COUNTY.

(7) The AIRLINE has not provided the Airport Director with a copy of all documents relating to the Transfer, including, but not limited to, appraisals, notes, trust deeds, title reports, escrow instructions, *etc*.

(8) The AIRLINE attempts to hypothecate the leasehold for an amount greater than the cost of new improvements to be constructed on the Leased Premises. Hypothecation of the leasehold shall not be permitted for any reason other than to obtain loan proceeds necessary to construct new improvements on the Leased Premises.

C. **Affiliate Transactions**. The COUNTY has adopted in the Access Plan policies and regulations regarding transactions and aircraft operations at the Airport involving affiliations of commercial airlines operating, or desiring to operate, at the Airport ("the affiliate policy"). The AIRLINE acknowledges that the COUNTY considers the affiliate policy to be an important and significant policy in support of the COUNTY's regulation of the Airport.

The AIRLINE acknowledges that there is a rational basis for this policy under the operational and historical circumstances affecting the Airport, that under such circumstances, this policy maintains appropriate equity between the rights and privileges of competing commercial operators using the Airport, and that the affiliate policy does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The AIRLINE agrees to comply fully and completely with the affiliate policy and all related regulations that appear in the Access Plan and/or this LEASE.

Any affiliate transaction described and defined in the Access Plan, and any affiliate transaction between the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, shall constitute a Transfer within the meaning of Paragraph A, above. In the event an affiliate transaction involving the AIRLINE is initiated, then not later than the time when the affiliate transaction is publicly announced:

(1) The AIRLINE shall notify the Airport Director of the fact of the initiation of the affiliate transaction.

(2) If the affiliate transaction is initiated by the AIRLINE, the AIRLINE shall promptly provide to the Airport Director copies of all agreements, or written offers or proposals, made with respect to the transaction and copies of all documents filed with federal authorities with respect to the transaction. If the affiliate transaction is initiated by some other person in respect of the AIRLINE, the AIRLINE shall promptly and continuously provide such documentation or other information regarding the transaction as may be available to the AIRLINE.

(3) In addition to all other obligations of the AIRLINE, if the affiliate transaction involves the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, the AIRLINE shall promptly arrange to negotiate with the Airport Director regarding the terms and conditions upon which the Director would recommend consent by the Board of Supervisors to a Transfer of this LEASE, or Transfer of the written agreement(s) between the other person or entity involved in the affiliate transaction and the COUNTY.

Notwithstanding any other provision of this LEASE, the LEASE may be terminated by the COUNTY on thirty (30) days' notice to the AIRLINE without further obligation of the COUNTY, and without any liability of the COUNTY to the AIRLINE whatsoever, if:

(4) The AIRLINE fails to comply with Paragraph C of this Section; or if

(5) The Airport Director fails to make a favorable recommendation to the Board of Supervisors regarding the Transfer within sixty (60) days after initiation and public announcement of the affiliate transaction, which contains terms and conditions agreed to by the AIRLINE and its affiliate(s); or if

(6) The Board of Supervisors fails to consent to the Transfer on terms and conditions which have been accepted by the AIRLINE within thirty (30) days after receipt of the recommendations of the Airport Director.

D. **Bankruptcy Transaction**. If the AIRLINE assumes this LEASE or proposes to assign the same pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, then notice of such proposed assignment shall be given to the COUNTY. The following information shall be provided to the COUNTY:

(1) The name and address of proposed assignee;

(2) All of the terms and conditions of such offer; and

(3) Adequate assurance to the COUNTY of the proposed assignee's future performance under the LEASE, including, without limitation, the assurance referred to in the U.S. BANKRUPTCY CODE, 11 U.S.C. §365(b)(3).

Any person or entity to which this LEASE is assigned pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, shall be deemed without further act or deed to have assumed all of the obligations arising under this LEASE on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to the COUNTY an instrument confirming such assumption.

E. **Non-Transferable Privileges.** Aircraft operations and ADDs authorized by Section 5.05 in this LEASE and the Access Plan are not property interests of the AIRLINE and are non-transferable in any form, and as such, are not subject to sale, assignment, hypothecation, and transfer by the AIRLINE under the terms of this Section. Any such attempted hypothecation, assignment, encumbrance, sale, or other such attempted transfer of operations, privileges, or ADDs is in violation of the public policy of the COUNTY and shall be void and shall constitute a breach and default of this LEASE.

SECTION 10.02 SUCCESSORS IN INTEREST

Unless otherwise provided in this LEASE, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all Parties hereto, all of whom shall be jointly and severally liable hereunder.

ARTICLE XI - TERMINATION AND DEFAULT

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS

It is mutually agreed that this LEASE shall terminate and supersede any prior leases or agreements between the Parties hereto for the purpose of commercial air transportation and all related activities of the AIRLINE at the Airport.

SECTION 11.02 TERMINATION FOR DEFAULT

The COUNTY may terminate this LEASE and all of its obligations hereunder with prior written notice to the AIRLINE and may exercise all rights of entry for default and breach if the AIRLINE fails to perform any of its obligations under this LEASE, including, but not limited to:

A. Payment of rents, fees, charges and PFCs;

B. A general assignment for the benefit of creditors and any Transfer without the prior written approval by the COUNTY;

C. The issuance of any execution or attachment against the AIRLINE at the Airport that is undischarged within sixty (60) days of levy or seizure or if the Leased Premises are occupied by someone other than the AIRLINE;

D. The voluntary vacation or abandonment by the AIRLINE of the conduct of air transportation business at the Airport;

E. The violation by the AIRLINE of any of the terms of any insurance policy referred to in the LEASE;

F. If the AIRLINE is found by the FAA, TSA, or other government regulatory or successor agency to have violated specified safety standards in the conduct of the AIRLINE's business;

G. The violation or breach of any provision of the Access Plan;

H. The violation of any written directions of the Airport Director;

I. The appointment of a receiver to take possession of all or substantially all, the assets of the AIRLINE located at the Leased Premises or of the AIRLINE's leasehold interest in the Leased Premises.

Where applicable, and unless otherwise stated in this LEASE, or by written notice, the AIRLINE shall have fifteen (15) calendar days to cure any default prior to termination of this LEASE, or such longer period as may be reasonably necessary to cure such default considering the nature thereof, at the Airport Director’s discretion.

SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION

Except as otherwise agreed to herein, upon termination of this LEASE, the AIRLINE shall redeliver possession of said Leased Premises to the COUNTY in substantially the same condition that existed immediately prior to the AIRLINE's entry thereon, reasonable wear and tear, flood, earthquakes, war and any act of war, excepted. References to the termination of the LEASE in this LEASE shall include termination by reason of expiration.

SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY

If the AIRLINE abandons or quits the Leased Premises or is dispossessed thereof by process of law or otherwise, title to any personal property belonging to the AIRLINE and left on the Leased Premises fifteen (15) days after such event shall be deemed to have been transferred to the COUNTY. The COUNTY shall have the right to remove and to dispose of such property without liability therefor to the AIRLINE or to any person claiming under the AIRLINE and shall have no need to account therefor. Personal property left on the Leased Premises after termination, expiration, or abandonment of the LEASE shall not be construed as giving the AIRLINE possession of the Leased Premises during the fifteen (15) days after termination, expiration, or abandonment of the LEASE.

SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER

The AIRLINE agrees to yield and peaceably deliver possession of the Leased Premises to the COUNTY on the date of termination of this LEASE, whatsoever the reason for such termination.

Upon giving written notice of termination to the AIRLINE, the COUNTY shall have the right to re-enter and take possession of the Leased Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the LEASE and re-entry of the Leased Premises by the COUNTY shall in no way alter or diminish any obligation of the AIRLINE under the LEASE terms and shall not constitute an acceptance or surrender.

The AIRLINE waives any and all rights of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Leased Premises for any lawful reason or in the event the COUNTY re-enters and takes possession of the Leased Premises in a lawful manner.

ARTICLE XII - SECURITY

SECTION 12.01 AIRPORT SECURITY

The AIRLINE shall comply with all current and applicable Airport, FAA, TSA, CBP, security-related rules, regulations, plans, and procedures. The AIRLINE is responsible for fines imposed by any regulatory agency as a result of the AIRLINE’s failure to comply with applicable rules, regulations, orders, plans, and procedures regarding airport security.

The AIRLINE employees, subtenants/contractors shall be required to obtain airport security clearance in order to perform work under this LEASE. The AIRLINE must maintain a current, updated list of Authorized Signatories responsible for the Airport-Issued Identification Credential ("Airport ID/Security Credential") process, a list of current Airport ID/Security Credentialed AIRLINE employees and subtenants/contractors, and respond to scheduled and unscheduled audits at the request of the Airport. The AIRLINE employees and subtenants/contractors applying for an Airport ID/Security Credential must successfully complete a Criminal History Records Check ("CHRC") and a Security Threat Assessment ("STA") in accordance with current regulations. The AIRLINE employees and subtenants/contractors must also attend and successfully pass all related Security Identification Display Area ("SIDA") classes and tests for access to secure areas and a driver's permit with an appropriate and valid California Driver's License to drive on the airfield. The AIRLINE must attend all mandatory security-related exercises, and monthly security consortium meetings hosted by the Airport.

A. **Local Security**. The AIRLINE shall be responsible for the security of gates or doors that are located on the Leased Premises. Said gates and/or doors on the Leased Premises permitting entry to the restricted areas of the Airport shall be locked when not in use and/or under the AIRLINE's constant surveillance. The AIRLINE shall install such security equipment, including, but not limited to, video monitoring equipment, as may be required by the Airport Director to ensure compliance with all regulations of the FAA, TSA, or other governmental agencies having jurisdiction over Airport security. The AIRLINE shall exercise control over any person or vehicle escorted by the AIRLINE onto restricted or secure areas of the Airport, or to whom an Airport ID/Security Credential was issued by or at the request of the AIRLINE and ensure that such person or vehicle shall comply with all Airport security regulations.

B. **Federal Security**. As of the date of this LEASE, the TSA provides for all passenger and baggage screening conducted at the Airport. The AIRLINE may be required to provide assistance to TSA in its efforts to carry out its federal mandates. At some point during the term of this LEASE, the Airport or another entity may be authorized to provide these security services in lieu of the TSA.

C. **Penalties and Fines.** The AIRLINE shall promptly pay any penalties for which the AIRLINE is responsible. These penalties include, but are not limited to, civil penalties or fines assessed against the Airport or the AIRLINE by the FAA, TSA, or any other governmental agency for the violation of any security-related laws, rules, policies, or regulations at the Airport.

D. **Airport ID/Security Credential Application and Lifecycle.** Prior to issuance of an Airport ID/Security Credential(s), designated AIRLINE Authorized Signatories who will be working onsite and engaged in the performance of work under this LEASE must pass the Airport's background check requirements, which includes an F.B.I. Criminal History Records Check ("CHRC") and a TSA Security Threat Assessment ("STA"), and the

AIRLINE shall pay the applicable fees. Upon successful completion of the background checks, the AIRLINE's designated personnel will be required to attend a SIDA class and pass a written test. Those personnel who may be permitted by the Airport to drive on the Airport Operations Area ("AOA") perimeter road must also complete a Driver's Training class and written test. Airport ID/Security Credentials are not issued until designated AIRLINE personnel have: 1) completed appropriate application forms and submitted proof of identity and employment eligibility, 2) passed both background checks, 3) completed and passed appropriate training, and 4) paid an Airport ID/Security credential fee for each applicant. The AIRLINE should anticipate a minimum of fourteen (14) business days to complete the Airport ID/Security Credential process if all requirements listed above are fulfilled by individual Airport ID/Security Credential applicants in a timely manner, but factors outside the Airport's control can contribute to longer durations. If an applicant is applying for a CBP Seal due to their operational need to work international air service operations, this process may take longer. Authorized Signatories must be in constant contact with the Airport's ID/Access Control Office. The AIRLINE's designated personnel must successfully complete the Airport ID/Security Credential acquisition process unless other arrangements have been approved by the Airport. The AIRLINE shall be responsible for all applicable fees and costs associated with the background checks and badging process. The amount of such fees is subject to change without notice.

E. **Airport ID/Security Credential Applicant Requirements and Responsibilities.** The Airport Security Plan (ASP) requires that each person issued an Airport ID/Security Credential be made aware of their responsibilities regarding the privilege of access to restricted areas of the Airport.

The AIRLINE and all AIRLINE personnel within an access-controlled area (AOA, SIDA, secured area, or sterile area) are required to display on their person an Airport ID/Security Credential, unless they are escorted by an appropriately credentialed Airport individual with escort privileges. When working in a secure area, each Airport-credentialed person is responsible for challenging any individual who is not properly displaying an Airport-issued or approved and valid Airport ID/Security Credential. AIRLINE personnel and their subtenants/contractors must also validate Airport ID/Security Credential employees as described in security training. Any person who is not properly displaying or who cannot produce a valid Airport ID/Security Credential, unless they are being escorted, must immediately be referred to the Sheriff's Department – Airport Police Services Office for proper handling.

The Airport ID/Security Credential is the property of the County of Orange and must be returned upon termination of AIRLINE personnel employment and/or termination of the Lease. The loss of an Airport ID/Security Credential shall be reported within twenty-four (24) hours to the Sheriff's Department–Airport Police Services by calling (949) 252-5000. The AIRLINE or AIRLINE personnel who lose their Airport ID/Security Credential shall be required to pay a fee before receiving a replacement Airport ID/Security Credential. The charge for lost Airport ID/Security Credential replacement will be posted in the Airport

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Administration Office and is subject to change without notice. A report shall be made before a replacement Airport ID/Security Credential will be issued.

The Airport ID/Security Credential is nontransferable.

In the event that the AIRLINE's employee's or contractor's Airport ID/Security Credential is not returned within three (3) business days to the Airport upon: 1) termination of AIRLINE personnel or contractor, 2) Airport ID badge expiration, or 3) upon termination of the LEASE, the AIRLINE shall be liable to the Airport for a fine in the amount of $250.00 per unreturned Airport ID/Security Credential. The amount of the fine is subject to change without notice. The AIRLINE's Security Deposit may be applied to cover the cost of the fine.

ARTICLE XIII - INSURANCE AND INDEMNITY

SECTION 13.01 INSURANCE

The AIRLINE agrees to carry all required insurance at the AIRLINE's expense and to provide the COUNTY current Certificates of Insurance, including all endorsements required herein, necessary to satisfy the COUNTY that the insurance provisions of this LEASE have been complied with. AIRLINE shall keep such insurance coverage current, provide Certificate of Insurance, and endorsements to the COUNTY during the entire term of this LEASE.

The AIRLINE agrees that the AIRLINE shall not operate on the Airport Premises at any time the required insurance is not in full force and effect as evidenced by a Certificate of Insurance and necessary endorsements or, in the interim, an official binder being in the possession of Airport Director. In no cases shall assurances by the AIRLINE, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. Airport Director will only accept valid Certificates of Insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. The AIRLINE also agrees that upon cancellation, termination, or expiration of the AIRLINE's insurance, the COUNTY may take whatever steps are necessary to interrupt any operation from or on the Airport Premises until such time as the Airport Director reinstates the LEASE.

If the AIRLINE fails to provide Airport Director with a valid Certificate of Insurance and endorsements, or binder at any time during the term of the LEASE, the COUNTY and the AIRLINE agree that this shall constitute a material breach of the LEASE. Whether or not a notice of default has or has not been sent to the AIRLINE, said material breach shall permit the COUNTY to take whatever steps necessary to interrupt any operation from or on the Airport Premises, and to prevent any persons, including, but not limited to, members of the general public, and the AIRLINE'S employees and agents, from entering the Premises until such time as Airport Director is provided with adequate evidence of insurance required herein. The AIRLINE further agrees to hold the COUNTY harmless for any damages resulting from such interruption of business and

possession, including, but not limited to, damages resulting from any loss of income or business resulting from the COUNTY's action.

The AIRLINE may occupy the Airport Premises only upon providing to the COUNTY, the required insurance stated herein and maintain such insurance for the entire term of this LEASE. The COUNTY reserves the right to terminate this LEASE at any time the AIRLINE's insurance is canceled or terminated and not reinstated within ten (10) days of said cancellation or termination. The AIRLINE shall pay the COUNTY a fee of $300.00 for processing the reinstatement of the LEASE. The AIRLINE shall provide to the COUNTY immediate notice of said insurance cancellation or termination.

All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the same terms and conditions as set forth herein for the AIRLINE; excluding General Aviation Liability. All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the following required minimum limits: Commercial General Liability $1,000,000 per occurrence with a $2,000,000 aggregate; Commercial Auto Liability $1,000,000 combined single limit each accident for non-air operations area (AOA); and, $5,000,000 combined single limit each accident for air operations area. Pollution Liability will be required when hazardous materials or waste are involved with limits commensurate with the exposure. The AIRLINE shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by the COUNTY from the AIRLINE under this LEASE. It is the obligation of the AIRLINE to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Airport Premises. Such proof of insurance must be maintained by the AIRLINE through the entirety of this LEASE and be available for inspection by a COUNTY representative at any reasonable time.

All self-insured retentions (SIRs) shall be clearly stated on the Certificate of Insurance. Any self-insured retention (SIR) in excess of Fifty Thousand Dollars ($50,000) shall specifically be approved by the County's Risk Manager. The COUNTY reserves the right to require current audited financial reports from the AIRLINE. If the AIRLINE is self-insured, AIRLINE will indemnify and defend the COUNTY for any and all claims resulting or arising from AIRLINE's use of the Airport Premises, services or other performance in accordance with the indemnity provision states in this LEASE.

If the AIRLINE fails to maintain insurance acceptable to the COUNTY for the full term of this LEASE, the COUNTY may terminate this LEASE.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com**).

If the insurance carrier does not have an A.M. Best Rating of A-VIII, the CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the AIRLINE shall provide the minimum limits and coverage as set forth below:

Coverages	Minimum Limits
Aviation Commercial General Liability (Including but not limited to General Liability, Passenger Legal Liability, War/Extended Perils Liability, Personal Injury, Contractual Liability, Premises, Products and Completed Operations, Ground Hangarkeepers and liability for vehicles and mobile equipment operated on restricted airport premises.)	$250,000,000 per occurrence $250,000,000 aggregate
Workers' Compensation	Statutory
Employers' Liability Insurance	$1,000,000 per accident or disease
Pollution Liability Insurance	$1,000,000 per claims made or per occurrence
Commercial Property Insurance on an "All Risk" or "Special Causes of Loss" basis covering all contents and any tenant improvements including Business Interruption/Loss of Rents with a 12-month limit.	100% of the Replacement Cost Value and no coinsurance provision

Increased insurance limits may be satisfied with Excess/Umbrella policies. Excess/Umbrella policies when required must provide Follow Form coverage.

Required Endorsements

The Aviation Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees, agents as Additional Insureds.

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2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by County of Orange shall be excess and non-contributing.

The Pollution Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

Pollution Liability insurance must include coverage for bodily injury and property damage, including coverage for loss of use and/or diminution in property value, and for clean-up costs arising out of, pertaining to, or in any way related to the actual or alleged discharge, dispersal, seepage, migration, release or escape of contaminants or pollutants resulting from any services or work performed by, or behalf of, AIRLINE, including the transportation of hazardous waste, hazardous materials, or contaminants.

If AIRLINE's Pollution Liability policy is a claims-made policy, AIRLINE shall agree to the following:

1. The retroactive date must be shown and must be before the date of the contract or the beginning of the LEASE.

2. Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after expiration or earlier termination of LEASE.

3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the contract services, AIRLINE must purchase an extended reporting period for a minimum of three (3) years after expiration of earlier termination of the LEASE.

The Workers' Compensation policy shall contain a Waiver of Subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees. Blanket coverage may also be provided which will state – **As Required by Written Agreement.**

All insurance policies required by this LEASE shall waive all rights of subrogation against County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

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The Commercial Property policy shall contain a Loss Payee endorsement naming the County of Orange as respects the COUNTY's financial interest when applicable.

Insurance certificates should be forwarded to the COUNTY address provided in the Clause (NOTICES) below or to an address provided by Airport Director. AIRLINE has ten (10) business days to provide adequate evidence of insurance, or this LEASE may be cancelled.

AIRLINE shall provide thirty (30) days prior written notice of any policy cancellation or non-renewal and ten (10) days prior written notice where cancellation is due to non-payment of premium and provide a copy of the cancellation notice to COUNTY. Failure to provide written notice of cancellation may constitute a material breach of the LEASE, upon which the COUNTY may suspend or terminate this Contract

The COUNTY expressly retains the right to require AIRLINE to increase or decrease insurance of any of the above insurance types throughout the term of this LEASE. Any increase or decrease in insurance will be as deemed by the County of Orange Risk Manager as appropriate to adequately protect the COUNTY.

The COUNTY shall notify AIRLINE in writing of changes in the insurance requirements. If the AIRLINE does not deposit copies of acceptable certificates of insurance and endorsements with the COUNTY incorporating such changes within thirty (30) days of receipt of such notice, this LEASE may be in breach without further notice to the AIRLINE, and the COUNTY shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit the AIRLINE's liability hereunder nor to fulfill the indemnification provisions and requirements of this LEASE, nor in any way to reduce the policy coverage and limits available from the insurer.

SECTION 13.02 INDEMNITY

The AIRLINE agrees to indemnify, defend with counsel approved in writing by the COUNTY, and hold the COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies which the COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by the AIRLINE pursuant to this LEASE. If judgment is entered against the AIRLINE and the COUNTY by a court of competent jurisdiction because of the concurrent active negligence of the COUNTY or the COUNTY INDEMNITEES, the AIRLINE and the COUNTY agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION

A. In all its activities within the scope of its airport program, AIRLINE 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 (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance

If AIRLINE transfers its obligation to another, the transferee is obligated in the same manner as AIRLINE.

B. During the performance of this LEASE, AIRLINE, for itself, its assignees, and successors in interest, agrees as follows::

1) **Compliance with Regulations:** AIRLINE 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 LEASE.

2) **Nondiscrimination:** AIRLINE, with regard to the work performed by it during the LEASE, will not discriminate on the grounds of race, color, or national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The AIRLINE 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.

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

4) **Information and Reports:** AIRLINE 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 COUNTY or the FAA to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive

possession of another who fails or refuses to furnish the information, AIRLINE will so certify to the COUNTY or the FAA, as appropriate, and will set forth what efforts it has made to obtain this information.

5) **Sanctions for Noncompliance:** In the event of the AIRLINE's noncompliance with the non-discrimination provisions of this LEASE, the COUNTY will impose such sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

a. Withholding payments under the LEASE until the AIRLINE complies, and/or

b. cancelling, terminating, or suspending the LEASE, in whole or in part.

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

C. AIRLINE, for itself, 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 Leased Premises for a purpose for which an FAA activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, AIRLINE 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 said facilities.

2) 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.

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3) In the construction of any improvements on, over, or under the Leased Premises 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.

4) AIRLINE will use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title VI List of Pertinent Nondiscrimination Acts and Authorities.

D. AIRLINE shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service.

E. AIRLINE, for itself, its assignees, and successors in interest, agrees to comply with the following nondiscrimination 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);

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

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programs or activities of the Federal-aid recipients, subrecipients and contractors, 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) The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex)

10) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations); [rescinded January 21, 2025];

11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)][rescinded March 1, 2025]; and

12) 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).

F. In the event of a breach of any of the above Nondiscrimination covenants, the COUNTY shall have the right to terminate the LEASE and to re-enter and repossess said lands and facilities thereon and hold the same as if said LEASE had never been made or issued.

SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT

The COUNTY reserves the right to develop further or improve the Airport as it sees fit, regardless of the desires or views of the AIRLINE, and without interference or hindrance.

The COUNTY reserves the right, but shall not be obligated to the AIRLINE, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of the AIRLINE in this regard.

SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A.

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This LEASE shall be subordinate to the provisions and requirements of any existing or future agreement between the COUNTY and the United States or any lawful requirement of the United States relative to the development, operation, or maintenance of the Airport.

SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS

The AIRLINE agrees that the AIRLINE's use of the Leased Premises, including all construction thereon, shall conform to applicable FEDERAL AVIATION REGULATIONS.

The AIRLINE agrees to comply with the applicable notification and review requirements covered in Part 77 of the FEDERAL AVIATION REGULATIONS (as same may be amended from time to time or such other regulation replacing Part 77 as may be adopted by Federal authority) prior to the construction of the improvements described herein and prior to the construction of any future structure or building upon the Leased Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

SECTION 14.05 FEDERAL LAW PREEMPTION

Notwithstanding any provisions of this LEASE, to the contrary and notwithstanding any provision of any other agreements, laws, or ordinances to the contrary, any requirement that is imposed on the AIRLINE in this LEASE, or any local authorities, shall not apply to the AIRLINE to the extent that such requirement is or would otherwise be preempted by federal law, including but not limited to the Airline Deregulation Act (49 U.S.C. § 41713).

SECTION 14.06 NONEXCLUSIVE RIGHT

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to conduct aeronautical activities or provide aeronautical services to the public as prohibited by 49 U.S.C. § 40103(e) and 47107(a)(4), as amended from time to time, and the COUNTY reserves the right to grant others the privilege and right of conducting any or all activities of an aeronautical nature.

SECTION 14.07 WAR OR NATIONAL EMERGENCY

This LEASE 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.

SECTION 14.08 RESERVED

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SECTION 14.09 AMERICANS WITH DISABILITIES ACT

The AIRLINE shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 ("ADA") in connection with: (a) the Leased Premises or any portion thereof and its operations thereon, the AIRLINE's furnishings, trade fixtures, and equipment; (b) removing physical barriers; (c) providing auxiliary aids and services for use of the AIRLINE's furnishings, trade fixtures and equipment, where necessary or required; and (d) modifying its policies, practices and procedures to comply with the ADA. The AIRLINE shall develop a work plan to correct or avoid any violations or non-compliance with the ADA and to address the processing of disability complaints. The AIRLINE shall deliver to the COUNTY, upon the COUNTY's request, a copy of each report and work plan. The COUNTY's approval of or acceptance of any aspect of the AIRLINE's activities under this LEASE shall not be deemed or construed in any way as a representation that such item or activity of practice complies with the ADA. The AIRLINE agrees to indemnify, defend, and hold the COUNTY harmless from and against any and all costs incurred by the COUNTY with respect to the AIRLINE's failure to comply with the ADA.

SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT

In accordance with 49 C.F.R. § 27.72, the AIRLINE shall ensure the provision of boarding equipment for passengers with mobility impairment, including, but not limited to, aircraft boarding chairs used to transfer passengers from their wheelchair or other apparatus to their seat in the aircraft cabin. The AIRLINE shall provide all related passenger assistance with this equipment. The equipment shall be provided and maintained in accordance with 49 C.F.R. § 27.72 and the applicable FAA Advisory Circulars, including AC 150/5220-21C.

The COUNTY owns and maintains ramps for utilization by the AIRLINE on the Airport apron in the event a ramp is needed for boarding or deplaning of the aircraft. The AIRLINE shall promptly notify the COUNTY if COUNTY-owned ramps require maintenance. If the AIRLINE owns and operates additional ramps, the AIRLINE shall maintain those ramps in proper working condition. The AIRLINE shall provide assistance to passengers with mobility impairment when ramps are used for boarding or deplaning of the aircraft.

ARTICLE XV - MISCELLANEOUS PROVISIONS

SECTION 15.01 TIME

Time is of the essence in this LEASE.

SECTION 15.02 LEASE ORGANIZATION

The various headings and numbers herein, the grouping of provisions of this LEASE into separate

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sections and paragraphs, and the organization hereof, are for the purpose of convenience only and shall not be considered otherwise.

SECTION 15.03 AMENDMENTS

This LEASE sets forth all of the agreements and understandings of the Parties with regard to its subject matter, and any modification must be written and properly executed by both Parties.

SECTION 15.04 SIGNS

The AIRLINE agrees not to construct, maintain, or allow any sign upon the Leased Premises except as approved by the COUNTY. The AIRLINE shall submit for approval all new signage to be placed in the ticketing lobby, including baggage sizers, and pylon signs. Illustrative drawings and design dimensions must accompany all requests for approval. Unapproved signs, banners, flags, etc., may be removed by the COUNTY without prior notice to the AIRLINE.

The AIRLINE will not place any promotional signs or advertising materials in any location within the Leased Premises or within any Common Use Area of the Terminal without the prior consent of the COUNTY. All requests for the approval of temporary promotional signs for the AIRLINE shall be accompanied by illustrative drawings and design dimensions along with information about the type of signs proposed and proposed locations. All approved promotional signs shall be allowed to remain in the terminal for ninety (90) days. At the end of ninety (90) days, all temporary signage must be removed, or the AIRLINE may resubmit a request to COUNTY to extend past ninety (90) days.

The AIRLINE shall keep all ticket counter space used by the AIRLINE and any associated ticket lifts and podiums free of all signs, advertising materials, credit card application dispensing units, posters, and banners. The COUNTY may, without notice, remove any unauthorized signs or advertising materials, and may store them at the AIRLINE's expense; the COUNTY may dispose of items if they are not promptly claimed by the AIRLINE after notice from the COUNTY.

SECTION 15.05 PERMITS AND LICENSES

The AIRLINE shall be required to obtain any and all approvals, permits, and/or licenses that may be required in connection with the operation of the Leased Premises as set out herein. No permit, approval, or consent given hereunder by the COUNTY in its governmental capacity shall affect or limit the AIRLINE's obligations hereunder, nor shall any approvals or consents given by the COUNTY as a Party to this LEASE be deemed approval as to compliance or conformance with applicable governmental codes, laws, ordinances, rules, or regulations.

SECTION 15.06 RESERVED

SECTION 15.07 TAXES AND ASSESSMENTS

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This LEASE may create a possessory interest that is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) that become due and payable upon the Leased Premises or upon fixtures, equipment, or other property installed or constructed thereon shall be the full responsibility of the AIRLINE, and the AIRLINE shall cause said taxes and assessments to be paid promptly.

SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If either Party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental laws or regulations, or other cause without fault and beyond the control of the Party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse the AIRLINE from the prompt payment of any rental or other charge required of the AIRLINE except as may be expressly provided elsewhere in this LEASE.

SECTION 15.09 PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this LEASE is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 15.10 WAIVER OF RIGHTS

The failure of the COUNTY or the AIRLINE to insist upon strict performance of any of the terms, covenants, or conditions of this LEASE shall not be deemed a waiver of any right or remedy that the COUNTY or the AIRLINE may have and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of the LEASE thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this LEASE. Any waiver, in order to be effective, must be signed by the Party whose right or remedy is being waived.

SECTION 15.11 RESERVATIONS TO THE COUNTY

The Leased Premises are accepted "AS IS," and the AIRLINE is subject to any and all existing easements and encumbrances. The COUNTY reserves the right to install, lay, construct, maintain, repair, and operate sanitary sewers, drains, Stormwater sewers, pipelines, manholes and connections; water, oil and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, under and along the Leased Premises or any part thereof; and to enter the Leased Premises for any and all such purposes. The COUNTY also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, under, and along any and all portions of

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the Leased Premises. No right reserved by the COUNTY in this Section shall be so exercised as to interfere unreasonably with the AIRLINE's operations hereunder or to impair the security of any secured creditor of the AIRLINE.

The COUNTY agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The COUNTY further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Leased Premises by the AIRLINE.\, the AIRLINE shall only be entitled to a reduction in the rent payable to the COUNTY during the period of interference, which shall be reduced in proportion to the interference with the AIRLINE's use of the Leased Premises. The AIRLINE shall not be entitled to any other form of compensation.

SECTION 15.12 AUTHORITY OF THE AIRLINE

If the AIRLINE is a corporation, each individual executing this LEASE on behalf of said corporation represents and warrants that they are duly authorized to execute and deliver this LEASE on behalf of said corporation, in accordance with the by-laws of said corporation, and that this LEASE is binding upon said corporation.

SECTION 15.13 PUBLIC RECORDS

The AIRLINE understands that written information submitted to and/or obtained by the COUNTY from the AIRLINE related to this LEASE and/or the Leased Premises, either pursuant to this LEASE or otherwise, may be open to inspection by the public pursuant to the California Public Records Act (Cal. Gov. Code §§7920.000 *et seq.*) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public.

SECTION 15.14 RELATIONSHIP OF PARTIES

The relationship of the Parties hereto is that of lessor and lessee, and it is expressly understood and agreed that the COUNTY does not in any way or for any purpose become a partner of the AIRLINE in the conduct of the AIRLINE's business or otherwise or a joint venturer with the AIRLINE; and the provisions of this LEASE and the agreements relating to rent payable hereunder are included solely for the purpose of providing a method by which rental payments are to be measured and ascertained. This LEASE is intended for the sole benefit of the Parties hereto and their successors, and unless otherwise provided herein or by law, no rights are created, or are intended to be created, for the benefit of, or enforceable by, any third parties.

SECTION 15.15 GOVERNING LAW AND VENUE

This LEASE has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this LEASE, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

SECTION 15.16 ATTORNEY'S FEES

In any action or proceeding to enforce or interpret any provision of this LEASE, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorney's fees, costs, and expenses.

SECTION 15.17 EMERGENCY SERVICES

The Airport Director has the right to request that the AIRLINE'S employees aid in and use AIRLINE's inventory of goods in an emergency to assist in maintaining the welfare of persons at or near the Airport. The AIRLINE shall be reimbursed by the COUNTY for the cost of goods as soon as practicable at a rate not to exceed costs as existed immediately prior to the emergency.

SECTION 15.18 NOTICES

All notices pursuant to this LEASE shall be addressed to either Party as set forth below and shall be sent through the United States mail, duly registered or certified, return receipt requested with postage prepaid, or by an overnight carrier service. If any notice is sent by an overnight carrier service, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof. Notwithstanding the above, the COUNTY may also provide notices to the AIRLINE by personal delivery or by regular mail postage prepaid, and any such notice so given shall be deemed to have been given upon the date of personal delivery or three (3) days after the date of deposit in the United States Mail, respectively.

To: COUNTY
John Wayne Airport
3160 Airway Avenue
Costa Mesa, CA 92626
Attention: Airport Director

To: AIRLINE
Allegiant Air LLC
1201 North Town Center Drive
Las Vegas, NV 89144

Either Party hereto may, from time to time, by written notice to the other in the method described above, designate a different address, which shall be substituted for the one above specified.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first above written.

AIRLINE: Allegiant Air LLC.

By: DocuSigned by: BC528F69647E4AB...
Its: Chief Financial Officer
Name: Robert Neal

APPROVED AS TO FORM:
County Counsel

By: DocuSigned by: Mark Sanchez 5EE66EC8DA7B48F...

APPROVED AS TO AUDIT AND ACCOUNTING:
Auditor-Controller

By: Signed by: Vivian Luz C. Grzeszczak 98187C051B2C443...

RECOMMENDED FOR APPROVAL:
John Wayne Airport

By: Signed by: A1A526A921AF49F...
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this
document has been delivered to the Chair
of the Board per G.C. Sec. 25103, Reso 79-1535

Attest:

COUNTY:
COUNTY OF ORANGE

By: _____
Chairman, Board of Supervisors

Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT A
LEASED PREMISES DESCRIPTION

Project Management Number: PM 1121-0300-0090

Airline: Allegiant Air LLC

The Leased Premises referred to in this Lease shall mean all the premises shown on a floor plan marked "Exhibit B," attached hereto and made a part hereof, being those certain Exclusive Use Areas designated as follows:

> Airline Ticket Counter, containing 271 square feet, located on the Terminal A concourse of the Departure Level.
>
> Ramp/Operations Office containing 348 square feet of space located on the Terminal A ramp on the Arrival Level.

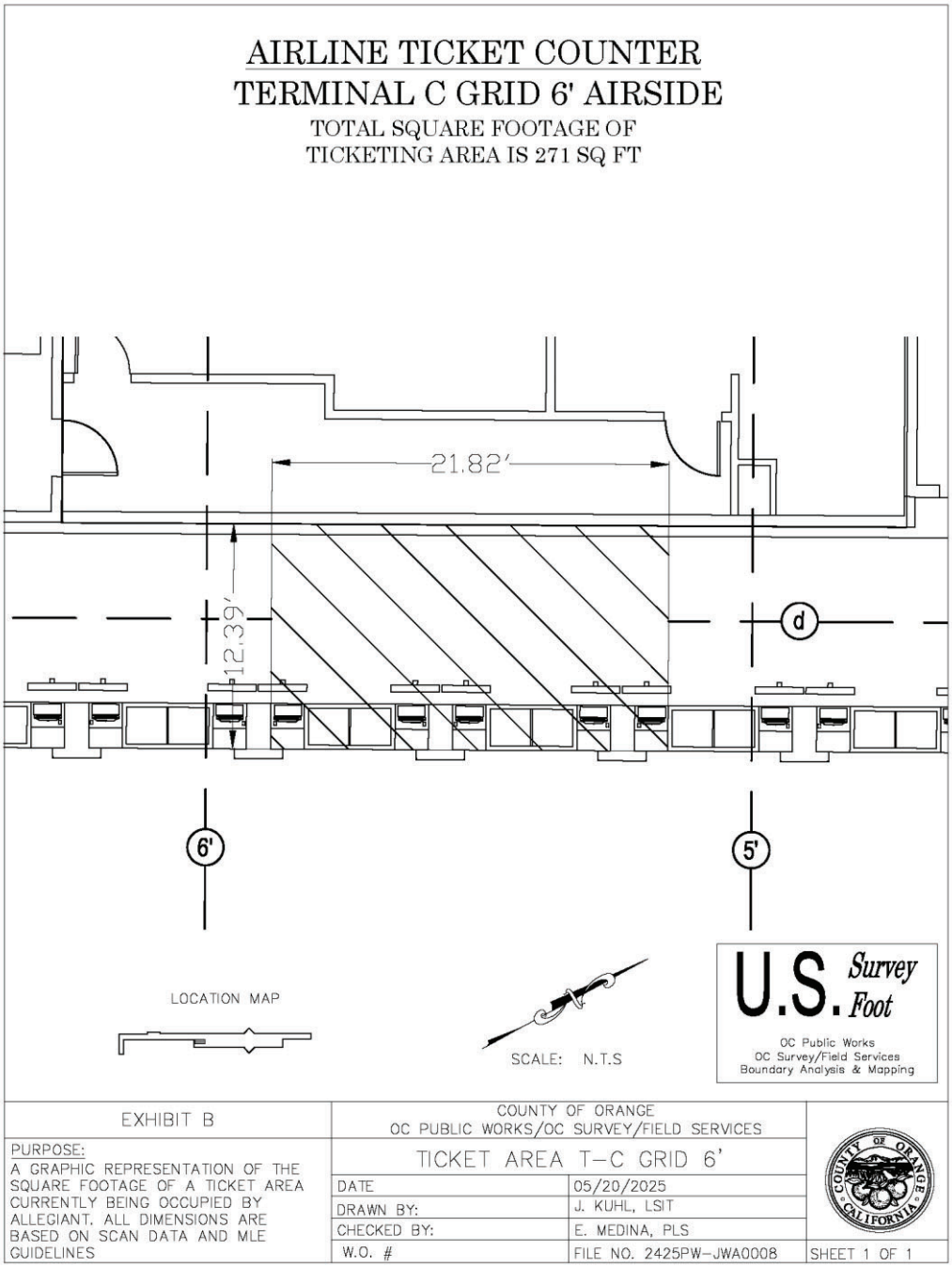
Said Exclusive Use Areas shall also include the premises shown on a map marked "Exhibit C," attached hereto and made a part hereof, being Apron Area. Said "Exhibit C" may be revised at any time by Airport Director.

The Leased Premises shall also include the premises shown on a map marked "Exhibit D," being those certain Common Use Areas designated as Baggage Claim/Baggage Make-up Areas, Holdrooms, Airside Concourses, Security Areas, and Loading Bridges,

Said Exclusive Use and Common Use Areas are situated at the Thomas F. Riley Terminal Building, John Wayne Airport, 18601 Airport Way, in the City of Santa Ana, County of Orange, State of California, and located on Lots 132 and 135 of Block 7 of the Irvine Subdivision, per map recorded in Book 1, Page 88 of Miscellaneous Maps in the Office of the County Recorder of Orange County, together with the right of ingress and egress thereto.

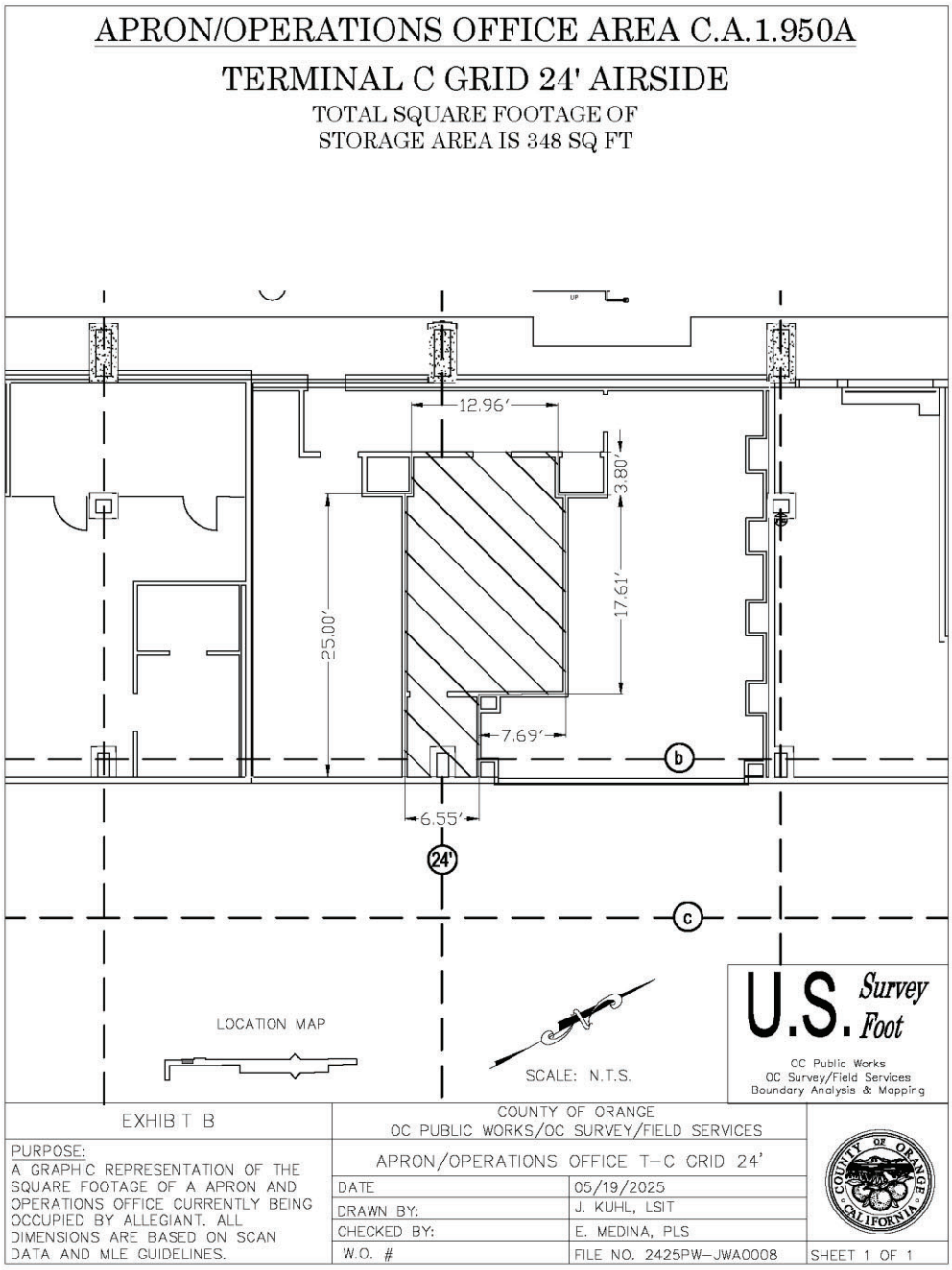
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES – EXCLUSIVE TERMINAL USE AREA



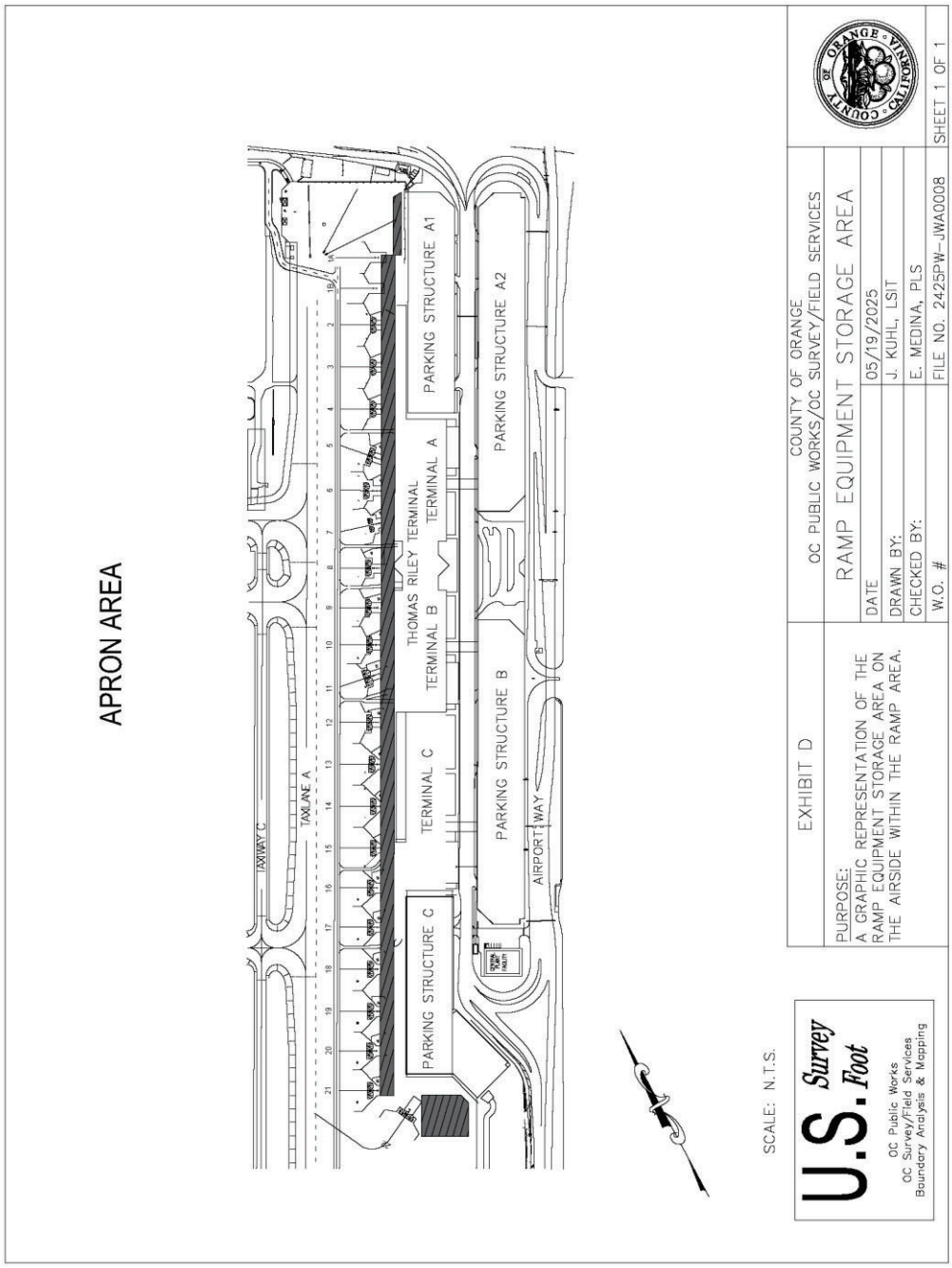
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES – EXCLUSIVE TERMINAL USE AREA



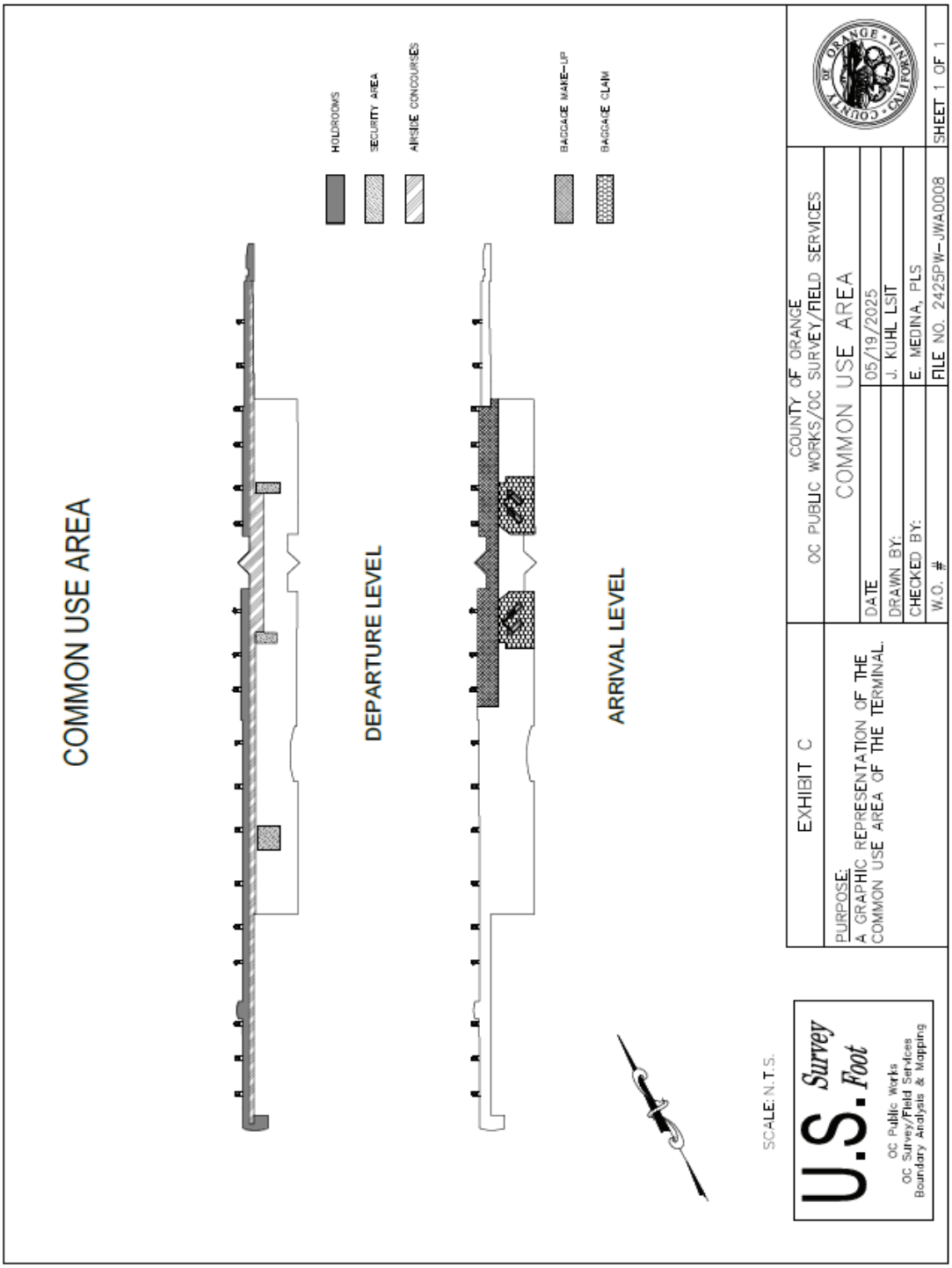
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT C
APRON AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT D
COMMON USE AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT E
JOHN WAYNE AIRPORT
SUMMARY OF OPERATION AND MAINTENANCE RESPONSIBILITIES

	Exclusive Use Areas	Common Use Areas	SIDA - Non Public Areas	Public Areas Sidewalks and Roadways	Airfield
Building Exteriors	C	C	C	C	C
Doors	A (1)	C (1)	C	C	-
Loading Bridges	C	C	C	-	C
Landscaping	-	C	C	C	C
Roadways	-	C	C	C	C
Law Enforcement, Fire Protection, Emergency Medical Services	C	C	C	C	C
Plumbing	C (1,2)	C	C	C	C
Electrical and Lighting	C (1,2)	C	C	C	C
HVAC	C (1)	C	C	C	C
Glass Breakage	C (1)	C	C	C	C
Communications Systems CU P PS	C (1)	C(1)	C	C	C
Custodial Service/Window Cleaning	A	C	C	C	C
Baggage Handling Systems	C	C	C	C	-
Bag-Claim Carousel Equipment	-	C	C	C	-
Baggage Scales (ticket counters)	C	C	-	-	-
People Movers (elevators, escalators)	C	C	C	C	-
Signage	A	C	C	C	C
Ramp	A	C (3)	C (3)	-	-

Key: A = Airline
C = County

1. Airline is responsible for maintenance, repair and replacement of Airline-installed devices and equipment.
2. Airline is responsible for routine maintenance, including relamping and ballast replacement.
3. Airline is responsible for cleaning ramp areas of trash and spills (from building to VSR).

If Airline fails to perform its maintenance and repair obligations as stated in the Lease, the County may perform the work after providing the Airline written notice and recover its entire cost plus a 15% charge from Airline as additional costs. Said cos ts shall be due and payable by the Airline to the County as stated in Article V, Section 5.07 of the Lease.

In the event the Airline makes any repairs or modifications to an area or equipment, at the request of the County, as per Section 4.01 subsection C of this Lease, and those areas or equipment are currently maintained by the County, the County will continue the maintenance responsibilities for those areas or equipment.

JOHN WAYNE AIRPORT
ORANGE COUNTY

AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

Dated _____

Between

County of Orange

and

American Airlines, Inc.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

RECITALS 1
ARTICLE I - DEFINITIONS 2
SECTION 1.01 AAAC 2
SECTION 1.02 AAAC CHAIR 2
SECTION 1.03 ACCESS PLAN 2
SECTION 1.04 ADD 2
SECTION 1.05 AIRLINE RATES AND CHARGES 3
SECTION 1.06 AIRPORT 3
SECTION 1.07 AIRPORT DIRECTOR 3
SECTION 1.08 APRON AREA 3
SECTION 1.09 AUDITOR-CONTROLLER 3
SECTION 1.10 BOARD OF SUPERVISORS 3
SECTION 1.11 CBP 3
SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT 3
SECTION 1.13 COMMON USE AREA 3
SECTION 1.14 COUNTY 4
SECTION 1.15 CUPPS 4
SECTION 1.16 CUSS 4
SECTION 1.17 DOT 4
SECTION 1.18 EMV 4
SECTION 1.19 ENVIRONMENTAL LAWS 4
SECTION 1.20 EXCLUSIVE USE AREA 5
SECTION 1.21 FAA 5
SECTION 1.22 GSE 5
SECTION 1.23 HAZARDOUS SUBSTANCES 5
SECTION 1.24 IAF 6
SECTION 1.25 NON-STORMWATER DISCHARGE 6
SECTION 1.26 PFC 6
SECTION 1.27 POLLUTANT 6
SECTION 1.28 RON 7
SECTION 1.29 STORMWATER 7
SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES 7
SECTION 1.31 TERMINAL 7
SECTION 1.32 TSA 7
ARTICLE II – TERM OF LEASE 7
SECTION 2.01 TERM OF LEASE 7
SECTION 2.02 HOLDING OVER 7
SECTION 2.03 TERMINATION FOR CONVENIENCE 8
ARTICLE III – LEASED PREMISES 8
SECTION 3.01 LEASED PREMISES 8

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 3.02 NATURE OF AIRLINE'S ESTATE 9
SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES 9
ARTICLE IV - RENT, FEES AND CHARGES 9
SECTION 4.01 RENT, FEES AND CHARGES 9
SECTION 4.02 PAYMENT PROCEDURE 13
SECTION 4.03 CHARGE FOR LATE PAYMENT 14
SECTION 4.04 PASSENGER FACILITY CHARGE 14
SECTION 4.05 PROVISION AGAINST SET-OFFS 15
SECTION 4.06 SECURITY DEPOSIT 16
SECTION 4.07 NEW ENTRANT DEPOSIT 17
SECTION 4.08 MARKETING FUND FEE 17
ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES 18
SECTION 5.01 USE 18
SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES 19
SECTION 5.03 RULES AND REGULATIONS 19
SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE 20
SECTION 5.05 OPERATIONAL REQUIREMENTS 21
SECTION 5.06 RECORDS AND ACCOUNTS 22
SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS 25
SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON 27
SECTION 5.11 AIRCRAFT PARKING 27
SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT 30
SECTION 5.12 PORTER SERVICES 28
ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT 28
SECTION 6.01 COMMON USE EQUIPMENT 28
SECTION 6.02 COMMON USE EQUIPMENT STOCK 29
SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK 29
SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT 29
SECTION 6.06 NETWORK USAGE 30
SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES 32
SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES 32
ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION 33
SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE 33
SECTION 7.02 SPILL RESPONSE PLAN 34

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION 35
SECTION 7.04 ENVIRONMENTAL STEWARDSHIP 36
SECTION 7.05 RESERVED 38
SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION 38
SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS 39
SECTION 7.08 ANTI-IDLING POLICY 39
ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS 39
SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY 39
SECTION 8.02 IMPROVEMENTS BY THE AIRLINE 40
SECTION 8.03 AIRLINE REIMBURSEMENT 41
SECTION 8.04 EXCLUSIVE REMEDY 42
SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION 42
SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES 43
SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS 43
SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS 45
SECTION 8.09 HEALTH AND SAFETY 45
ARTICLE IX - ACCOMMODATION 46
SECTION 9.01 JOINT USE REQUIREMENT 46
ARTICLE X - ASSIGNMENT AND SUBLEASE 47
SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING 47
SECTION 10.02 SUCCESSORS IN INTEREST 50
ARTICLE XI - TERMINATION AND DEFAULT 50
SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS 51
SECTION 11.02 TERMINATION FOR DEFAULT 51
SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION 52
SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY 52
SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER 52
ARTICLE XII - SECURITY 52
SECTION 12.01 AIRPORT SECURITY 52
ARTICLE XIII - INSURANCE AND INDEMNITY 55
SECTION 13.01 INSURANCE 55
SECTION 13.02 INDEMNITY 59
ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS 59
SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION 60
SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT 63
SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A. 63
SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS . 64

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 14.05 FEDERAL LAW PREEMPTION 64
SECTION 14.06 NONEXCLUSIVE RIGHT 64
SECTION 14.07 WAR OR NATIONAL EMERGENCY 64
SECTION 14.08 RESERVED 64
SECTION 14.09 AMERICANS WITH DISABILITIES ACT 65
SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT 65
ARTICLE XV - MISCELLANEOUS PROVISIONS 65
SECTION 15.01 TIME 65
SECTION 15.02 LEASE ORGANIZATION 65
SECTION 15.03 AMENDMENTS 66
SECTION 15.04 SIGNS 66
SECTION 15.05 PERMITS AND LICENSES 66
SECTION 15.06 RESERVED 66
SECTION 15.07 TAXES AND ASSESSMENTS 66
SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE 67
SECTION 15.09 PARTIAL INVALIDITY 67
SECTION 15.10 WAIVER OF RIGHTS 67
SECTION 15.11 RESERVATIONS TO THE COUNTY 67
SECTION 15.12 AUTHORITY OF THE AIRLINE 68
SECTION 15.13 PUBLIC RECORDS 68
SECTION 15.14 RELATIONSHIP OF PARTIES 68
SECTION 15.15 GOVERNING LAW AND VENUE 69
SECTION 15.16 ATTORNEY'S FEES 69
SECTION 15.17 EMERGENCY SERVICES 69
SECTION 15.18 NOTICES 69

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

LIST OF EXHIBITS

EXHIBIT A LEASED PREMISES DESCRIPTION – TERMINAL EXCLUSIVE USE AREA

EXHIBIT B FLOOR PLAN OF LEASED PREMISES – TERMINAL EXCLUSIVE USE AREA

EXHIBIT C MAP OF APRON AREA

EXHIBIT D MAP COMMON USE AREA

EXHIBIT E AIRLINE MAINTENANCE OBLIGATIONS

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

THIS AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE ("LEASE") is made and entered into this ___ day of _____, 2025, by and between the COUNTY OF ORANGE, a political subdivision of the State of California ("COUNTY"), and American Airlines, Inc. ("AIRLINE"), with COUNTY and AIRLINE sometimes individually referred to as "Party" or collectively referred to as "Parties."

RECITALS

WHEREAS, the COUNTY, through its Board of Supervisors, is the owner and proprietor of John Wayne Airport ("JWA" or "Airport"), located in the County of Orange, State of California, and operates and maintains the Airport as a governmental function for the primary purpose of providing air transportation to the public; and

WHEREAS, COUNTY and AIRLINE entered into a Certificated Passenger Airline Lease dated November 3, 2020, with a term effective January 1, 2021, through December 31, 2025 ("Existing Lease"); and

WHEREAS, the AIRLINE is engaged in the business of commercial air transportation of persons, property, cargo, and mail as a scheduled air carrier and is certificated or otherwise authorized by the United States of America to engage in such business; and

WHEREAS, the AIRLINE desires to enter into an agreement addressing certain premises, facilities, rights, licenses, services, and privileges at the Airport; and

WHEREAS, as part of its ongoing effort to operate the Airport in a manner sensitive to the residents who live under the Airport's approach and departure corridors, the COUNTY has developed one of the most stringent access and noise abatement programs in the country. The Airport monitors all aircraft operations, both commercial and private, for compliance with the program. These noise abatement and access restrictions derive from the 1985 Settlement Agreement between the COUNTY, City of Newport Beach, and other parties and are implemented through ordinances, resolutions (including Resolutions No. 85-255, 85-256, 85-259, 85-1231, 85-1232, and 85-1233), regulations (including the Phase 2 Commercial Airline Access Plan and Regulation) and policies of the COUNTY, as they may be amended from time to time; and

WHEREAS, the 1985 Settlement Agreement has been periodically amended by its parties to, among other things, increase the authorized passenger levels at the Airport; and

WHEREAS, the amendments to the 1985 Settlement Agreement preserve and continue to implement important restrictions on the use of JWA, "grandfathered" under the AIRPORT NOISE AND CAPACITY ACT OF 1990 ("ANCA"), which reflect and accommodate historical policy decisions of the Board of Supervisors regarding the appropriate point of balance between the competing interests of the air transportation and aviation community and local residents living in the vicinity of the Airport. These policy decisions address, among other issues, nighttime operational restrictions and maximum permitted single-event noise levels; and

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

WHEREAS, the COUNTY and the AIRLINE mutually desire to enter into this LEASE, which amends and restates the Existing Lease, in order to provide air transportation services to the community and its visitors through December 31, 2030; and

WHEREAS, the COUNTY has the right to permit and grant the use of its property at the Airport to the AIRLINE for the operation of the AIRLINE's air transportation services; and

WHEREAS, the AIRLINE acknowledges that this LEASE is being entered into under the provisions of CAL. PUBLIC UTIL. CODE §§21690.5 *et seq.*, and, in particular, §21690.9.

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained to be observed and performed by the respective Parties hereto:

THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I - DEFINITIONS

The following words, terms, and phrases, whenever used in this LEASE, shall have the meaning and significance attached to them in this Article unless otherwise apparent from context.

SECTION 1.01 AAAC

"AAAC" shall mean the JWA – Airport Airline Affairs Committee. The AAAC is composed of the airline properties representatives for the carriers serving JWA.

SECTION 1.02 AAAC CHAIR

"AAAC Chair" shall mean the Chairperson elected by the AAAC to act as the spokesperson for carriers serving JWA.

SECTION 1.03 ACCESS PLAN

"Access Plan" shall mean the Phase 2 Commercial Airline Access Plan and Regulation for John Wayne Airport, Orange County, as that plan existed when originally adopted and approved by the Orange County Board of Supervisors in 1990, as it has been amended by the Board of Supervisors from time to time, and as it may be amended by the Board of Supervisors at any time during the term of this LEASE.

SECTION 1.04 ADD

"ADD" shall mean Average Daily Departure, as defined in the Access Plan. Except as expressly provided in the Access Plan, all commercial air carrier departures at JWA are regulated departures and require an ADD allocation. ADD allocations are the exclusive property of the COUNTY.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 1.05 AIRLINE RATES AND CHARGES

"Airline Rates and Charges" shall mean all rates, fees, and charges payable to the COUNTY by the AIRLINE, as specified herein**.**

SECTION 1.06 AIRPORT

"Airport" shall mean the John Wayne Airport, Orange County, California.

SECTION 1.07 AIRPORT DIRECTOR

"Airport Director" shall mean the Director of JWA or his or her duly authorized designee.

SECTION 1.08 APRON AREA

"Apron Area" shall mean the land identified as Apron Area in Exhibit C attached hereto, and, except as otherwise provided herein, all facilities, equipment, and improvements now or hereafter located thereon.

SECTION 1.09 AUDITOR-CONTROLLER

"Auditor-Controller" shall mean the Auditor-Controller, County of Orange, or designee.

SECTION 1.10 BOARD OF SUPERVISORS

"Board of Supervisors" shall mean the COUNTY's governing body.

SECTION 1.11 CBP

"CBP" shall mean Customs and Border Protection, U.S. Department of Homeland Security.

SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT

"Certificated Maximum Landing Weight" shall mean the current maximum allowable gross landing weight of aircraft operated by the AIRLINE and certificated by the Federal Aviation Administration (FAA) for operation at the Airport.

SECTION 1.13 COMMON USE AREA

"Common Use Area" shall mean the nonexclusive use of space, in common with other airlines, located in the Terminal, as shown in Exhibit D.

SECTION 1.14 COUNTY

"COUNTY" shall mean the County of Orange, a political subdivision of the State of California.

SECTION 1.15 CUPPS

"CUPPS" shall mean the Airport's Common Use Passenger Processing System.

SECTION 1.16 CUSS

"CUSS" shall mean Common Use Self Service.

SECTION 1.17 DOT

"DOT" shall mean the U.S. Department of Transportation.

SECTION 1.18 EMV

"EMV" shall mean Europay, Mastercard, or Visa.

SECTION 1.19 ENVIRONMENTAL LAWS

“Environmental Laws” shall mean any federal, State, or local laws, statutes, ordinances, codes, judgments, orders, rules, or regulations pertaining to the environment and/or human health, Hazardous Substances, Pollutants, occupational safety and health, industrial hygiene, or the environmental conditions on, at, under or about the Airport, and includes, without limitation, the following: (i) the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; (ii) Clean Water Act, 33 U.S.C. § 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 C.F.R. Parts 173 and 175; (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 U.S.C. § 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 (“Proposition 65”); (ix) California Health and Safety Code §§25100, 25395.7, 25915 *et seq.*; (x) the Porter-Cologne Water Quality Control Act (California Water Code); (xi) California Civil Code § 3479 *et seq.*; (xii) Stormwater Discharge Rules, 40 C.F.R. §§ 122.26, 122.30-37; (xiii) the Carpenter-Presley-Tanner Hazardous Substances Account Act; (xiv) the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; (xv) the Safe Drinking Water Act, 24 U.S.C. § 300f, *et seq.*; xvi) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Industrial Activities, Order No. 2014-0057-DWQ (or most current); xvii) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, Order No. 2009-0009-DWQ amended by 2010-0014-DWQ & 2012-0006-DWQ; xviii) The County of Orange, Orange County Flood Control District, and The

Incorporated Cities of Orange County within the Santa Ana Region Areawide Urban Stormwater Runoff Orange County Municipal Separate Storm Sewer System (MS4) Permit Order No. R8-2009-0030 (National Pollutant Discharge Elimination System No. CAS618030) as amended by Order No. R8-2010-0062; xix) South Coast Air Quality Management District Regulations and Rules; and (xx) all other federal, State, and local laws, rules, orders, directives, and codes, regulations, judgments, and orders relating to (a) emissions, discharges, releases, and/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 (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Substances, as such laws are amended, and the regulations and administrative codes applicable thereto.

SECTION 1.20 EXCLUSIVE USE AREA

"Exclusive Use Area" shall mean the areas of the Terminal and on the Terminal Apron that the COUNTY has granted the AIRLINE the right to use on an exclusive-use basis, subject to the Joint Use Requirement, during the term of this LEASE. The AIRLINE's Exclusive Use Area is described in Exhibit A and shown in Exhibits B and C.

SECTION 1.21 FAA

"FAA" shall mean the Federal Aviation Administration created under the FEDERAL AVIATION ACT OF 1958 or such successor agency as may have similar jurisdiction over the AIRLINE or its business and the Airport.

SECTION 1.22 GSE

"GSE" shall mean Ground Service Equipment and include any auxiliary power unit, mobile stairs, aircraft support equipment, machinery, spare parts, or other equipment used or stored by any qualified air carrier or ground service provider in support of operations at JWA.

SECTION 1.23 HAZARDOUS SUBSTANCES

“Hazardous Substances” shall mean any pollutant, contaminant, chemical, compound, substance, hazardous or toxic substance, material, waste, and/or any other matter, which is or shall become regulated by any governmental entity, including, but not limited to COUNTY acting in its governmental capacity, the State of California, and/or the United States Government. 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, nuisance, and/or is controlled or governed under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos-containing materials; (iv) flammable or explosive substances; (v) mold-containing materials; poly-chlorinated biphenyl compounds; and/or (vi) substances designated by any governmental entity to cause cancer and/or reproductive toxicity.

SECTION 1.24 IAF

"IAF" shall mean the International Arrival Facility and include the areas of the Terminal that house U.S. Customs and Border Protection and are for the use of arriving international passengers.

SECTION 1.25 NON-STORMWATER DISCHARGE

"Non-Stormwater Discharge" shall mean any discharge to storm sewer systems that is not entirely composed of Stormwater. "Non-Stormwater Discharge" includes "Unauthorized Non-Stormwater Discharges" and "Authorized Non-Stormwater Discharges" as defined by the California Environmental Protection Agency State Water Resources Control Board's National Pollutant Discharge Elimination System General Permit for Discharges of Stormwater Associated with Industrial Activities and Construction Activities.

SECTION 1.26 PFC

"PFC" shall mean federally approved Passenger Facility Charges or passenger facility fees, as authorized by 49 U.S.C. §40117 and regulated by 14 C.F.R. Part 158, as such statute and regulation currently exist or as they may be amended during the term of this LEASE.

SECTION 1.27 POLLUTANT

“Pollutant” means any chemical, compound, substance, liquid, solid or semi-solid substance, or combination thereof, including but not limited to:

a. Artificial materials (such as floatable plastics, wood products or metal shavings);

b. Household waste (such as trash, paper, and plastics; cleaning chemicals, yard wastes, animal fecal materials, used oil and fluids from vehicles, lawnmowers, and other common household equipment);

c. Metals and nonmetals, including compounds of metals and nonmetals (such as cadmium, lead, zinc, copper, silver, nickel, chromium, cyanide, phosphorus, and arsenic) with characteristics that cause an adverse effect on living organisms;

d. Petroleum and related hydrocarbons (such as fuels, lubricants, surfactants, waste oils, solvents, coolants, and grease);

e. Substances having a pH less than 6.5 or greater than 8.6, or unusual coloration, turbidity, or odor;

f. Materials causing an increase in biochemical oxygen demand, chemical oxygen demand, or total organic carbon;

g. Materials that contain base/neutral or acid-extractable organic compounds;

h. Those pollutants defined in Section 1362(6) of the Federal Clean Water Act;

i. Any other constituent or material, including but not limited to pesticides, herbicides, fertilizers, fecal coliform, fecal streptococcus, or enterococcus, or eroded soils, sediment, and particulate materials in quantities that will interfere with or adversely affect the beneficial use of the receiving waters, flora or fauna of the State; and

j. Any substance listed under Health and Safety Code, §25316.

SECTION 1.28 RON

"RON" shall mean the remain overnight positions where the AIRLINE's aircraft are required to park when they "remain overnight" at JWA.

SECTION 1.29 STORMWATER

"Stormwater" shall mean stormwater runoff, snowmelt runoff, and stormwater surface runoff and drainage.

SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES

"Tenant Design and Construction Guidelines" shall mean the Tenant Criteria Manual, CAD Standards, BIM Standards Manual, and GIS Data Standard which can be found on the OCAIR.COM website.

SECTION 1.31 TERMINAL

"Terminal" shall mean the Thomas F. Riley commercial passenger terminal and concourses at JWA, as may be modified at any time during the term of this LEASE.

SECTION 1.32 TSA

"TSA" shall mean the Transportation Security Administration of the U.S. Department of Homeland Security, the federal agency responsible for regulation of airport security, or any such successor agency.

ARTICLE II – TERM OF LEASE

SECTION 2.01 TERM OF LEASE

The term of this LEASE shall commence on January 1, 2021, and expire on December 31, 2030.

SECTION 2.02 HOLDING OVER

In the event the AIRLINE shall continue in possession of the Leased Premises after the term of this LEASE, such possession shall not be considered an extension or renewal of this LEASE but

a tenancy from month-to-month and shall be governed by the conditions and covenants contained in this LEASE.

SECTION 2.03 TERMINATION FOR CONVENIENCE

This LEASE may be terminated for convenience by either Party for any reason and without cause upon ninety (90) days' written notice.

ARTICLE III – LEASED PREMISES

SECTION 3.01 LEASED PREMISES

The COUNTY leases to the AIRLINE that certain property hereinafter referred to as "Leased Premises." Said premises shall be leased to the AIRLINE in "as-is" condition and shall consist of the following:

A. **Exclusive Use Area**. Exclusive use of the space, subject to the requirements set forth in Section 9.01 of this LEASE entitled "JOINT USE REQUIREMENT," located in the Terminal and on the Apron and Airfield, as described on Exhibit A and shown in Exhibits B and C, which exhibits are attached hereto and by reference made a part hereof and hereinafter referred to as "Exclusive Use Area."

B. **Common Use Area**. Nonexclusive use, in common with other airlines, of space located in the Terminal as shown on Exhibit D, which exhibit is attached hereto and by reference made a part hereof, and hereinafter referred to as "Common Use Areas." Common Use Areas include:

(1) Baggage Claim and Baggage Make-up Areas;

(2) Hold rooms (departure lounges);

(3) Airside Concourses;

(4) Landside Concourses;

(5) Loading Bridges

(6) Baggage and Passenger Screening Areas;

(7) Security Areas.

The use of these Common Use Areas shall be subject to the reasonable control and regulation of the Airport Director.

SECTION 3.02 NATURE OF AIRLINE'S ESTATE

The AIRLINE acknowledges and agrees:

A. That the COUNTY has granted to the AIRLINE a leasehold interest in the Leased Premises only.

B. That the COUNTY retains a fee ownership for federal income tax purposes in and to the Leased Premises, as well as all other ownership burdens and benefits connected with such fee ownership.

C. That the AIRLINE has not been granted any direct or indirect right or option to purchase the Leased Premises from the COUNTY at any time during or after the termination of this LEASE.

SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES

The AIRLINE shall not install equipment of any kind outside the Leased Premises unless authorized in writing by the Airport Director and/or designee prior to installation.

ARTICLE IV - RENT, FEES AND CHARGES

SECTION 4.01 RENT, FEES AND CHARGES

The rents, fees, and charges contained in this LEASE are established in accordance with (i) Resolution 02-062 dated March 12, 2002 (or as subsequently amended), which reasserts and establishes the John Wayne Airport Revenue Planning Policy, and (ii) the Bond Indenture for the Airport Revenue Bonds, Series 1987, and the First Supplemental, Second Supplemental, Third Supplemental, Fourth Supplemental, Fifth Supplemental, and Sixth Supplemental Indenture Series 1993, 1997, 2003, 2009 and 2019, as well as any future bond indentures or supplemental indentures that may be issued or adopted from time to time. The Airport Director and the AAAC Chair shall present any modifications to the rents, fees, and charges to the AAAC prior to implementation.

A. The AIRLINE shall make payment of the following rents, fees, and charges, which shall be due and payable monthly in advance on the first day of each month with a 15-day grace period, and the AIRLINE agrees that the COUNTY will not invoice for such rents, fees, and charges:

(1) **Exclusive Use Areas**

(a) Terminal Building. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use terminal space.

Exclusive use terminal space consists of the airline ticket counter, airline ticket office, baggage service office, and operations/ramp office.

For the purpose of calculating terminal building rent, the AIRLINE's Exclusive Use Area(s) of the terminal building contains the square feet described in Exhibit A and shown in Exhibit B.

(b) Terminal Apron. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use of terminal apron space used for GSE. For purposes of calculating terminal apron rent, the AIRLINE's Exclusive Use Area(s) of the apron contains the square feet shown on Exhibit C. Exhibit C may be modified at any time by Airport Director.

(c) Airport Tenant Improvement Amortization Schedule. The AIRLINE shall reimburse the COUNTY for tenant improvement by the COUNTY based on the amortization schedule established by the Airport Director.

(2) **Common Use Areas**

(a) Arrival Level. The COUNTY shall establish fees for shared use of baggage claim and baggage make-up areas. Said fees shall be established on the basis of allocating the Airport's total costs and expenses associated with the baggage claim and baggage make-up areas to the commercial airlines in the terminal accordingly: twenty percent (20%) of the costs to be shared evenly among the commercial airlines and eighty percent (80%) of the costs to be shared based on each commercial airline's percentage of total deplaned passengers at the Airport, including their commuter affiliates.

(b) Departure Level. The COUNTY shall establish fees for shared use of departure level common areas, including hold-rooms, airside concourses, baggage/passenger screening areas, and security areas. Said fees shall be established by allocating the Airport's total costs and expenses associated with departure level common areas accordingly: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

The COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Modifications may include fee revisions, the establishment of new fee classifications, or such

other changes as needed to respond to the AIRLINE's use of the Airport. At the end of each modification period, the COUNTY shall establish monthly fees and issue credits for any overpayments by the AIRLINE or invoice the AIRLINE for any underpayments for the previous period.

In the event an obligation to pay fees begins or terminates on some day other than the first or last day of the month, the fees shall be prorated to reflect the actual period of use based on a thirty (30) day month. The fees for any partial calendar month during which this LEASE becomes effective will be payable on such effective date.

(c) IAF. Fees shall be established by the COUNTY for shared use of the IAF. Said fees shall be established based on the Airport's total costs and expenses associated with the IAF area. The IAF fees shall be allocated to commercial carriers operating international flights according to the carrier's ratio of international deplaned passengers and the fee schedule established by the COUNTY.

(d) CBP. Costs shall be passed through to commercial carriers operating international flights based on international deplaned passengers at JWA and the fee schedule established by the COUNTY.

(e) CUPPS. Fees shall be established by the COUNTY for the implementation, maintenance, support, services and supplies, and periodic upgrades of the Common Use Passenger Processing System (CUPPS). Said fees shall be established and allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

In the event of future CUPPS upgrade implementation due to technological requirements or regulatory compliance, the cost of CUPPS upgrade shall be amortized over three years, allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each airlines percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

(1) The JWA CUPPS has EMV credit card capability. JWA will not activate this capability until the JWA AAAC agrees to its activation, in whole or in part, using a processing system acceptable to the affected airlines and JWA.

(2) In the event AIRLINE does not use JWA's installed EMV credit card chip processing system, the COUNTY will not be liable for fraudulent credit card transactions by AIRLINE customers, and AIRLINE shall indemnify the COUNTY pursuant to Section 13.02 of this LEASE for such transactions.

(3) **Additional Fees**

The COUNTY shall establish additional fees including, but not limited to, utility expenses, janitorial expenses, and annual security expenses resulting from any security measures implemented after September 11, 2001. Such fees shall be established annually by allocating the Airport's total cost accordingly: ten percent (10%) of the cost to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the cost to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

B. The AIRLINE shall pay the following fees and charges payable monthly in arrears on or before the twentieth (20th) day of each month with no grace period. The AIRLINE agrees that the COUNTY will not invoice for the following fees and charges and may require the AIRLINE to submit future monthly reports electronically via JWA's portal and prescribed format. Airport will make reasonable efforts to develop an electronic format that allows AIRLINE to report requested information efficiently.

(1) Landing fees based on the latest schedule established by the COUNTY covering the operation of scheduled airlines and commercial operations at the Airport. Landing fees shall be expressed in terms of a rate per one thousand (1,000) pounds of maximum gross landing weight of aircraft certified by the FAA.

(2) Aircraft RON parking fees based on the latest schedule established by the COUNTY. Aircraft parking fees shall be expressed in dollars per night.

(3) Operations fees (gate use fees) based on the schedule established by the COUNTY. Operations fees shall be expressed in dollars per daily departure.

Upon thirty (30) days' written notice from the Airport Director, the COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Changes may include fee revisions, establishment of new fee classifications, or such other changes as needed to respond to the AIRLINE's use of the Airport, the need for the COUNTY to receive fair and equitable rents, fees, and charges for all uses of the Airport, and to ensure the Airport is operated at no cost to the local taxpayer. With regard to any dispute as to what may constitute reasonable rents, fees, and charges, the AIRLINE shall first exhaust all remedies provided by applicable federal law and FAA regulations. At the end of each modification period, the COUNTY shall establish monthly fees and apply any underpayments or overpayments by the AIRLINE to the subsequent rates and charges period. At the discretion of the COUNTY, overpayments may be refunded via credit memo and underpayments may be invoiced.

C. Based upon prior written agreement between the AIRLINE and the COUNTY, the AIRLINE may pay for facilities repairs or modifications that would normally be the responsibility of the COUNTY. Costs for such repairs or modifications shall be deducted from the AIRLINE rent by the COUNTY upon submittal to the COUNTY of invoices, receipts, statements, or other documentation acceptable to the COUNTY for said repairs or modifications. All invoices, receipts, statements, or other documentation shall include a detailed description of the nature of the work performed and the associated costs. Upon completion of all repairs or modifications, the AIRLINE shall submit to the COUNTY a written request for rent credit and all documentation for the repairs or modifications.

Notwithstanding anything in this LEASE to the contrary, all amounts payable by the AIRLINE to or on behalf of the COUNTY under this LEASE, whether or not expressly denominated as rent, shall constitute rent for the purposes of the U.S. BANKRUPTCY CODE, 11 U.S.C. §502(b)(6).

The AIRLINE shall notify the Airport in writing within thirty (30) days of filing a petition for bankruptcy.

SECTION 4.02 PAYMENT PROCEDURE

A. **Place of Payment and Filing**. Payments and statements required by Sections 4.01, 4.08, and 5.06 in this LEASE shall be delivered to the County of Orange, Office of the Auditor-Controller, John Wayne Airport Accounting Services, 3160 Airway Avenue, Costa Mesa, California 92626. The designated place of payment and filing may be changed at any time by the COUNTY upon ten (10) days' written notice to the AIRLINE. Payments may be remitted by automated clearing house (ACH) deposit to the COUNTY's designated bank account or made by check payable to the County of Orange. The AIRLINE assumes all risk of loss if payments are made by mail.

B. **Form of Payment**. All sums due under this LEASE shall be paid in lawful money of the United States of America without offset, deduction, or prior notice or demand. No payment by the AIRLINE or receipt by the COUNTY of a lesser amount than the payment due shall

be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and the COUNTY shall accept such check or payment without prejudice to the COUNTY's right to recover the balance of the amount due or pursue any other remedy in this LEASE. All electronic payments must be remitted by Automated Clearing House (ACH) deposit to the COUNTY's designated bank account, or any future mode prescribed by the COUNTY. Any fees assessed to the COUNTY's bank account due to the use of another form of payment (e.g., wire transfer) not prescribed or approved by the COUNTY shall be passed through to AIRLINE plus a twenty-five dollars ($25.00) processing fee.

C. **Penalty for NSF Check** In the event a check submitted by AIRLINE is returned for non-sufficient funds ("NSF"), the AIRLINE agrees to pay the COUNTY a service charge in the amount of twenty-five dollars ($25) for the first returned check, and thirty-five dollars ($35) for each subsequent check. AIRLINE may also be liable for treble damages pursuant to California Civil Code Section 1719.

SECTION 4.03 CHARGE FOR LATE PAYMENT

The AIRLINE hereby acknowledges that the late payment of rent or any other sums due hereunder will cause the COUNTY to incur costs not contemplated by this LEASE, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices, increased accounting costs, or lost interest income.

Accordingly, if any payment of rent as specified in Section 4.01 in this LEASE or of any other sum due the COUNTY is not received by the COUNTY by the due date, a late charge of one and one-half percent (1.5%) of the payment due shall be added to the payment, and the total sum shall become immediately due and payable to the COUNTY. An additional charge of one and one-half percent (1.5%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

The AIRLINE and the COUNTY hereby agree that such late charges represent a fair and reasonable estimate of the costs that the COUNTY will incur by reason of the AIRLINE's late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by the COUNTY shall in no event constitute a waiver of the AIRLINE's default with respect to such overdue payment or prevent the COUNTY from exercising any of the other rights and remedies granted hereunder.

SECTION 4.04 PASSENGER FACILITY CHARGE

The COUNTY expressly reserves the right to impose PFCs on airline passengers for the use of the Airport in accordance with 49 U.S.C. §40117 and applicable implementing regulations adopted by

the FAA, including 14 C.F.R. Part 158, as they may be amended from time to time (the "PFC Regulations").

The AIRLINE shall hold in trust for the COUNTY the net principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY. For the purposes of Section 4.04, net principal amount shall mean the total principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY, reduced by any amount that the AIRLINE is permitted to retain pursuant to 49 U.S.C. §40117 and the PFC Regulations. Monthly PFCs collected by the AIRLINE shall be remitted to the COUNTY no later than the last day of the following calendar month or, if that date falls on a weekend or holiday, the first business day thereafter. In addition, PFCs collected by the AIRLINE shall be remitted to the COUNTY at the address specified in Section 4.02, Part A, "Place of Payment and Filing" or at such other place as designated by the COUNTY.

Should the AIRLINE fail to remit the net principal amount of all PFCs to the COUNTY within five (5) days following the remittance date specified above, the AIRLINE shall be deemed to be in default pursuant to Article XI hereof. In addition, any late payment of PFCs shall be subject to late fees computed at the rate of one and one-half percent (1.5%) per month of the payment due and/or the highest rate allowable under applicable state law from the due date until paid in accordance with Section 4.03 of this LEASE.

Nothing contained herein shall be construed to supersede the rights and obligations provided in 14 C.F.R. Part 158 regarding PFCs. In the event that a conflict exists between such federal regulation and this agreement, the federal regulation shall govern.

Reporting and Auditing Requirement: Airlines are required to comply with Part 158 Subpart D Reporting, Recordkeeping and Audits of PFC accounts maintained by the collecting carriers, specifically refer to Part §158.65, §158.69 and §158.71. The PFC report must be filed by the last day of the month following the calendar quarter by the collecting carrier to the County/Airport. The collecting air carrier's quarterly report must state:

(i) The collecting air carrier and airport involved
(ii) The total PFC revenue collected
(iii) The total PFC revenue refunded to passengers
(iv) The collected revenue withheld for reimbursement of expenses under §158.53
(v) The dates and amounts of each remittance for the quarter

SECTION 4.05 PROVISION AGAINST SET-OFFS

It is the obligation of the AIRLINE to pay all fees and charges, free of any set-offs or claims, in the amount and at the times specified in this LEASE. In the event that the AIRLINE desires to contest the validity or amount of any such fees and charges, the AIRLINE shall first pay the same to the COUNTY and may then seek a refund in any appropriate forum.

SECTION 4.06 SECURITY DEPOSIT

The AIRLINE, prior to the commencement of operations, shall deposit with the COUNTY a security deposit approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director ("Security Deposit").

Concurrently with each revision of the rent pursuant to Section 4.01 in this LEASE, the Security Deposit to be provided by the AIRLINE shall be adjusted to approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director to guarantee the faithful performance by the AIRLINE of its obligations under this LEASE and the payment of all rents, fees, and charges due hereunder. In no event shall the amount of the Security Deposit be less than the existing Security Deposit. The amount of the Security Deposit will not be increased unless the adjusted Security Deposit is equal to or more than one hundred twenty percent (120%) of the prevailing Security Deposit. PFCs shall be excluded from the rents, fees, and charges used to determine the AIRLINE's Security Deposit.

The Security Deposit shall take one of the forms set out below and shall guarantee the AIRLINE's full and faithful performance of all the terms, covenants, and conditions of this LEASE:

A. A Letter of Credit from one or more financial institutions, subject to regulation by the State of California or Federal government, pledging that funds necessary to secure performance of the terms, covenants, and conditions of this LEASE are on deposit and guaranteed for payment, and agreeing that said funds shall be trust funds securing AIRLINE'S performance and that all or any part shall be paid to COUNTY, or order upon demand by Airport Director. Both the financial institution(s) and the form of the instrument(s) must be approved by Airport Director, or designee. The financial institution shall have a minimum long-term credit rating by two of the three Nationally Recognized Statistical Rating Organizations (NRSROs): Moody's (AA3), S&P Global (AA-), and Fitch (AA-).

B. A Faithful Performance Bond executed by a surety company or financial institution qualified and admitted to do business in the State of California and issued in a form approved by the COUNTY. The surety company must have a minimum A. M. Best rating of A-/VIII as determined by the most current edition of ambest.com. Under the bond, the surety company shall guarantee to COUNTY full and complete performance of all the terms, conditions and covenants herein to be performed on the part of AIRLINE, including the payment of use fees as well as any and all other payments. Said bond shall be maintained at the cost of AIRLINE throughout the existence of this LEASE. Said Surety shall give Airport Director or designee a minimum thirty (30) days' prior written notice of cancellation or material change in said bond. Such cancellation or material change without Airport Director's or designee's prior written consent shall constitute a default under this LEASE.

Regardless of the form in which the AIRLINE elects to make said Security Deposit, all or any portion of the principal sum shall be available unconditionally to the COUNTY for correcting any

default or breach of this LEASE by the AIRLINE, its successors or assigns, or for payment of expenses incurred by the COUNTY as a result of the failure of the AIRLINE, its successors or assigns, to faithfully perform all terms, covenants, and conditions of this LEASE.

Should the AIRLINE elect to provide either a Letter of Credit or a Faithful Performance Bond to fulfill the Security Deposit requirements of this LEASE, said Letter of Credit or bond shall have the effect of releasing the depository or creditor therein from liability on account of the payment of any or all of the principal sum to the COUNTY, or order upon demand by the Airport Director.

In the event the Airport Director withdraws all or any portion of the Security Deposit as provided herein, the AIRLINE shall, within ten (10) days of any withdrawal by the Airport Director, replenish the Security Deposit to maintain it at amounts herein required throughout the term of this LEASE. Failure to do so shall be deemed a default and shall be grounds for immediate termination of this LEASE as per Article XI of this LEASE.

The AIRLINE shall be obligated to maintain the Security Deposit in effect until the expiration date or earlier termination of this LEASE.

The Security Deposit, after deduction of all amounts due the COUNTY, shall be rebated, reassigned, released or endorsed by the COUNTY to the AIRLINE or order, as applicable, after one hundred twenty (120) days have elapsed, or at an earlier time to be determined by the Airport Director, following the expiration date of the term of this LEASE, provided the AIRLINE has fully and faithfully performed each and every term, covenant, and condition of this LEASE.

SECTION 4.07 NEW ENTRANT DEPOSIT

A cash security deposit in the sum of FIVE HUNDRED THOUSAND DOLLARS ($500,000.00) shall be provided by a new entrant AIRLINE prior to the commencement of operations.

This deposit shall be returned to the new entrant AIRLINE after six (6) months of continuous operation.

SECTION 4.08 MARKETING FUND FEE

The COUNTY has established a marketing fund for the Airport to conduct sales promotions, Airport-wide advertising, and related activities intended to promote the Airport and its tenants. Commencing January 1 of each calendar year, AIRLINE shall be required to make an annual marketing fund payment in the amount of ten thousand dollars ($10,000.00). AIRLINE agrees to pay this amount on or before January 1 of each year. All monies received by the Airport for the marketing fund shall be used solely for the purpose of Airport tenants' promotions and directly related expenses. In the event any year of this LEASE contains less than 12 months, AIRLINE shall pay a pro-rata portion of the annual amount corresponding to the number of months remaining in that calendar year.

For example, if the LEASE commenced on November 1, AIRLINE would pay the monthly pro-rata portion ($833.33 per month) of the annual marketing fund amount for November and December (totaling $1,666.66). Then, commencing on January 1, AIRLINE would make the full annual marketing fund payment of $10,000.00. Should the LEASE expire on September 15, AIRLINE would pay a pro-rata portion of the annual amount for the months of January through September.

ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES

SECTION 5.01 USE

The AIRLINE's use of the Leased Premises and its operations shall be limited to conducting a scheduled commercial airline operation. Subject to the limitations set forth in this Section and Sections 5.03, 5.04, 5.05, and 9.01 in this LEASE, AIRLINE'S operations are subject to the following authorized uses:

A. Loading and unloading of passengers.

B. Loading and unloading of baggage.

C. Passenger processing operations.

D. Flight operations office.

E. The AIRLINE shall have the right to have its aircraft and other equipment serviced by suppliers of its choice. Such suppliers may provide materials and services, including, but not limited to, aviation fuel, ground vehicle fuel, lubricating oil, greases, parts, and all other materials and supplies and services required by AIRLINE in the conduct of its air transportation service.

F. Mail, freight, and cargo operations, but only when such activity is incidental to, and conducted in connection with, regularly scheduled commercial passenger operations. The AIRLINE shall not conduct any operations at the Airport with aircraft which are:

   1) Used at the Airport exclusively or primarily for mail, freight, or cargo services; or

   2) Which have been modified in any manner for the purpose or the primary effect of reducing the passenger carrying capacity and increasing the cargo or freight carrying capacity of the aircraft.

G. Air charter activities in compliance with Access Plan.

H. Commissary services for the AIRLINE's employees at the Airport and in-flight catering services in support of the AIRLINE's air operations at the Airport. This does not permit

the AIRLINE to conduct commissary or in-flight services for any other airline or other person at the Airport without first obtaining a separate license to allow commissary or in-flight services for other airlines.

I. Handling of other airlines' operations and ticketing pursuant to Section 9.01 in this LEASE.

J. Employee training incidental to the other uses permitted under this Section.

K. Areas identified on the attached "Exhibits A, B, and C" as the AIRLINE Ticket Counter, AIRLINE Ticket Office, Baggage Service Office, Ramp/Operations Office, and Apron Equipment Storage are strictly limited to their identified uses.

L. Other uses as authorized by the Airport Director.

SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES

The COUNTY grants the AIRLINE a license for the nonexclusive use of all public Airport facilities including, but not limited to, taxiways, runways, navigational aids, and facilities relating thereto for purposes of landings, takeoffs, and taxiing of the AIRLINE's aircraft. All such use shall be in accordance with the laws of the United States of America, State of California, and the rules and regulations promulgated by their authority with reference to aviation and air navigation, and in accordance with all reasonable and applicable rules, regulations, and ordinances of the COUNTY now in force or hereafter prescribed or promulgated by ordinance or by law, including the Access Plan. The use of these areas shall be subject to the control and regulation of the Airport Director.

This license for non-exclusive use is subject to all rights reserved by the COUNTY to license, permit, authorize, regulate, and relocate concessionaires and other Airport tenants, including but not limited to booths, counters, offices, lockers, and wall space.

SECTION 5.03 RULES AND REGULATIONS

The COUNTY may adopt and enforce “Airport Rules and Regulations” that the AIRLINE agrees to observe and obey with respect to the use of the Airport and its appurtenances, facilities, improvements, equipment, and services, provided that such rules and regulations shall not be inconsistent with safety, with applicable rules, regulations and orders including those of the FAA and TSA with respect to all operations of the Airport, and with the terms of and AIRLINE’s rights under this LEASE. Except in the case of emergency, the COUNTY shall give the AIRLINE written notice and opportunity to comment on any proposed changes or additions to the Airport Rules and Regulations that could impact the AIRLINE's operations at the Airport before such proposed rules and regulations are adopted by the COUNTY. If requested, the COUNTY shall promptly provide a copy of such Airport Rules and Regulations to the AIRLINE.

The AIRLINE's operations under this LEASE shall comply with all Airport Rules and Regulations and shall observe, obey, comply with, and not otherwise hinder or obstruct any and all rules, regulations, laws, ordinances, statutes, or orders of any governmental authority, whether federal, state, or local, lawfully exercising authority over the Airport or the activities thereon, including compliance with FAA, TSA, and Airport security rules, regulations and plans.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines, or penalties of any nature whatsoever that may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE's operation under this LEASE, including, but not limited to, the payment of any fines or penalties for any breach of security, arising from the unauthorized entry of any person or vehicle onto the Airport or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE's operation under this LEASE.

The COUNTY shall not be liable to the AIRLINE for any diminution or deprivation of possession, or of its rights hereunder, on account of the exercise of such right or authority provided in this LEASE, nor shall the AIRLINE be entitled to terminate the whole or any portion of the leasehold estate herein created by reason of the exercise of such right or authority, unless the exercise thereof shall so interfere with the AIRLINE's use and occupancy of the Leased Premises so as to constitute a termination in whole or in part of this LEASE by operation of law in accordance with the laws of the State of California.

SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE

The AIRLINE agrees that:

A. Notwithstanding any provision in this LEASE to the contrary, the AIRLINE shall conduct all of its operations and activities at the Airport in strict conformity with the Access Plan and each of its regulations and limitations on the AIRLINE's activities and operations at the Airport.

B. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are privileges that may be revoked or modified by the COUNTY at any time during the term of this LEASE, and that such privileges do not constitute property rights of the AIRLINE.

C. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are not transferable, assignable, or delegable by the AIRLINE to any other person or entity by operation of law or otherwise, and that such allocations and other operating privileges may not be pledged, hypothecated or encumbered by the AIRLINE at any time for any purpose.

D. The remedies specified in the Access Plan for any Access Plan violation by the AIRLINE are not the exclusive remedies of the COUNTY, but shall constitute additional nonexclusive remedies that the COUNTY may enforce separately or cumulatively with other remedies under the enforcement provisions of this LEASE.

E. The AIRLINE shall not at any time, or for any reason, make any assertion to any court, administrative agency, administrative tribunal, or other similar forum that is in any respect inconsistent with the terms and provisions of this Section, except that nothing in this Section shall prevent the AIRLINE from making any argument or asserting any position to the COUNTY, as applicable, in connection with any action by the COUNTY to revoke or modify allocations of operating privileges or any amendments to the Access Plan.

F. All provisions of Section 5.01 and Article XI in this LEASE are subject to the terms, provisions, and limitations of this Section.

SECTION 5.05 OPERATIONAL REQUIREMENTS

The AIRLINE agrees to abide by the following operational conditions and requirements:

A. **Flight Operations and Reallocations**. The number of allocated ADDs, including "regularly scheduled," "charter," "maintenance, and "cargo," shall not exceed the number of departures authorized and allocated to the AIRLINE under the Access Plan. In addition to any and all remedies available to the COUNTY under this LEASE and all provisions of the Access Plan, the COUNTY may reallocate ADDs or other operating privileges granted to the AIRLINE under the provisions of the Access Plan. The AIRLINE shall not operate at JWA unless it conducts its operations with ADDs, allocated seat capacity, or other Authorized Departures directly and formally allocated to the AIRLINE by action of the Board of Supervisors; the AIRLINE conducts all of its operations with aircraft that have been certified for operation at the Airport consistent with Access Plan requirements; and, the AIRLINE has met all other applicable COUNTY requirements.

B. **Hours of Operation**. Except as expressly authorized, the AIRLINE's aircraft shall not depart from the Airport between the hours of 10:00 p.m. and 7:00 a.m. (8:00 a.m. on Sundays) and shall not arrive at the Airport between the hours of 11:00 p.m. and 7:00 a.m. (8:00 a.m. Sundays), as measured at any JWA noise monitoring station. All times shown are Pacific Time.

The AIRLINE acknowledges that the COUNTY may, by regulation, permit some operations by general aviation (nonscheduled, noncommercial) users of the Airport during the nighttime hours with certain specific aircraft types that have noise characteristics similar to the noise characteristics of aircraft that can operate as "Class E" aircraft, as that term is defined in the Access Plan. The AIRLINE does now, or may during the term of this LEASE, operate Class E aircraft at the Airport; nevertheless, the AIRLINE agrees that

the limitations on hours of operations contained in this Section shall be applicable to all of its operations at the Airport, including its Class E operations.

The AIRLINE further acknowledges that there is a rational basis for the COUNTY to distinguish between general aviation operations and regularly scheduled operations by Class E (or noise equivalent) aircraft during the nighttime hours and that this distinction does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The COUNTY agrees that this provision is, and during the term of this LEASE shall be, included in all leases, operating agreements, or other service operating agreements between the COUNTY and any person conducting regularly scheduled commercial operations at the Airport.

C. **Aircraft Types**. The AIRLINE agrees that it will not operate any aircraft at the Airport unless and until that aircraft type has been certified and qualified for operation by the COUNTY in accordance with the provisions and procedures of the Access Plan. The AIRLINE further agrees that it will abide by all aircraft-type restrictions and limitations contained in the Access Plan, as amended, or as it may hereafter be amended, and any other restrictions on aircraft types which may hereafter be adopted by the Board of Supervisors of the County of Orange.

D. **Gate Management.** AIRLINE agrees to utilize gate management software, access/equipment provided by Airport, to upload and maintain current daily arrival and departure information for aircraft operations to jetbridge/hardstand gates and RONs utilized by AIRLINE. Airport will make reasonable efforts to develop gate management software that allows for efficient uploading and maintaining of current daily arrival and departure information by AIRLINE.

E. **Noninterference**. The AIRLINE shall cooperate with and not interfere with the COUNTY's and other airlines' use of and operations at the Airport. The AIRLINE shall not place any ropes, barricades, and/or stanchions on the public or Common Use Area without prior written approval of the Airport Director.

F. **Disposal of Refuse from International Operations**. Airlines operating international service shall contract with a CBP-approved vendor for the disposal of refuse from arriving international flights.

SECTION 5.06 RECORDS AND ACCOUNTS

A. **Records**. The AIRLINE shall at all times keep true and complete records of all transactions in the operation of all business activities, of whatever nature, conducted in pursuance of the rights granted by this LEASE. The AIRLINE shall maintain such records for a period of five (5) years beyond the expiration or earlier termination of this LEASE.

B. **Reports**. The AIRLINE shall provide to the Auditor-Controller and the Airport Director at the end of each calendar month, on forms to be supplied by the COUNTY, statistical information respecting the AIRLINE's operations at the Airport, including, but not limited to, the total number of all aircraft operations conducted by the AIRLINE; the total combined certificated gross landing weight of all such aircraft operations; the total number of enplaned, deplaned and through passengers; the total number of pounds of airmail, cargo and express mail enplaned and deplaned; and the total number of aircraft stored daily and monthly at the Airport. Such reports shall be submitted to the Airport Director no later than fifteen (15) calendar days following the last day of each month. The AIRLINE must attest that the list is an accurate representation of the AIRLINE's activity for the month.

The AIRLINE shall also provide to the Airport Director, for each day, a copy of the AIRLINE's flight dispatch logs or a listing made from such logs, certified as correct by a responsible station manager or dispatcher, showing the type of equipment used for each flight and the actual takeoff and landing times, and not gate times. Said copy of logs or listing shall be made available for each day's activities by noon (12:00 p.m., Pacific Time) of the following day.

C. **Audits**. All the AIRLINE's records and supporting source documents related to rates and fees in this LEASE or business operations conducted within or from the Leased Premises shall be kept and made available to the COUNTY at one location within the geographical limits of the COUNTY or shall be made available at offices in the COUNTY within ten (10) working days after written notice to produce said records and source documents. The COUNTY shall, through its duly authorized agents or representatives, have the right to examine and audit said records and supporting source documents at any and all reasonable times, as set out herein, for the purpose of determining the accuracy thereof and of the monthly statements to the COUNTY.

The COUNTY, upon request of the AIRLINE, may authorize the above-referenced records and supporting source documents to be kept in a single location outside the limits of the COUNTY provided the AIRLINE shall agree to pay all expenses including, but not limited to transportation, food and lodging necessary for the COUNTY to send a representative to audit said records. Said right shall not, unless determined necessary by the COUNTY, be exercised by the COUNTY more than once each accounting year.

The full cost of said audit, as determined by the COUNTY, shall be borne by the AIRLINE if either or both of the following conditions exist:

(1) The audit reveals an underpayment of more than two percent (2%) between the rents and fees due as reported and paid by the AIRLINE in accordance with this LEASE and the rent due as determined by said audit; and/or

(2) The AIRLINE has failed to maintain true and complete records and supporting source documents in accordance with paragraph A above. The adequacy of records shall be determined at the sole discretion of the COUNTY.

Otherwise, the COUNTY shall bear the cost of said audit, excluding the aforementioned expenses related to an audit of documents kept outside the limits of the COUNTY. The cost of said audit, if due from the AIRLINE, shall be included as rent for the first month following invoice to the AIRLINE.

Upon the request of the COUNTY, the AIRLINE shall promptly provide necessary data to enable the COUNTY to fully comply with the requirements of the State of California or the United States of America for information or reports directly relating to this LEASE and to the AIRLINE's use of the Leased Premises.

D. **Failure to Maintain Adequate Records**. In addition to any other remedies available to the COUNTY under this LEASE, at law or in equity, in the event that the AIRLINE fails to maintain and keep records and accounts from business operations conducted on or from the Leased Premises and/or source documents relating thereto, or to make the same available to the COUNTY for examination and audit as required by this LEASE, the COUNTY, at the COUNTY's option, may:

(1) Perform such examinations, audits, and/or investigations itself or through agents or employees as the COUNTY and/or its auditors may deem appropriate to confirm the amount of rents, fees, and charges payable by the AIRLINE under this LEASE; and any and all costs and/or expenses incurred by the COUNTY in connection therewith shall be promptly reimbursed to the COUNTY by the AIRLINE upon demand.

(2) Require that the AIRLINE pay rents and fees based on the COUNTY's best good faith estimate of the AIRLINE's activities from business operations conducted on or from the Leased Premises and Airport; and any such determination made by the COUNTY shall be conclusive and binding upon the AIRLINE.

Costs payable by the AIRLINE pursuant to this Section shall include reimbursement to the COUNTY of the services provided at such rates as the COUNTY may, from time to time, in good faith, establish for such services. In the case of services provided by the COUNTY's employees, such rates shall be sufficient to reimburse the COUNTY for employees' salaries, including employee taxes and benefits, and the COUNTY's overhead; or, at the COUNTY's option, may be at the rate for such services that would be charged by a qualified third party or parties, approved by the COUNTY, if engaged by the COUNTY to perform such services. Said costs payable by the AIRLINE shall be included as rent for the first month following invoice to the AIRLINE.

SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS

The AIRLINE agrees to maintain Exclusive Use Areas in a safe, clean, sanitary condition and in compliance with all applicable laws. The AIRLINE shall be responsible for making all necessary repairs required to maintain the Exclusive Use Areas and improvements in good condition. All repairs and improvements made by the AIRLINE to the Exclusive Use Areas shall be in compliance with all current federal, state, local laws, regulations, ordinances, and building codes, and all Airport regulations (collectively, "Codes") adopted consistent with Section 5.03. The Codes encompass all fire, life, and structural safety aspects and apply to the construction, alteration, moving, demolition, repair, and use of the Exclusive Use Areas. Any additions, alterations, repairs, and changes of use or occupancy in the Exclusive Use Areas shall comply with the provisions for new buildings and structures as set forth in the Codes. All devices or safeguards that are required by the Codes shall be maintained in conformance with the edition of the Codes under which it was installed. Maintenance obligations of the AIRLINE are shown on Exhibit E, which exhibit is attached hereto and by reference made a part hereof.

The AIRLINE shall immediately notify the Airport Director and the Airport Operations Center ("AOC") of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings.

The AIRLINE further agrees to provide approved containers for trash and recycling and to keep the Leased Premises free and clear of rubbish and litter. The Airport Director shall have the right to enter upon and inspect the AIRLINE's Leased Premises and other Airport facilities at any time for cleanliness, safety, and maintenance inspections as set out herein. The Airport Director shall attempt to provide reasonable notice prior to entering AIRLINE's Leased Premises.

The AIRLINE shall designate in writing to the Airport Director an on-site representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness, and general order.

If the AIRLINE fails to maintain or make repairs or replacements as required herein, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

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If the AIRLINE fails to maintain or make repairs or replacements, including removal of all its GSE and/or any AIRLINE materials at its loading and unloading operations at the end of its approved hours of operation as required herein, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

The AIRLINE expressly waives any and all claims against the COUNTY for compensation for any and all loss or damage to the AIRLINE's property sustained by reason of any defect, deficiency, or impairment of any water supply system, drainage or sewer system, gas supply system, telephone system, electrical supply system or electrical apparatus or wires serving the Leased Premises, except to the extent caused by the COUNTY's negligence or willful misconduct.

SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES

The COUNTY will provide a means of access for aircraft between the terminal complex and the taxiway and runway system of the Airport, apron, airplane gate positions, and aircraft loading bridges in the area immediately adjacent to the passenger terminal building. No special possessory, exclusive, or vested right whatsoever, save and except the use in common with other airlines and other aircraft owners, shall vest in the AIRLINE by reason of the proximity of such facilities to the AIRLINE's gate loading positions.

The AIRLINE shall maintain, at its sole expense, apron, aircraft gate positions, and aircraft loading bridges in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum products, or grease that may result from activities of its passengers, employees, agents, or suppliers. AIRLINE shall promptly remove all oil and grease spillage attributable to AIRLINE’s aircraft or equipment.

If the AIRLINE fails to perform its obligations in such regard, to perform such as maintenance, cleaning, or repair as the COUNTY reasonably deems necessary, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES

All assignment of gate positions (*i.e.*, aircraft loading bridges and aircraft hardstand positions) shall be made in accordance with rules, regulations, and directives provided in the Access Plan

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and made at the complete discretion of the Airport Director, as he/she may determine is appropriate. The Airport Director, in making gate assignment (*i.e.*, loading bridge and hardstand) positions to the airlines, may take into account the needs and requirements of the airlines, as well as the requirements of other Airport users, for use of gate positions adjacent to the passenger terminal building, and other factors that the Airport Director determines are appropriate. Without liability, cost, or obligation to the COUNTY, gate assignment positions and aircraft loading bridge and hardstand positions may be changed from time to time as determined necessary by the Airport Director. The Airport Director may consider passenger activity, number of aircraft operations,

type of aircraft used, scheduling needs, and any other factors they may deem appropriate when assigning gate positions, loading bridges, and hardstand positions.

SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON

The COUNTY reserves the right to regulate, by the adoption of an ordinance, rules, or other means, adopted consistent with Section 5.03, the use of vehicles and automotive equipment upon, over, and across the apron and around the passenger terminal building. Vehicles and equipment used upon, over, and across the apron and around the passenger terminal building should be in good working order and free of leaks. In the event of an emergency not specifically provided for in said rules and regulations, the Airport Director shall have the power to take charge of the direction of such vehicle and automotive traffic in the area affected and regulate the same until the cause of such emergency has been removed. The existence of an emergency other than an aircraft emergency, shall be determined by the Airport Director.

SECTION 5.11 AIRCRAFT PARKING

The AIRLINE shall make arrangements with the Airport Director for each aircraft parking space that may be made available to the AIRLINE subject to Section 3.01 in this LEASE.

If, in the judgment of the Airport Director, it becomes necessary to move the AIRLINE's aircraft in order to ensure public safety, improve ramp area efficiency or otherwise, then the AIRLINE shall immediately move said aircraft to the location designated by the Airport Director.

Should any aircraft owned or operated by the AIRLINE, through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the landing and field facilities at the Airport, the AIRLINE shall:

A. Immediately remove said aircraft to such location as shall be designated by the Airport Director, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

B. In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal

agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by the Airport Director.

Should the AIRLINE fail to remove said aircraft, or should aircraft owned or operated by the AIRLINE be abandoned at the Airport, the COUNTY shall have the right to remove such aircraft by any means the Airport Director deems necessary under the circumstances, and the AIRLINE shall keep and hold the COUNTY harmless from any and all costs, loss, liability, damage or expense incurred by the COUNTY or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal as well as moving and storage costs therefor. The AIRLINE agrees that the designation of any aircraft parking positions anywhere on the Airport, if any, made for the AIRLINE's use is presently regulated by the Access Plan and that nothing in this Section obligates the COUNTY to provide, make available, or consent to any aircraft parking spaces for the AIRLINE's use. The AIRLINE agrees that it may not independently make arrangements for aircraft parking space at the Airport without express written consent of the Airport Director, which may be withheld in their sole discretion.

SECTION 5.12 PORTER SERVICES

The AIRLINE may provide directly or indirectly adequate porter (skycap) and/or assistance service for the convenience of its passengers in areas designated by the Airport Director. Porter services include baggage check-in services, wheelchair services, and ticket screening services. The AIRLINE shall provide the Airport Director a plan that enumerates the salient features of its porter services arrangements and a copy of its agreement if service is provided by other than the AIRLINE's employees. All podiums utilized for porter service shall be approved in writing by the Airport Director. The size, shape, and color shall be coordinated with and must be identical to all other airlines' podiums. The AIRLINE's plan shall also provide the details of any podiums and their proposed locations necessary to provide porter services.

ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT

SECTION 6.01 COMMON USE EQUIPMENT

The COUNTY agrees to supply and maintain all equipment for the CUPPS/CUSS, which shall be situated in areas such as, but not limited to ticket counters, ticket lobbies, skycap, and gate podiums. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's service desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with CUPPS. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve

the efficiency of the Airport, including but not limited gate assignment, scheduling and implementation of any software updates.

SECTION 6.02 COMMON USE EQUIPMENT STOCK

The AIRLINE may be asked to supply its own ticket (kiosk) stock in the use of the CUPPS at Common Use Area positions from time to time as it pertains to Radio Frequency Identification (RFID) or specialty stock not provided by the COUNTY. In the event that multiple airlines share kiosk space, all airlines will be required to remove their own stock and allow the other airlines to use the COUNTY-supplied stock, as further outlined herein. When utilizing the COUNTY Common Use Area, the AIRLINE may use either its own stock or the COUNTY's common stock. If the AIRLINE elects to use its own stock, it shall be responsible for removing all stock from the COUNTY's equipment at the end of the usage period. AIRLINE stock shall be subject to approval by the COUNTY. In the event that the COUNTY deems the AIRLINE stock to be injurious to CUPPS, the AIRLINE will immediately cease usage of the offending stock upon such notice by the COUNTY.

SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK

The COUNTY will not supply RFID bag tag stock for use in as part of the Baggage Handling System unless RFID becomes standard common-use stock at all locations within the Airport. AIRLINE shall be required to meet the IATA / ATA standards for the twenty-one-inch (21") bag tag (or as the standard may be amended by IATA / ATA) prior to the start-up of operations at the Airport. In the event that RFID is deployed Airport-wide, the AIRLINE shall provide to the COUNTY the necessary Baggage Service Messages (BSMs) that will be required to facilitate the AIRLINE's baggage through the Baggage Handling System that utilizes RFID technology to track and route baggage to the appropriate baggage carrousel. The COUNTY makes no express warranty as to the operability of the technology and/or baggage handling system equipment, and the sole extent of liability of the COUNTY with respect to the technology and/or baggage handling system equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably possible to technical difficulties with the BHS equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with the RFID, BHS, and BSMs systems. The AIRLINE will not be allowed to use its own bag tag stock, unless specifically permitted to do so in writing by the COUNTY, which must at the time meet any and all standards that may be set forth by the COUNTY for such stock. The COUNTY reserves the right to sell and collect applicable advertising revenues that may be generated from the reverse side of any the COUNTY-supplied bag tag stock.

SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT

The AIRLINE will not install, deploy, or otherwise engage in the use of any proprietary self-service check-in kiosks and/or device, applications, and/or technologies on its Leased Premises, or any portion of the Airport with the expectation to screen any checked bags at the Airport without prior approval from the Airport Director. At the request of the Airport Director, the AIRLINE will work with the COUNTY and other related parties in the development of a Common Use Self Service (CUSS) compliant kiosk application, or other similar applications, and/or devices as may be required to have the AIRLINE operational on all CUSS kiosks at the Airport. The COUNTY reserves the right to establish the locations for implementation of such CUSS kiosks to meet the needs of its customers and the Air Transportation Companies, as well as the operational needs of the Airport. The COUNTY agrees to supply and maintain, with its personnel and at its expense, all common-use self-service kiosk equipment, which shall be situated at designated ticket counters, at various areas of the terminal lobby and customer service areas, and other such locations, and using such passenger processing models as determined by the Airport Director to be most beneficial to meet the operational needs of the Airport. The COUNTY will supply all of the boarding pass stock necessary for the use of the CUSS equipment. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the Common Use Equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE's vendor issues relating to the AIRLINE's applications that run in conjunction with the CUSS systems. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve the efficiency of the Airport.

SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT

The AIRLINE shall not install at any gate hold room, gate counter, skycap, ticket counter, or kiosk, any AIRLINE-owned or proprietary computer equipment, kiosks, phones, other electronic equipment, or similar equipment without the prior express written permission of Airport Director. The AIRLINE shall not make any modification to the COUNTY's Common Use Equipment, including but not limited to modifying the keyboards, adding adhesive or other markings, or otherwise modifying the equipment physically and/or electronically. Any such modifications and/or damage that is willfully or negligently caused by the AIRLINE shall be remedied by the AIRLINE, to the sole satisfaction of the COUNTY, at the sole cost of the AIRLINE. In the event that the damage is repaired by the COUNTY, the AIRLINE will reimburse the COUNTY for both the fully allocated cost of time and materials pertaining to the repairs plus fifteen percent (15%) administrative fees.

SECTION 6.06 NETWORK USAGE

The AIRLINE will not install any proprietary cabling and/or similar infrastructure at the Airport without prior written approval of the COUNTY. As such, AIRLINE shall make use of the

COUNTY's data communications backbone at the Airport for its communications needs to connect separate operating locations within the Airport campus (i.e., ticketing, baggage service, operations, maintenance, etc.). The AIRLINE shall be fully integrated into the COUNTY's infrastructure backbone prior to startup of operations and thereafter shall be responsible for removing all proprietary cabling and/or other similar infrastructure back to point of origin, at the AIRLINE's sole cost. Where authorized, at the discretion of the Airport Director, any and all data communication cabling installed by the AIRLINE shall be in accordance with the Airport's Tenant Design and Construction Guidelines and, upon installation, shall become the property of the COUNTY. Such improvements shall not be subject to any reimbursement or useful life clauses under Section 8.01 of this LEASE. The COUNTY may impose reasonable fees to AIRLINE for the use of such network, including but not limited to, any fees for unusual and/or excessive or non-standard usage, as reasonably determined by Airport Director.

A. The AIRLINE will assign a representative(s), hereinafter "Authorized Network Representative," to work with the COUNTY to determine user access and network connectivity information. The AIRLINE shall be solely responsible for ensuring that Authorized Network Representatives are not security risks and, upon the COUNTY's request, provide the COUNTY with any information reasonably necessary for the COUNTY to evaluate any security event or incident relating to any Authorized Network Representative or use of the COUNTY's network.

B. The AIRLINE shall be solely responsible for the selection, implementation, and maintenance of security procedures and policies that are sufficient to ensure that (i) the AIRLINE's use of the COUNTY's network is secure and is used only for authorized purposes stated herein, and (ii) the AIRLINE's business information and data are protected against improper access, use, loss, disclosure, alteration, or destruction. The AIRLINE agrees that it will not abuse or misuse the Network Connection, any of the components thereof, or any of the capabilities provided thereby. Unless otherwise explicitly provided herein, in no event shall the AIRLINE use the Network Connection as its internet service provider.

(1) The AIRLINE shall notify the COUNTY's Information Systems as soon as possible upon the discovery of any security breach or potential security breach that may affect the AIRLINE or the COUNTY's confidential information or the security of the Network or any Network Connection.

(2) The AIRLINE shall ensure adequate security protection for the COUNTY from any third-party connections established on the AIRLINE's network. Adequate security protection means (i) protection to preserve confidentiality, integrity, and availability of the Network and information of the COUNTY and (ii) protection from malicious codes and/or unauthorized intrusions.

(3) The AIRLINE and the COUNTY shall be responsible for maintaining the highest industry standards for security best practices on computing devices that

could affect the availability and health of the Network connection, the Network, systems, applications, or data of the AIRLINE and the COUNTY, respectively, specifically including, but not limited to, use of up-to-date antivirus protection, anti-SPAM, and establishment and use of a timely security patch management process.

SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES

The AIRLINE acknowledges that the COUNTY provides wireless capabilities for the AIRLINE's operational use in accordance with applicable Federal Communications Commission (FCC) regulations, rulings, and/or guidelines. The AIRLINE agrees that it will not install, deploy, or otherwise engage in the use of any transmitting wireless device, applications, and/or technologies in its Exclusive Use Areas, any portion of the Airport, or within the airport system (regardless of any Exclusive Use, Preferential Use, Common Use, and/or Joint Use assignments) without having first obtained the express written permission of the Airport Director. Such wireless applications shall only be for the AIRLINE's operational use. Use by any others or for the benefit of any other parties is specifically prohibited. At the request of the Airport Director, the AIRLINE will cease operation of a particular device due to interference with another transmitting device that is deemed necessary for operational and/or life-safety purposes.

SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES

A. The AIRLINE will have use of the In-Line Baggage Handling Systems (BHS) in a location as designated by the Director to meet the operational needs of the Airport. The AIRLINE will be responsible to verify that it has certified CUTE, CUSS, and Baggage Service Messages (BSM) applications to operate the BHS and RFID, where applicable, prior to the start-up of service at the Airport. The AIRLINE will actively work with the COUNTY staff and the AIRLINE's system provider(s) to expedite all information systems and/or technologies work that may be required to ensure such applications are properly certified by the COUNTY and its system provider(s), if applicable. The COUNTY shall have the right to charge the AIRLINE for any expenses incurred by the COUNTY, including staffing to manage passenger lines and/or additional maintenance staff if the AIRLINE fails to adhere to BHS system procedures and/or properly staff the baggage make-up areas to meet the demand and such failure results in an operational impact to the Airport and/or the BHS equipment.

B. Following the COUNTY's BHS training, provided by the COUNTY to the AIRLINE, the AIRLINE will be solely responsible for the proper operations, training, and supervision of its staff for its portion of the operational responsibilities of the BHS system. The AIRLINE shall ensure that it maintains staffing levels during all operational hours, including irregular operations, that are sufficient to retrieve baggage from the baggage make-up carrousels and/or piers in order to prevent the inefficient use of the in-line baggage handling system in a fully automated mode and to prevent the system from initiating a "die-back" situation,

which may require the COUNTY to intercede manually and/or cause additional staffing by the COUNTY, its contractors, or TSA staff to initiate baggage screening mitigation procedures as a result of baggage stacking up on the make-up carrousels and/or piers. The AIRLINE shall not initiate any procedures or work rules that, as determined by the Director, will negatively impact the in-line BHS without the prior written approval of the COUNTY and without concurrence from TSA. The COUNTY reserves the right to recover any costs from the AIRLINE that may result from the AIRLINE's failure to comply with this Section of the LEASE.

C. The AIRLINE will designate a representative as a Ground Security Coordinator ("GSC") to handle issues that may arise from time to time with the BHS. The GSC will be the point of contact with the TSA and the COUNTY for all issues concerning checked passenger baggage and/or BHS performance. The GSC must be available during the AIRLINE's operational hours.

D. The AIRLINE acknowledges that all oversized checked baggage must be delivered to a designated oversized area for screening.

E. The AIRLINE acknowledges it may have a more stringent screening requirement for checked passenger baggage than that of TSA. As such, the AIRLINE will be responsible for providing these additional screening services and associated staffing to meet such requirements, including, but not limited to, X-Ray screening, and any additional training for additional services, and/or any additional services at no additional cost to the COUNTY. The AIRLINE must provide evidence of proper training for such additional measures to the Director upon request. The COUNTY may, at its sole discretion, provide and maintain the X-ray screening device.

F. The AIRLINE shall be responsible for ordering, pick-up and maintaining an appropriate level of any and all consumables related to the Common Use Equipment and/or BHS, including, but not limited to, RFID embedded bag tag stock, boarding pass stock, toner cartridges for laser printers, or other similar items, in accordance with policies and procedures established by the COUNTY in the event AIRLINE uses propriety consumables.

ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE

The AIRLINE agrees that it shall abide with all applicable Hazardous Substances laws, rules and regulations, relating to Hazardous Substances including, but not limited to, 49 C.F.R. Parts 171 *et seq*. The AIRLINE shall not cause any Hazardous Substances to be brought upon, kept, used, stored, generated, treated, managed or disposed of in, on or about or transferred to or from the Airport, except to the extent that such Hazardous Substances are (i) necessary for or useful to the AIRLINE's business and (ii) used, kept and stored in a manner that complies with all applicable

Environmental Laws, the Airport Rules and Regulations, and all other applicable laws.

The AIRLINE shall comply with all applicable Environmental Laws and shall not engage in any activity on or about the Airport that violates any applicable Environmental Law. In conducting its operations and maintenance on the Airport under this LEASE, the AIRLINE shall comply with such regulations regarding the storage, distribution, processing, handling and/or disposal, including the Stormwater discharge requirements, of Hazardous Substances including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

The AIRLINE shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental agency having jurisdiction or any applicable Environmental Law for clean-up and removal of any contamination involving any Hazardous Substances caused by the AIRLINE. In conducting a clean-up of a Hazardous Substance release under this LEASE, the AIRLINE shall comply with applicable Environmental Laws. Hazardous waste generated by the AIRLINE or its contractors shall be disposed properly and under the AIRLINE's EPA ID number.

The AIRLINE shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Stormwater drainage system unless authorized by applicable Environmental Law and the Airport's Stormwater Discharge Permit. The AIRLINE shall not allow or cause the entry of any Unauthorized Non Stormwater Discharge that is under its control into the Stormwater drainage system of the Airport or into the Stormwater drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the COUNTY for that purpose, and the AIRLINE complies with recommendations made by the state and/or federal Environmental Protection Agency and the Airport's Stormwater Discharge Permit requirements. The AIRLINE shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by any applicable Environmental Law.

The AIRLINE shall provide all notices required pursuant to the SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986, CAL. HEALTH & SAF. CODE § 25249 *et seq*. The AIRLINE shall provide prompt written notice to the COUNTY within three (3) days of receipt of all written notices of violation of any applicable Environmental Law received by the AIRLINE.

SECTION 7.02 SPILL RESPONSE PLAN

Airlines and fueling companies are required to provide (separately or collectively) a Local Spill Response Action Plan to address specific spill response management. Airlines are encouraged to coordinate response efforts between the airlines and fueling contractors. At a minimum, the plan should address the following:

a) Response team organization, members, and responsibilities;
b) Spill response procedures (including notifications);

c) Personnel training;
d) Personal protective equipment; and
e) Spill kit inventory and management

The AIRLINE shall immediately notify the Airport Director and the AOC of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings. The AIRLINE is responsible to mitigate such spills and perform any remediation necessary to satisfy the applicable federal, state, or local oversight agencies. If the COUNTY personnel, equipment, or third party services are needed to support mitigation, the COUNTY will be reimbursed by the AIRLINE for labor, equipment, and third party costs for all services provided. In addition to reimbursing the COUNTY for the costs of all services provided by third parties to mitigate such spills, the AIRLINE shall pay to County administrative costs in the amount of one thousand dollars ($1,000) per incident. Said costs shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the COUNTY.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE's operation under this LEASE, including, but not limited to, the payment of any fines or penalties arising from any breach of security, fire, emergency, accident, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, Non-Stormwater Discharge, or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE's operation under this LEASE.

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION

Federal regulations for Stormwater discharges were issued by the U.S. Environmental Protection Agency (U.S. EPA) (40 CFR Parts 122, 123, and 124). The U.S. EPA, through the NPDES permitting program, regulates discharges of potentially contaminated wastewater and Stormwater into waters of the United States. California has been delegated NPDES general permitting authority by the U.S. EPA. California's State Water Board has issued NPDES permits to regulate municipal, industrial, and construction Stormwater discharges under the NPDES permitting program.

Section 402(p) of the Clean Water Act (CWA) requires NPDES permits for Stormwater discharges from municipal separate storm sewer systems (MS4s). The County of Orange is the principal permittee for Orange County's MS4 Permit Order No. R8-2009-0030 (or currently effective permit) No. CAS 618030 (MS4 Permit). As a facility owned and operated by the County of Orange, the Airport implements requirements in the MS4 permit and is responsible for discharges

into the system. One of the MS4 Permit requirements is to establish the legal authority to control discharges. The County's Water Quality Ordinance (OCCO Title 4, Division 13, Sections 4-13-10 et. seq.) regulates non-stormwater discharges into the MS4 to reduce the discharge of pollutants into the waters of the State. The CWA and the resulting MS4 permit require the County to take steps to reduce pollutants leaving its systems to the maximum extent practicable. The MS4 permit requires the County to develop and implement a Local Implementation Plan (LIP) describing the programs and procedures required by the MS4 permit. The Airport will enforce these Stormwater requirements on municipal areas of the Airport

AIRLINE shall not have prohibited discharge to the MS4 system or on-site storm drains. Some non-stormwater discharges (i.e., fire sprinkler tests) require additional permits with the Regional Water Quality Control Board (RWQCB). AIRLINE is responsible for obtaining and implementing monitoring requirements associated with any non-stormwater discharge permits. AIRLINE shall notify COUNTY prior to any non-stormwater discharge.

In the furtherance of these regulations and Section 402 of the Clean Water Act (CWA), the State of California has adopted a General Permit for discharges of Stormwater associated with industrial activities: “State Water Resources Control Board (State Water Board) Water Quality Order No. 2014-0057-DWQ, NPDES General Permit No. CAS 000001 (Industrial General Permit or IGP).” JWA has applied for and received coverage to discharge Stormwater and authorized non-stormwater discharges pursuant to the general permit for industrial activities and is subject to the permit’s requirements, conditions, and penalties. The permit requires the development and implementation of an effective Industrial Stormwater Pollution Prevention Plan (SWPPP) and Monitoring Implementation Plan (MIP). This plan is developed by COUNTY and covers AIRLINE. The airside portion of JWA where industrial activities take place is covered by the IGP. Industrial activities include maintenance, fueling, equipment cleaning, storage areas, and material handling activities. AIRLINE shall comply with applicable Stormwater discharge requirements and Best Management Practices for industrial facilities described in the SWPPP. COUNTY will provide the required annual training for AIRLINE as part of the SWPPP training requirements. AIRLINE shall have all personnel working within the airside portion of John Wayne Airport to attend annual training or AIRLINE shall provide annual training to personnel using JWA-approved training materials.

SECTION 7.04 ENVIRONMENTAL STEWARDSHIP

AIRLINE shall support the COUNTY’s Environmental Compliance and Stewardship program through participation in various efforts or implementation of Airport plans. COUNTY shall provide AIRLINE advance notice of any proposed changes to the following plans that may affect AIRLINE operations:

A. Air Quality Improvement Plan (AQIP) and Memorandum of Understanding (MOU) with the South Coast Air Quality Management District
B. Climate Action Plan.
C. Waste Management Plan.

D. Stormwater Pollution Prevention Plan.
E. Green Concessions Program.

AIRLINE shall implement and support the following environmental policies and provide reports and documents as required:

A. Adopt and adhere to the following GSE requirement: GSE associated with commercial operations shall achieve fleet average oxides of nitrogen (NOx) emission factor of 1.7 grams per brake horsepower per hour (g/bhp-hr)upon lease initiation through 2030 and 0.9 g/bhp-hr by January 1, 2031, respectively, as calculated in accordance with the Airport's AQIP and MOU with SCAQMD. Within 30 days of lease execution the AIRLINE shall develop and provide to JWA a GSE improvement plan to demonstrate how the GSE requirement will be met. Annually AIRLINE shall provide GSE data as required by the MOU by March 30.
B. AIRLINE has been provided a copy of the COUNTY's Environmentally Preferable Purchasing Policy (2022) and shall consider developing a similar policy that addresses the AIRLINE's procurement of goods and services as applicable.
C. AIRLINE shall affirm its commitment to Environmental Sustainability at the Airport. The Policy commitment shall be submitted to the JWA within 30 days of LEASE execution.
D. Upon request, AIRLINE shall provide reports necessary for environmental compliance, regulatory requirements and Airport mitigation measure obligations including but not limited to GSE data, fuel usage, spills, and business emergency plans.

Conservation: All AIRLINE facilities and improvements shall meet the Airport's Tenant Design and Construction Guidelines, as may be amended from time to time. All improvements shall meet the California Green Building Code (Title 24) CALGreen Tier 1. In particular, the AIRLINE shall implement the following conservation measures and policies as applicable:

A. Use equipment and appliances that are ENERGY STAR rated or equivalent and EPA Water Sense or equivalent, as applicable, when replacing existing equipment and appliances.
B. Use high-efficiency light fixtures and bulbs (including compact fluorescents) when replacing or installing new fixtures and bulbs.
C. Install sensors in office areas to turn off lights when unoccupied when these areas are being renovated or updated.
D. Install energy-efficient heating and cooling equipment when replacing or upgrading.
E. Use energy-efficient computers and servers when replacing this equipment.
F. Select equipment with variable-speed motors and fan drives when possible.
G. Use paperless receipt technology when possible.

Waste Minimization and Diversion: AIRLINE is expected to meet all recycling and organics (food waste) reduction requirements to facilitate JWA's solid waste reduction program per the requirements of California Public Resources Code Section 42648. To the fullest extent possible, AIRLINE shall cooperate with COUNTY to reduce and divert waste from landfills. AIRLINE

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shall participate in COUNTY's waste diversion program, which may include waste reduction practices, including recycling, compostable containers (no Styrofoam), composting of food waste, and reuse/recycling of fats, oils, and grease.

SECTION 7.05 RESERVED

SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION

To the fullest extent authorized by law, the AIRLINE shall indemnify, defend, and hold the COUNTY, its officers, and employees harmless from and against any and all applicable Environmental Law claims, judgments, damages, penalties, fines, costs, liabilities, losses, orders, and lawsuits arising out of any actions or inaction by the AIRLINE, the AIRLINE's operations at the Airport or any action arising from and which involve the AIRLINE's officers, agents, subcontractors, and employees, including the cost of defense arising therefrom, including but not limited to the following:

(1) The AIRLINE'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 the AIRLINE's release of Hazardous Substances on the Airport since the time the AIRLINE first occupied the Airport.

(2) The AIRLINE's release of Hazardous Substances upon or within the Airport.

(3) The AIRLINE's violation of any applicable Environmental Law, except that the AIRLINE's obligations under this paragraph shall not extend to known and pre-existing conditions that are, as of the date of this LEASE, the subject of investigation and remediation by the COUNTY or others, or remediation conditions that arise from operations of third parties that are not affiliated with the AIRLINE that take place off of the Airport. For purposes of this provision, a party shall be deemed to be affiliated with the AIRLINE if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of the AIRLINE or if it is controlled by or under common control with the AIRLINE.

(4) The AIRLINE's causing or allowing any discharge into the Airport Drainage System that is prohibited by Section 7.01 of this LEASE.

This indemnification includes, without limitation, reasonable attorney's fees/costs and other costs incurred by the COUNTY in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental entity because of any Hazardous Substances being present in the soil or groundwater under the Airport. However, the AIRLINE'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 the COUNTY or its agents, servants or independent contractors who are directly responsible to the COUNTY.

In the event the indemnitees described hereinabove are named as defendants or respondents in any lawsuit or administrative proceeding, the AIRLINE shall, at the request of the COUNTY, represent the indemnitee with qualified counsel approved in writing by the COUNTY.

In the event that a monetary judgment is awarded against the COUNTY and the AIRLINE because of the concurrent negligence of the COUNTY and the AIRLINE or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Both the COUNTY and the AIRLINE agree that neither party shall request a jury apportionment. Nothing stated in this LEASE and in this indemnity obligation shall be construed as authorizing any award of attorney's fees/costs in any action to enforce the terms of this LEASE.

The rights and obligations set forth in this indemnification shall survive the termination of this LEASE.

SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS

In the event that any of the terms of the environmental requirements codified in this Article conflict with any other terms of this LEASE, the environmental requirements contained in this Article shall apply.

SECTION 7.08 ANTI-IDLING POLICY

Within six months of LEASE execution, AIRLINE must develop, implement, and submit to the Airport Director or designee for approval a fleet-wide anti-idling policy. At a minimum, the anti-idling policy shall include the requirement that vehicle engines shall be turned off when vehicles are not occupied and that occupied vehicles be turned off after no more than a five-minute idling period. AIRLINE’s policy shall also include all sublicensee and third-party vehicles that enter Airport property at the direction of the AIRLINE.

ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS

SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY

The COUNTY may alter, repair, maintain, remodel, expand, remove, or improve any of the facilities at the Airport or any of its appurtenances.

In addition, the COUNTY may reassign or relocate the AIRLINE's Exclusive Use Area. The COUNTY shall provide the AIRLINE advance notice of such action and shall make every reasonable effort to provide the AIRLINE alternative space that is reasonably comparable to the AIRLINE's operations at the same rates and charges that the AIRLINE would have paid for the

space being surrendered. In the event no alternative space is available, the AIRLINE shall surrender its space promptly to the COUNTY, provided that the AIRLINE shall be reimbursed for the reasonable cost of any such reassignment, reallocation, or relocation and the cost of the AIRLINE's unamortized investment, if any, as documented by the AIRLINE to the satisfaction of the COUNTY and mutually agreed to by the Airport Director and AIRLINE. All of such costs, as well as the COUNTY's cost of providing the alternative space aforementioned, shall be included in the cost of the particular project requiring such reassignment, reallocation or relocation.

SECTION 8.02 IMPROVEMENTS BY THE AIRLINE

The AIRLINE shall not perform any construction upon the Leased Premises, nor shall the AIRLINE modify, alter, or remove any permanent improvements lying within the Leased Premises without prior written approval of the COUNTY. Any construction, modifications, alterations, or removal of any permanent improvements by the AIRLINE shall be at the AIRLINE's expense.

A. **Consent Required From the COUNTY**. No structures, improvements, or facilities shall be constructed, erected, altered, removed, or made within the Leased Premises without prior written consent of the COUNTY, which consent may be withheld or conditioned in the COUNTY's discretion. Minor repairs, replacement, and maintenance proposed for the Leased Premises, the cost of which does not exceed one hundred seventy-five thousand dollars ($175,000) annually, shall be approved by the Airport Director. All other structures, improvements, facilities, repairs, replacement, removal, and maintenance items shall be approved by the Board of Supervisors.

B. **Compliance with Plans and Construction Standards**. All improvements constructed by the AIRLINE within the Leased Premises shall be constructed in strict compliance with detailed plans and specifications approved by the Airport Director. All construction shall be conducted in a good and workmanlike manner and shall conform to applicable building codes, rules, regulations, and the Airport's architectural standards as contained in reference document "John Wayne Airport, Architect and Engineer Guide," which can be provided by Airport upon request. All work shall be done in conformity with Airport-approved plans, valid building, and other necessary permits and shall be acceptable to the COUNTY and the appropriate governmental entity inspecting such work. The AIRLINE shall be responsible for filing Form 7460 for any construction and/or height of construction equipment with the FAA if required.

All improvements constructed by the AIRLINE, including the plans and specifications therefor, shall conform in all respects to the applicable statutes, ordinances, building codes, rules, and regulations of the COUNTY and such other governmental authority as may have jurisdiction. The Airport Director's approval shall not constitute a representation or warranty as to such conformity, which shall remain the AIRLINE's responsibility. The AIRLINE, at its own cost and expense, shall procure all permits necessary for such construction.

C. **Insurance Requirements**. The AIRLINE shall obtain aviation commercial general liability insurance during construction. If the construction is done by an independent contractor, insurance shall be procured by the contractor in the name of the AIRLINE and the COUNTY. All insurance shall be within the limits and coverages acceptable to the COUNTY's Risk Management Services.

D. **Noninterference**. The AIRLINE warrants that it or its contractor shall in no way delay, cause delays to or interfere with any Airport operations or other contractors working in the terminal or on the Airport, except with the prior written approval of the Airport Director, as set out herein. The AIRLINE agrees to hold the COUNTY harmless from the cost of any time lost by the COUNTY or any damages to the COUNTY due to the actions or failure to act of the AIRLINE or its contractor.

E. **Trailers and Modular Structures**. All improvements constructed by the AIRLINE shall be of a permanent nature. Trailers and modular buildings are prohibited on the Leased Premises. This provision shall not apply to the use of the COUNTY-approved temporary modular buildings or trailers during construction. Upon completion of construction, all trailers or modulars must be immediately removed from the Leased Premises.

F. **The AIRLINE's Cost and Expense**. All renovation or construction by the AIRLINE pursuant to this Section shall be at the AIRLINE's sole cost and expense. The AIRLINE shall keep its existing or future Exclusive Use Area, and the improvements constructed thereon free and clear of all liens and, shall pay all costs for labor and material arising out of such construction, and shall hold the COUNTY harmless from any liability in respect thereto. The AIRLINE shall have the right to contest any and all liens filed against its existing or future Exclusive Use Area. The AIRLINE further agrees that the COUNTY shall have the right to post notices of non-responsibility as provided by Sections 3094 and 3129 of the California Civil Code.

G. **Ownership of Improvements**. All improvements and facilities, exclusive of trade fixtures, constructed or placed within the Leased Premises by the AIRLINE must, upon completion, be free and clear of all liens, claims, or liability for labor or material and at the COUNTY's option shall become the property of the COUNTY at the expiration of this LEASE or upon earlier termination hereof. The COUNTY retains the right to require the AIRLINE, at the AIRLINE's cost, to remove any or all improvements located within the Leased Premises at the expiration or termination hereof.

SECTION 8.03 AIRLINE REIMBURSEMENT

In the event the COUNTY should require the Leased Premises, or any portion thereof, for any Airport purpose and removes any portion of the AIRLINE's Leased Premises from this LEASE or terminates the LEASE for convenience pursuant to Section 2.03, the COUNTY shall reimburse the AIRLINE for improvements completed during the term of this LEASE.

Compensation for improvements located on the Leased Premises shall be calculated by means of the following formula:

$$\text{COMPENSATION} = A \times \frac{B}{C}$$

A = The AIRLINE's actual leasehold improvement construction costs submitted in accordance with Section 8.07 in this LEASE.

B = Number of full months remaining in the term of the LEASE.

C = Number of full months between the date the AIRLINE completed construction of leasehold improvements and the date the LEASE would expire by its terms if the COUNTY did not exercise its right to early termination.

The AIRLINE shall submit to the COUNTY within sixty (60) days of completion of construction of any leasehold improvement notifications of completion of construction and submit detailed supporting documentation of construction costs together with "As-Built Documents" and "Record Documents" as required by Section 8.07 of this LEASE. The AIRLINE acknowledges and agrees if the AIRLINE fails to submit notifications and supporting documentation for any such leasehold improvements in a timely manner, the AIRLINE waives its right to compensation for such improvements.

SECTION 8.04 EXCLUSIVE REMEDY

The compensation provided pursuant to Section 8.03 in this LEASE shall be the AIRLINE's sole and exclusive remedy and form of compensation, costs or damages, including but not limited to, the eminent domain law and inverse condemnation (CAL. CODE CIV. PROC. §§1230.010 *et seq.*), and Relocation Assistance benefits (CAL. GOV. CODE §§7260 *et seq.*), due to termination, re-entry or acquisition of the leasehold by the COUNTY.

The AIRLINE agrees that exercise by the COUNTY of its termination rights hereunder shall not be construed as a taking by the COUNTY of any part of the Leased Premises, nor of the AIRLINE's rights under this LEASE, nor shall the AIRLINE, except as provided herein, be entitled to payment for any loss of goodwill, income, moving expenses or other amount because of partial or full termination of this LEASE.

SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION

Prior to commencement of construction of approved facilities, the AIRLINE shall furnish to the COUNTY evidence that assures the COUNTY that sufficient monies will be available to the AIRLINE and the COUNTY to complete the proposed construction. The amount of money available shall be at least the total estimated construction cost. Such evidence may take one of the following forms:

A. Completion Bond issued to the COUNTY as obligee.

B. Irrevocable Letter of Credit issued to the COUNTY that will remain in effect until the COUNTY acknowledges satisfactory completion of construction.

C. Any combination of the above.

All bonds and letters of credit must be issued by a surety company, financial institution or advising bank qualified and admitted to conduct business in the State of California and issued in an approved form approved by the COUNTY. All bonds and letters of credit shall ensure faithful and full observance and performance by the AIRLINE of all terms, conditions, covenants, and agreements relating to the construction of improvements within the Leased Premises.

It is not the intent of the contracting Parties herein to create a third-party beneficiary, and nothing in this Section shall be construed to do so.

SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES

The AIRLINE shall at all times indemnify and hold the COUNTY harmless from all Mechanics Liens, Stop-Notices, claims, losses, demands, damages, costs, expenses or liability costs for labor or materials in connection with construction, repair, alteration, or installation of structures, improvements, equipment, or facilities within the Leased Premises undertaken by the AIRLINE, and from the cost of defending against such claims, including attorneys' fees and costs.

In the event a mechanics lien or stop-notice is imposed upon the Leased Premises, the AIRLINE shall either:

A. Record a valid Release of Lien; or

B. Procure and record a bond in accordance with Section 8424 of the California Civil Code, which frees the Leased Premises from the claim of the lien or stop notice and from any action brought to foreclose the lien.

Should the AIRLINE fail to accomplish either of the two (2) optional actions above within fifteen (15) days after the filing of such a lien or stop notice, the LEASE shall be in default and shall be subject to immediate termination.

SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS

Within sixty (60) days following completion of any improvement within the Leased Premises, the AIRLINE shall furnish the Airport Director a complete package of “As-Built Documents” and "Record Documents," which include but are not limited to construction documents, specifications, cost estimates, engineering studies, and calculations. The aforementioned information shall be submitted on two (2) thumb drives containing digital copies of the “As-Built Documents” and "Record Documents," organized in a detailed, logical, and comprehensible folder structure, which

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is in a form that is usable and accepted by the COUNTY, to the COUNTY's satisfaction, as described below, unless otherwise allowed by the Airport Director.

A. Drawings and Models:

1. All 2-D and 3-D architectural, engineering, design, and/or construction drawing and/or modeling files for the project shall be completed using AutoCAD 2019 and REVIT 2019 or a newer version of either software if approved by John Wayne Airport.
2. All geographic data, spatial analysis, geographic information system (GIS) mappings, drawings, exhibits, and/or figures for the project shall be completed using Environmental Systems Research Institute (ESRI) ArcGIS.
3. All 2-D and 3-D drawing and/or modeling files created via computer-aided design and drafting (CADD), building information modeling (BIM), and/or GIS for the project shall conform to the John Wayne Airport CADD/BIM/GIS standards and specifications.
4. In addition to the 2-D and 3-D drawing and/or modeling files indicated above, a PDF format (scaled to ARCH E1 format where applicable) of those drawings, exhibits, figures, etc. shall be generated and submitted digitally.

B. Documents and Reports:

1. All specifications, reports, and/or studies (e.g., geotechnical report, etc.), calculations, and other project information (e.g., construction submittals, operations, and maintenance (O&M) manuals, warranties, etc.) for the project shall be completed using MS Office suite applications and also generated and submitted digitally in a PDF format.

Note: "Record Documents," e.g., record drawings, specifications, calculations, etc., shall be prepared, stamped, and signed by the Architect and/or Engineer of Record for the project and shall reflect all updates and/or modifications that were approved during design and construction, i.e., separate from the as-built documents, which include contractor redlines, contract changes, etc. Refer to the "John Wayne Airport Construction Standards" for additional information.

In addition, two (2) sets of hard prints of the stamped and signed record drawings for the project, as described above, must be furnished by the AIRLINE with the thumb drives containing the "As-Built Documents" and "Record Documents." Basic specifications, standards, and requirements for BIM, CAD, and/or GIS produced information at the Airport can be located on the www.ocair.com website or provided by the Airport upon request.

Furthermore, the AIRLINE shall furnish the Airport Director with an itemized statement of the actual, direct construction costs of such improvement. The construction costs may include actual, direct fees paid to contractors, architects, engineers, surveyors, laborers, and suppliers, or permit

fees required by governmental agencies to allow construction. Construction costs shall not include indirect costs such as financing costs, holding costs, legal fees, interest, administrative and overhead expenses, bond premiums, or developer fees. The statement of cost shall be sworn to and signed by the AIRLINE or its responsible agent under penalty of perjury. The AIRLINE must obtain the Airport Director's approval of acceptance of the "As-Built Documents" and "Record Documents" and the form and content of the itemized statement.

SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS

The AIRLINE shall be responsible for any damage caused by the AIRLINE, or the AIRLINE's aircraft, equipment, employees, agents, visitors, or suppliers, to common use areas of the Terminal or Airport facilities, including but not limited to runways, taxiways, access roads, navigational aids, apron areas and loading bridges. Should such damage require immediate repairs or replacement, and the AIRLINE is unable to respond immediately to complete said repairs or replacement, the Airport Director may cause to be made or make any necessary repairs or replacements, and the cost thereof shall be paid by the AIRLINE. Said cost shall include all labor, materials, equipment costs, and an administrative fee equal to fifteen percent (15%) of the sum of those items. Said cost shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the Airport Director.

In the event of damage to or destruction of the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises or in the event the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises are declared unsafe or unfit for use or occupancy by the COUNTY or any other public entity with jurisdiction to make and enforce such a declaration, the AIRLINE shall, within thirty (30) days, commence and diligently pursue completion of the repair, replacement or reconstruction of improvements to the same size and floor area as they existed immediately prior to the event causing the damage or destruction, as necessary to permit full use and occupancy of the Leased Premises for the purposes required by the LEASE. Repair, replacement, or reconstruction or improvements within the Leased Premises shall be accomplished in a manner and according to plans approved by the Airport Director. Except as otherwise provided herein, termination of this LEASE shall not reduce or nullify the AIRLINE's obligation under this paragraph. With respect to damage or destruction to be repaired by the COUNTY or which the COUNTY elects to repair, the AIRLINE waives and releases its rights under California Civil Code Sections 1932(2) and 1933(4).

SECTION 8.09 HEALTH AND SAFETY

The AIRLINE shall comply with all applicable California Occupational Safety & Health Administration (Cal/OSHA) requirements and all federal, state, or local safety orders. The AIRLINE shall post on the Lease Premises and at all construction sites a copy of "Construction Safety Orders" and "General Industry Safety Orders" issued by the California State Division of Industrial Safety.

The AIRLINE shall, within thirty (30) days after the execution of this LEASE, submit to the COUNTY a comprehensive Safety Plan outlining the code of safe work practices and procedures. The plan must include emergency response procedures, notification procedures, and personnel training procedures. The AIRLINE shall convene safety meetings at regularly scheduled times as described in its Safety Plan and as required by Cal/OSHA. The AIRLINE and/or AIRLINE's contractor shall submit, prior to the start of any tenant improvements, the AIRLINE or AIRLINE's contractor required Cal/OSHA Safety Plan for approval by the Airport.

The AIRLINE shall submit to the COUNTY an annual report detailing the status of all permits required and issued to the AIRLINE by CAL OSHA or any other federal, state, or local government agency. Said report shall be due on or before January 31 of each calendar year.

ARTICLE IX - ACCOMMODATION

SECTION 9.01 JOINT USE REQUIREMENT

The AIRLINE and/or other airlines may be provided the opportunity by the COUNTY to initiate or expand service at the Airport and may have a need or requirement for certain types of Airport space and facilities. Such initiation or expansion of service may be reasonably implemented by the Airport Director based upon provisions of the Access Plan.

The AIRLINE agrees to make every reasonable effort to offer to any airline initiating service at the Airport the opportunity to share use of its Exclusive Use Area. In determining whether the use of another incoming airline initiating service at the Airport is reasonable and possible, the AIRLINE will have the right to consider the compatibility of the proposed operations of those with whom the AIRLINE has subleases or handling arrangements, the AIRLINE's existing and future flight schedules, the need for labor cooperation, the adverse competitive impacts resulting from the presence of the other aircraft operator on the AIRLINE's Exclusive Use Area and the availability of other such space at the Airport. Should the AIRLINE deny another airline initiating service at the Airport the opportunity to use the AIRLINE's Exclusive Use Area, the COUNTY may review the AIRLINE's space usage, and should it reasonably determine, considering all the factors noted herein (including the AIRLINE's reasons for such refusal), that the AIRLINE unreasonably refused usage by such other airline, it may require the AIRLINE to permit the other airline to use the AIRLINE's Exclusive Use Area, subject to the initiating airline executing an agreement with the AIRLINE acceptable to the COUNTY that complies with the material terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE shall, by separate agreement with such certificated and/or commuter airline as the COUNTY may designate, or by other arrangement as provided by the Airport Director, provide space and/or services within Leased Premises to accommodate said airlines' operation. Any said agreement for joint use shall be subject to the Airport Director's approval and subject to the terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE agrees that in the event it subleases its Leased Premises to another airline, any sublease rental rate shall be calculated on a per-square-foot basis.

Sublease per square foot rental rates for sublet space shall reflect a reasonable pro-rata allocation of the AIRLINE's actual and direct costs related to said space and shall be based upon the following factors:

A. The square foot per annum rental rate currently paid by the AIRLINE to the COUNTY for space to be sublet; and

B. A reasonable square foot charge to compensate the AIRLINE for the pro-rata costs per square foot applicable to the AIRLINE improvement costs, maintenance costs, and a reasonable administrative fee.

The annual sublease rental rate shall not exceed two (2) times the square foot per annum rental rate currently paid by the AIRLINE to the COUNTY unless the AIRLINE can demonstrate to the satisfaction of the Airport Director that its costs for the subleased premises, exclusive of the administrative fee, justify a higher rate.

ARTICLE X - ASSIGNMENT AND SUBLEASE

SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING

The provisions of this Section are subject and subordinate to the limitations of Section 5.04 of this LEASE.

A. **Transfers**. The AIRLINE shall not transfer, assign, sublet, or hypothecate (hereinafter referred to as "Transfer") any interest of the AIRLINE in the Leased Premises without the prior written approval of the COUNTY. The AIRLINE shall give the COUNTY thirty (30) days' prior written notice of all proposed Transfers. The AIRLINE shall not make any such Transfers for a period longer than the remaining term of the LEASE.

If the COUNTY approves such Transfers, such approval does not constitute a waiver of any of the terms of the LEASE. All Transfer documents shall be consistent with the terms, covenants, and conditions of the LEASE, and in the event of any inconsistency, the provisions of this LEASE shall govern.

If the AIRLINE is a corporation, an unincorporated association, or a partnership, Transfers include the acquisition by any person other than the AIRLINE of any stock or interest in said corporation, unincorporated association, or partnership in the aggregate amount of fifty-one percent (51%) or more.

The failure by the AIRLINE to obtain the prior written approval by the COUNTY of any Transfer of the LEASE or any interest in the Leased Premises shall constitute a material

breach of this LEASE and shall not confer any leasehold rights upon the transferee. Such failure shall be grounds for termination of this LEASE for default pursuant to Section 11.02.

B. **Conditions of the COUNTY Approval**. The COUNTY agrees that it will not arbitrarily withhold consent to any Transfer, but the COUNTY may withhold consent at its sole discretion if any of the following conditions exist:

(1) The AIRLINE, its successors, or assigns are in default of any term, covenant, or condition of this LEASE, whether notice of default has or has not been given by the COUNTY.

(2) The prospective subtenant, assignee, or transferee has not agreed in writing to keep, perform, and be bound by all the terms, covenants, and conditions of this LEASE.

(3) The prospective subtenant, assignee, or transferee is not financially capable or experienced in performing the LEASE obligations, as determined by the Airport Director.

(4) Subtenant's use is in conflict with the terms of this LEASE.

(5) All the terms, covenants, and conditions of Transfer, including the consideration therefore, of any and every kind, have not been revealed in writing to the Airport Director.

(6) Any construction required of the AIRLINE as a condition of this LEASE has not been completed to the satisfaction of the COUNTY.

(7) The AIRLINE has not provided the Airport Director with a copy of all documents relating to the Transfer, including, but not limited to, appraisals, notes, trust deeds, title reports, escrow instructions, *etc*.

(8) The AIRLINE attempts to hypothecate the leasehold for an amount greater than the cost of new improvements to be constructed on the Leased Premises. Hypothecation of the leasehold shall not be permitted for any reason other than to obtain loan proceeds necessary to construct new improvements on the Leased Premises.

C. **Affiliate Transactions**. The COUNTY has adopted in the Access Plan policies and regulations regarding transactions and aircraft operations at the Airport involving affiliations of commercial airlines operating, or desiring to operate, at the Airport ("the affiliate policy"). The AIRLINE acknowledges that the COUNTY considers the affiliate policy to be an important and significant policy in support of the COUNTY's regulation of the Airport.

The AIRLINE acknowledges that there is a rational basis for this policy under the operational and historical circumstances affecting the Airport, that under such circumstances, this policy maintains appropriate equity between the rights and privileges of competing commercial operators using the Airport, and that the affiliate policy does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The AIRLINE agrees to comply fully and completely with the affiliate policy and all related regulations that appear in the Access Plan and/or this LEASE.

Any affiliate transaction described and defined in the Access Plan, and any affiliate transaction between the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, shall constitute a Transfer within the meaning of Paragraph A, above. In the event an affiliate transaction involving the AIRLINE is initiated, then not later than the time when the affiliate transaction is publicly announced:

(1) The AIRLINE shall notify the Airport Director of the fact of the initiation of the affiliate transaction.

(2) If the affiliate transaction is initiated by the AIRLINE, the AIRLINE shall promptly provide to the Airport Director copies of all agreements, or written offers or proposals, made with respect to the transaction and copies of all documents filed with federal authorities with respect to the transaction. If the affiliate transaction is initiated by some other person in respect of the AIRLINE, the AIRLINE shall promptly and continuously provide such documentation or other information regarding the transaction as may be available to the AIRLINE.

(3) In addition to all other obligations of the AIRLINE, if the affiliate transaction involves the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, the AIRLINE shall promptly arrange to negotiate with the Airport Director regarding the terms and conditions upon which the Director would recommend consent by the Board of Supervisors to a Transfer of this LEASE, or Transfer of the written agreement(s) between the other person or entity involved in the affiliate transaction and the COUNTY.

Notwithstanding any other provision of this LEASE, the LEASE may be terminated by the COUNTY on thirty (30) days' notice to the AIRLINE without further obligation of the COUNTY, and without any liability of the COUNTY to the AIRLINE whatsoever, if:

(4) The AIRLINE fails to comply with Paragraph C of this Section; or if

(5) The Airport Director fails to make a favorable recommendation to the Board of Supervisors regarding the Transfer within sixty (60) days after initiation and public announcement of the affiliate transaction, which contains terms and conditions agreed to by the AIRLINE and its affiliate(s); or if

(6) The Board of Supervisors fails to consent to the Transfer on terms and conditions which have been accepted by the AIRLINE within thirty (30) days after receipt of the recommendations of the Airport Director.

D. **Bankruptcy Transaction**. If the AIRLINE assumes this LEASE or proposes to assign the same pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, then notice of such proposed assignment shall be given to the COUNTY. The following information shall be provided to the COUNTY:

(1) The name and address of proposed assignee;

(2) All of the terms and conditions of such offer; and

(3) Adequate assurance to the COUNTY of the proposed assignee's future performance under the LEASE, including, without limitation, the assurance referred to in the U.S. BANKRUPTCY CODE, 11 U.S.C. §365(b)(3).

Any person or entity to which this LEASE is assigned pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, shall be deemed without further act or deed to have assumed all of the obligations arising under this LEASE on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to the COUNTY an instrument confirming such assumption.

E. **Non-Transferable Privileges.** Aircraft operations and ADDs authorized by Section 5.05 in this LEASE and the Access Plan are not property interests of the AIRLINE and are non-transferable in any form, and as such, are not subject to sale, assignment, hypothecation, and transfer by the AIRLINE under the terms of this Section. Any such attempted hypothecation, assignment, encumbrance, sale, or other such attempted transfer of operations, privileges, or ADDs is in violation of the public policy of the COUNTY and shall be void and shall constitute a breach and default of this LEASE.

SECTION 10.02 SUCCESSORS IN INTEREST

Unless otherwise provided in this LEASE, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all Parties hereto, all of whom shall be jointly and severally liable hereunder.

ARTICLE XI - TERMINATION AND DEFAULT

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS

It is mutually agreed that this LEASE shall terminate and supersede any prior leases or agreements between the Parties hereto for the purpose of commercial air transportation and all related activities of the AIRLINE at the Airport.

SECTION 11.02 TERMINATION FOR DEFAULT

The COUNTY may terminate this LEASE and all of its obligations hereunder with prior written notice to the AIRLINE and may exercise all rights of entry for default and breach if the AIRLINE fails to perform any of its obligations under this LEASE, including, but not limited to:

A. Payment of rents, fees, charges and PFCs;

B. A general assignment for the benefit of creditors and any Transfer without the prior written approval by the COUNTY;

C. The issuance of any execution or attachment against the AIRLINE at the Airport that is undischarged within sixty (60) days of levy or seizure or if the Leased Premises are occupied by someone other than the AIRLINE;

D. The voluntary vacation or abandonment by the AIRLINE of the conduct of air transportation business at the Airport;

E. The violation by the AIRLINE of any of the terms of any insurance policy referred to in the LEASE;

F. If the AIRLINE is found by the FAA, TSA, or other government regulatory or successor agency to have violated specified safety standards in the conduct of the AIRLINE's business;

G. The violation or breach of any provision of the Access Plan;

H. The violation of any written directions of the Airport Director;

I. The appointment of a receiver to take possession of all or substantially all, the assets of the AIRLINE located at the Leased Premises or of the AIRLINE's leasehold interest in the Leased Premises.

Where applicable, and unless otherwise stated in this LEASE, or by written notice, the AIRLINE shall have fifteen (15) calendar days to cure any default prior to termination of this LEASE, or such longer period as may be reasonably necessary to cure such default considering the nature thereof, at the Airport Director’s discretion.

SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION

Except as otherwise agreed to herein, upon termination of this LEASE, the AIRLINE shall redeliver possession of said Leased Premises to the COUNTY in substantially the same condition that existed immediately prior to the AIRLINE's entry thereon, reasonable wear and tear, flood, earthquakes, war and any act of war, excepted. References to the termination of the LEASE in this LEASE shall include termination by reason of expiration.

SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY

If the AIRLINE abandons or quits the Leased Premises or is dispossessed thereof by process of law or otherwise, title to any personal property belonging to the AIRLINE and left on the Leased Premises fifteen (15) days after such event shall be deemed to have been transferred to the COUNTY. The COUNTY shall have the right to remove and to dispose of such property without liability therefor to the AIRLINE or to any person claiming under the AIRLINE and shall have no need to account therefor. Personal property left on the Leased Premises after termination, expiration, or abandonment of the LEASE shall not be construed as giving the AIRLINE possession of the Leased Premises during the fifteen (15) days after termination, expiration, or abandonment of the LEASE.

SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER

The AIRLINE agrees to yield and peaceably deliver possession of the Leased Premises to the COUNTY on the date of termination of this LEASE, whatsoever the reason for such termination.

Upon giving written notice of termination to the AIRLINE, the COUNTY shall have the right to re-enter and take possession of the Leased Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the LEASE and re-entry of the Leased Premises by the COUNTY shall in no way alter or diminish any obligation of the AIRLINE under the LEASE terms and shall not constitute an acceptance or surrender.

The AIRLINE waives any and all rights of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Leased Premises for any lawful reason or in the event the COUNTY re-enters and takes possession of the Leased Premises in a lawful manner.

ARTICLE XII - SECURITY

SECTION 12.01 AIRPORT SECURITY

The AIRLINE shall comply with all current and applicable Airport, FAA, TSA, CBP, security-related rules, regulations, plans, and procedures. The AIRLINE is responsible for fines imposed by any regulatory agency as a result of the AIRLINE’s failure to comply with applicable rules, regulations, orders, plans, and procedures regarding airport security.

The AIRLINE employees, subtenants/contractors shall be required to obtain airport security clearance in order to perform work under this LEASE. The AIRLINE must maintain a current, updated list of Authorized Signatories responsible for the Airport-Issued Identification Credential ("Airport ID/Security Credential") process, a list of current Airport ID/Security Credentialed AIRLINE employees and subtenants/contractors, and respond to scheduled and unscheduled audits at the request of the Airport. The AIRLINE employees and subtenants/contractors applying for an Airport ID/Security Credential must successfully complete a Criminal History Records Check ("CHRC") and a Security Threat Assessment ("STA") in accordance with current regulations. The AIRLINE employees and subtenants/contractors must also attend and successfully pass all related Security Identification Display Area ("SIDA") classes and tests for access to secure areas and a driver's permit with an appropriate and valid California Driver's License to drive on the airfield. The AIRLINE must attend all mandatory security-related exercises, and monthly security consortium meetings hosted by the Airport.

A. **Local Security**. The AIRLINE shall be responsible for the security of gates or doors that are located on the Leased Premises. Said gates and/or doors on the Leased Premises permitting entry to the restricted areas of the Airport shall be locked when not in use and/or under the AIRLINE's constant surveillance. The AIRLINE shall install such security equipment, including, but not limited to, video monitoring equipment, as may be required by the Airport Director to ensure compliance with all regulations of the FAA, TSA, or other governmental agencies having jurisdiction over Airport security. The AIRLINE shall exercise control over any person or vehicle escorted by the AIRLINE onto restricted or secure areas of the Airport, or to whom an Airport ID/Security Credential was issued by or at the request of the AIRLINE and ensure that such person or vehicle shall comply with all Airport security regulations.

B. **Federal Security**. As of the date of this LEASE, the TSA provides for all passenger and baggage screening conducted at the Airport. The AIRLINE may be required to provide assistance to TSA in its efforts to carry out its federal mandates. At some point during the term of this LEASE, the Airport or another entity may be authorized to provide these security services in lieu of the TSA.

C. **Penalties and Fines.** The AIRLINE shall promptly pay any penalties for which the AIRLINE is responsible. These penalties include, but are not limited to, civil penalties or fines assessed against the Airport or the AIRLINE by the FAA, TSA, or any other governmental agency for the violation of any security-related laws, rules, policies, or regulations at the Airport.

D. **Airport ID/Security Credential Application and Lifecycle.** Prior to issuance of an Airport ID/Security Credential(s), designated AIRLINE Authorized Signatories who will be working onsite and engaged in the performance of work under this LEASE must pass the Airport's background check requirements, which includes an F.B.I. Criminal History Records Check ("CHRC") and a TSA Security Threat Assessment ("STA"), and the

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AIRLINE shall pay the applicable fees. Upon successful completion of the background checks, the AIRLINE's designated personnel will be required to attend a SIDA class and pass a written test. Those personnel who may be permitted by the Airport to drive on the Airport Operations Area ("AOA") perimeter road must also complete a Driver's Training class and written test. Airport ID/Security Credentials are not issued until designated AIRLINE personnel have: 1) completed appropriate application forms and submitted proof of identity and employment eligibility, 2) passed both background checks, 3) completed and passed appropriate training, and 4) paid an Airport ID/Security credential fee for each applicant. The AIRLINE should anticipate a minimum of fourteen (14) business days to complete the Airport ID/Security Credential process if all requirements listed above are fulfilled by individual Airport ID/Security Credential applicants in a timely manner, but factors outside the Airport's control can contribute to longer durations. If an applicant is applying for a CBP Seal due to their operational need to work international air service operations, this process may take longer. Authorized Signatories must be in constant contact with the Airport's ID/Access Control Office. The AIRLINE's designated personnel must successfully complete the Airport ID/Security Credential acquisition process unless other arrangements have been approved by the Airport. The AIRLINE shall be responsible for all applicable fees and costs associated with the background checks and badging process. The amount of such fees is subject to change without notice.

E. **Airport ID/Security Credential Applicant Requirements and Responsibilities.** The Airport Security Plan (ASP) requires that each person issued an Airport ID/Security Credential be made aware of their responsibilities regarding the privilege of access to restricted areas of the Airport.

The AIRLINE and all AIRLINE personnel within an access-controlled area (AOA, SIDA, secured area, or sterile area) are required to display on their person an Airport ID/Security Credential, unless they are escorted by an appropriately credentialed Airport individual with escort privileges. When working in a secure area, each Airport-credentialed person is responsible for challenging any individual who is not properly displaying an Airport-issued or approved and valid Airport ID/Security Credential. AIRLINE personnel and their subtenants/contractors must also validate Airport ID/Security Credential employees as described in security training. Any person who is not properly displaying or who cannot produce a valid Airport ID/Security Credential, unless they are being escorted, must immediately be referred to the Sheriff's Department – Airport Police Services Office for proper handling.

The Airport ID/Security Credential is the property of the County of Orange and must be returned upon termination of AIRLINE personnel employment and/or termination of the Lease. The loss of an Airport ID/Security Credential shall be reported within twenty-four (24) hours to the Sheriff's Department–Airport Police Services by calling (949) 252-5000. The AIRLINE or AIRLINE personnel who lose their Airport ID/Security Credential shall be required to pay a fee before receiving a replacement Airport ID/Security Credential. The charge for lost Airport ID/Security Credential replacement will be posted in the Airport

Administration Office and is subject to change without notice. A report shall be made before a replacement Airport ID/Security Credential will be issued.

The Airport ID/Security Credential is nontransferable.

In the event that the AIRLINE's employee's or contractor's Airport ID/Security Credential is not returned within three (3) business days to the Airport upon: 1) termination of AIRLINE personnel or contractor, 2) Airport ID badge expiration, or 3) upon termination of the LEASE, the AIRLINE shall be liable to the Airport for a fine in the amount of $250.00 per unreturned Airport ID/Security Credential. The amount of the fine is subject to change without notice. The AIRLINE's Security Deposit may be applied to cover the cost of the fine.

ARTICLE XIII - INSURANCE AND INDEMNITY

SECTION 13.01 INSURANCE

The AIRLINE agrees to carry all required insurance at the AIRLINE's expense and to provide the COUNTY current Certificates of Insurance, including all endorsements required herein, necessary to satisfy the COUNTY that the insurance provisions of this LEASE have been complied with. AIRLINE shall keep such insurance coverage current, provide Certificate of Insurance, and endorsements to the COUNTY during the entire term of this LEASE.

The AIRLINE agrees that the AIRLINE shall not operate on the Airport Premises at any time the required insurance is not in full force and effect as evidenced by a Certificate of Insurance and necessary endorsements or, in the interim, an official binder being in the possession of Airport Director. In no cases shall assurances by the AIRLINE, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. Airport Director will only accept valid Certificates of Insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. The AIRLINE also agrees that upon cancellation, termination, or expiration of the AIRLINE's insurance, the COUNTY may take whatever steps are necessary to interrupt any operation from or on the Airport Premises until such time as the Airport Director reinstates the LEASE.

If the AIRLINE fails to provide Airport Director with a valid Certificate of Insurance and endorsements, or binder at any time during the term of the LEASE, the COUNTY and the AIRLINE agree that this shall constitute a material breach of the LEASE. Whether or not a notice of default has or has not been sent to the AIRLINE, said material breach shall permit the COUNTY to take whatever steps necessary to interrupt any operation from or on the Airport Premises, and to prevent any persons, including, but not limited to, members of the general public, and the AIRLINE'S employees and agents, from entering the Premises until such time as Airport Director is provided with adequate evidence of insurance required herein. The AIRLINE further agrees to hold the COUNTY harmless for any damages resulting from such interruption of business and

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possession, including, but not limited to, damages resulting from any loss of income or business resulting from the COUNTY's action.

The AIRLINE may occupy the Airport Premises only upon providing to the COUNTY, the required insurance stated herein and maintain such insurance for the entire term of this LEASE. The COUNTY reserves the right to terminate this LEASE at any time the AIRLINE's insurance is canceled or terminated and not reinstated within ten (10) days of said cancellation or termination. The AIRLINE shall pay the COUNTY a fee of $300.00 for processing the reinstatement of the LEASE. The AIRLINE shall provide to the COUNTY immediate notice of said insurance cancellation or termination.

All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the same terms and conditions as set forth herein for the AIRLINE; excluding General Aviation Liability. All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the following required minimum limits: Commercial General Liability $1,000,000 per occurrence with a $2,000,000 aggregate; Commercial Auto Liability $1,000,000 combined single limit each accident for non-air operations area (AOA); and, $5,000,000 combined single limit each accident for air operations area. Pollution Liability will be required when hazardous materials or waste are involved with limits commensurate with the exposure. The AIRLINE shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by the COUNTY from the AIRLINE under this LEASE. It is the obligation of the AIRLINE to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Airport Premises. Such proof of insurance must be maintained by the AIRLINE through the entirety of this LEASE and be available for inspection by a COUNTY representative at any reasonable time.

All self-insured retentions (SIRs) shall be clearly stated on the Certificate of Insurance. Any self-insured retention (SIR) in excess of Fifty Thousand Dollars ($50,000) shall specifically be approved by the County's Risk Manager. The COUNTY reserves the right to require current audited financial reports from the AIRLINE. If the AIRLINE is self-insured, AIRLINE will indemnify and defend the COUNTY for any and all claims resulting or arising from AIRLINE's use of the Airport Premises, services or other performance in accordance with the indemnity provision states in this LEASE.

If the AIRLINE fails to maintain insurance acceptable to the COUNTY for the full term of this LEASE, the COUNTY may terminate this LEASE.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com**).

If the insurance carrier does not have an A.M. Best Rating of A-VIII, the CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the AIRLINE shall provide the minimum limits and coverage as set forth below:

Coverages	Minimum Limits
Aviation Commercial General Liability (Including but not limited to General Liability, Passenger Legal Liability, War/Extended Perils Liability, Personal Injury, Contractual Liability, Premises, Products and Completed Operations, Ground Hangarkeepers and liability for vehicles and mobile equipment operated on restricted airport premises.)	$250,000,000 per occurrence $250,000,000 aggregate
Workers' Compensation	Statutory
Employers' Liability Insurance	$1,000,000 per accident or disease
Pollution Liability Insurance	$1,000,000 per claims made or per occurrence
Commercial Property Insurance on an "All Risk" or "Special Causes of Loss" basis covering all contents and any tenant improvements including Business Interruption/Loss of Rents with a 12-month limit.	100% of the Replacement Cost Value and no coinsurance provision

Increased insurance limits may be satisfied with Excess/Umbrella policies. Excess/Umbrella policies when required must provide Follow Form coverage.

Required Endorsements

The Aviation Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees, agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by County of Orange shall be excess and non-contributing.

The Pollution Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

Pollution Liability insurance must include coverage for bodily injury and property damage, including coverage for loss of use and/or diminution in property value, and for clean-up costs arising out of, pertaining to, or in any way related to the actual or alleged discharge, dispersal, seepage, migration, release or escape of contaminants or pollutants resulting from any services or work performed by, or behalf of, AIRLINE, including the transportation of hazardous waste, hazardous materials, or contaminants.

If AIRLINE's Pollution Liability policy is a claims-made policy, AIRLINE shall agree to the following:

1. The retroactive date must be shown and must be before the date of the contract or the beginning of the LEASE.

2. Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after expiration or earlier termination of LEASE.

3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the contract services, AIRLINE must purchase an extended reporting period for a minimum of three (3) years after expiration of earlier termination of the LEASE.

The Workers' Compensation policy shall contain a Waiver of Subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees. Blanket coverage may also be provided which will state **– As Required by Written Agreement.**

All insurance policies required by this LEASE shall waive all rights of subrogation against County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

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The Commercial Property policy shall contain a Loss Payee endorsement naming the County of Orange as respects the COUNTY's financial interest when applicable.

Insurance certificates should be forwarded to the COUNTY address provided in the Clause (NOTICES) below or to an address provided by Airport Director. AIRLINE has ten (10) business days to provide adequate evidence of insurance, or this LEASE may be cancelled.

AIRLINE shall provide thirty (30) days prior written notice of any policy cancellation or non-renewal and ten (10) days prior written notice where cancellation is due to non-payment of premium and provide a copy of the cancellation notice to COUNTY. Failure to provide written notice of cancellation may constitute a material breach of the LEASE, upon which the COUNTY may suspend or terminate this Contract

The COUNTY expressly retains the right to require AIRLINE to increase or decrease insurance of any of the above insurance types throughout the term of this LEASE. Any increase or decrease in insurance will be as deemed by the County of Orange Risk Manager as appropriate to adequately protect the COUNTY.

The COUNTY shall notify AIRLINE in writing of changes in the insurance requirements. If the AIRLINE does not deposit copies of acceptable certificates of insurance and endorsements with the COUNTY incorporating such changes within thirty (30) days of receipt of such notice, this LEASE may be in breach without further notice to the AIRLINE, and the COUNTY shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit the AIRLINE's liability hereunder nor to fulfill the indemnification provisions and requirements of this LEASE, nor in any way to reduce the policy coverage and limits available from the insurer.

SECTION 13.02 INDEMNITY

The AIRLINE agrees to indemnify, defend with counsel approved in writing by the COUNTY, and hold the COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies which the COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by the AIRLINE pursuant to this LEASE. If judgment is entered against the AIRLINE and the COUNTY by a court of competent jurisdiction because of the concurrent active negligence of the COUNTY or the COUNTY INDEMNITEES, the AIRLINE and the COUNTY agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS

SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION

A. In all its activities within the scope of its airport program, AIRLINE 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 (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance

If AIRLINE transfers its obligation to another, the transferee is obligated in the same manner as AIRLINE.

B. During the performance of this LEASE, AIRLINE, for itself, its assignees, and successors in interest, agrees as follows::

1) **Compliance with Regulations:** AIRLINE 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 LEASE.

2) **Nondiscrimination:** AIRLINE, with regard to the work performed by it during the LEASE, will not discriminate on the grounds of race, color, or national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The AIRLINE 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.

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

4) **Information and Reports:** AIRLINE 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 COUNTY or the FAA to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive

possession of another who fails or refuses to furnish the information, AIRLINE will so certify to the COUNTY or the FAA, as appropriate, and will set forth what efforts it has made to obtain this information.

5) **Sanctions for Noncompliance:** In the event of the AIRLINE's noncompliance with the non-discrimination provisions of this LEASE, the COUNTY will impose such sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

a. Withholding payments under the LEASE until the AIRLINE complies, and/or

b. cancelling, terminating, or suspending the LEASE, in whole or in part.

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

C. AIRLINE, for itself, 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 Leased Premises for a purpose for which an FAA activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, AIRLINE 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 said facilities.

2) 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.

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3) In the construction of any improvements on, over, or under the Leased Premises 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.

4) AIRLINE will use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title VI List of Pertinent Nondiscrimination Acts and Authorities.

D. AIRLINE shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service.

E. AIRLINE, for itself, its assignees, and successors in interest, agrees to comply with the following nondiscrimination 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);

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

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programs or activities of the Federal-aid recipients, subrecipients and contractors, 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) The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex)

10) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations); [rescinded January 21, 2025];

11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)][rescinded March 1, 2025]; and

12) 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).

F. In the event of a breach of any of the above Nondiscrimination covenants, the COUNTY shall have the right to terminate the LEASE and to re-enter and repossess said lands and facilities thereon and hold the same as if said LEASE had never been made or issued.

SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT

The COUNTY reserves the right to develop further or improve the Airport as it sees fit, regardless of the desires or views of the AIRLINE, and without interference or hindrance.

The COUNTY reserves the right, but shall not be obligated to the AIRLINE, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of the AIRLINE in this regard.

SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A.

This LEASE shall be subordinate to the provisions and requirements of any existing or future agreement between the COUNTY and the United States or any lawful requirement of the United States relative to the development, operation, or maintenance of the Airport.

SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS

The AIRLINE agrees that the AIRLINE's use of the Leased Premises, including all construction thereon, shall conform to applicable FEDERAL AVIATION REGULATIONS.

The AIRLINE agrees to comply with the applicable notification and review requirements covered in Part 77 of the FEDERAL AVIATION REGULATIONS (as same may be amended from time to time or such other regulation replacing Part 77 as may be adopted by Federal authority) prior to the construction of the improvements described herein and prior to the construction of any future structure or building upon the Leased Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

SECTION 14.05 FEDERAL LAW PREEMPTION

Notwithstanding any provisions of this LEASE, to the contrary and notwithstanding any provision of any other agreements, laws, or ordinances to the contrary, any requirement that is imposed on the AIRLINE in this LEASE, or any local authorities, shall not apply to the AIRLINE to the extent that such requirement is or would otherwise be preempted by federal law, including but not limited to the Airline Deregulation Act (49 U.S.C. § 41713).

SECTION 14.06 NONEXCLUSIVE RIGHT

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to conduct aeronautical activities or provide aeronautical services to the public as prohibited by 49 U.S.C. § 40103(e) and 47107(a)(4), as amended from time to time, and the COUNTY reserves the right to grant others the privilege and right of conducting any or all activities of an aeronautical nature.

SECTION 14.07 WAR OR NATIONAL EMERGENCY

This LEASE 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.

SECTION 14.08 RESERVED

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SECTION 14.09 AMERICANS WITH DISABILITIES ACT

The AIRLINE shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 ("ADA") in connection with: (a) the Leased Premises or any portion thereof and its operations thereon, the AIRLINE's furnishings, trade fixtures, and equipment; (b) removing physical barriers; (c) providing auxiliary aids and services for use of the AIRLINE's furnishings, trade fixtures and equipment, where necessary or required; and (d) modifying its policies, practices and procedures to comply with the ADA. The AIRLINE shall develop a work plan to correct or avoid any violations or non-compliance with the ADA and to address the processing of disability complaints. The AIRLINE shall deliver to the COUNTY, upon the COUNTY's request, a copy of each report and work plan. The COUNTY's approval of or acceptance of any aspect of the AIRLINE's activities under this LEASE shall not be deemed or construed in any way as a representation that such item or activity of practice complies with the ADA. The AIRLINE agrees to indemnify, defend, and hold the COUNTY harmless from and against any and all costs incurred by the COUNTY with respect to the AIRLINE's failure to comply with the ADA.

SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT

In accordance with 49 C.F.R. § 27.72, the AIRLINE shall ensure the provision of boarding equipment for passengers with mobility impairment, including, but not limited to, aircraft boarding chairs used to transfer passengers from their wheelchair or other apparatus to their seat in the aircraft cabin. The AIRLINE shall provide all related passenger assistance with this equipment. The equipment shall be provided and maintained in accordance with 49 C.F.R. § 27.72 and the applicable FAA Advisory Circulars, including AC 150/5220-21C.

The COUNTY owns and maintains ramps for utilization by the AIRLINE on the Airport apron in the event a ramp is needed for boarding or deplaning of the aircraft. The AIRLINE shall promptly notify the COUNTY if COUNTY-owned ramps require maintenance. If the AIRLINE owns and operates additional ramps, the AIRLINE shall maintain those ramps in proper working condition. The AIRLINE shall provide assistance to passengers with mobility impairment when ramps are used for boarding or deplaning of the aircraft.

ARTICLE XV - MISCELLANEOUS PROVISIONS

SECTION 15.01 TIME

Time is of the essence in this LEASE.

SECTION 15.02 LEASE ORGANIZATION

The various headings and numbers herein, the grouping of provisions of this LEASE into separate

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sections and paragraphs, and the organization hereof, are for the purpose of convenience only and shall not be considered otherwise.

SECTION 15.03 AMENDMENTS

This LEASE sets forth all of the agreements and understandings of the Parties with regard to its subject matter, and any modification must be written and properly executed by both Parties.

SECTION 15.04 SIGNS

The AIRLINE agrees not to construct, maintain, or allow any sign upon the Leased Premises except as approved by the COUNTY. The AIRLINE shall submit for approval all new signage to be placed in the ticketing lobby, including baggage sizers, and pylon signs. Illustrative drawings and design dimensions must accompany all requests for approval. Unapproved signs, banners, flags, etc., may be removed by the COUNTY without prior notice to the AIRLINE.

The AIRLINE will not place any promotional signs or advertising materials in any location within the Leased Premises or within any Common Use Area of the Terminal without the prior consent of the COUNTY. All requests for the approval of temporary promotional signs for the AIRLINE shall be accompanied by illustrative drawings and design dimensions along with information about the type of signs proposed and proposed locations. All approved promotional signs shall be allowed to remain in the terminal for ninety (90) days. At the end of ninety (90) days, all temporary signage must be removed, or the AIRLINE may resubmit a request to COUNTY to extend past ninety (90) days.

The AIRLINE shall keep all ticket counter space used by the AIRLINE and any associated ticket lifts and podiums free of all signs, advertising materials, credit card application dispensing units, posters, and banners. The COUNTY may, without notice, remove any unauthorized signs or advertising materials, and may store them at the AIRLINE's expense; the COUNTY may dispose of items if they are not promptly claimed by the AIRLINE after notice from the COUNTY.

SECTION 15.05 PERMITS AND LICENSES

The AIRLINE shall be required to obtain any and all approvals, permits, and/or licenses that may be required in connection with the operation of the Leased Premises as set out herein. No permit, approval, or consent given hereunder by the COUNTY in its governmental capacity shall affect or limit the AIRLINE's obligations hereunder, nor shall any approvals or consents given by the COUNTY as a Party to this LEASE be deemed approval as to compliance or conformance with applicable governmental codes, laws, ordinances, rules, or regulations.

SECTION 15.06 RESERVED

SECTION 15.07 TAXES AND ASSESSMENTS

This LEASE may create a possessory interest that is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) that become due and payable upon the Leased Premises or upon fixtures, equipment, or other property installed or constructed thereon shall be the full responsibility of the AIRLINE, and the AIRLINE shall cause said taxes and assessments to be paid promptly.

SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If either Party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental laws or regulations, or other cause without fault and beyond the control of the Party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse the AIRLINE from the prompt payment of any rental or other charge required of the AIRLINE except as may be expressly provided elsewhere in this LEASE.

SECTION 15.09 PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this LEASE is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 15.10 WAIVER OF RIGHTS

The failure of the COUNTY or the AIRLINE to insist upon strict performance of any of the terms, covenants, or conditions of this LEASE shall not be deemed a waiver of any right or remedy that the COUNTY or the AIRLINE may have and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of the LEASE thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this LEASE. Any waiver, in order to be effective, must be signed by the Party whose right or remedy is being waived.

SECTION 15.11 RESERVATIONS TO THE COUNTY

The Leased Premises are accepted "AS IS," and the AIRLINE is subject to any and all existing easements and encumbrances. The COUNTY reserves the right to install, lay, construct, maintain, repair, and operate sanitary sewers, drains, Stormwater sewers, pipelines, manholes and connections; water, oil and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, under and along the Leased Premises or any part thereof; and to enter the Leased Premises for any and all such purposes. The COUNTY also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, under, and along any and all portions of

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the Leased Premises. No right reserved by the COUNTY in this Section shall be so exercised as to interfere unreasonably with the AIRLINE's operations hereunder or to impair the security of any secured creditor of the AIRLINE.

The COUNTY agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The COUNTY further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Leased Premises by the AIRLINE.\, the AIRLINE shall only be entitled to a reduction in the rent payable to the COUNTY during the period of interference, which shall be reduced in proportion to the interference with the AIRLINE's use of the Leased Premises. The AIRLINE shall not be entitled to any other form of compensation.

SECTION 15.12 AUTHORITY OF THE AIRLINE

If the AIRLINE is a corporation, each individual executing this LEASE on behalf of said corporation represents and warrants that they are duly authorized to execute and deliver this LEASE on behalf of said corporation, in accordance with the by-laws of said corporation, and that this LEASE is binding upon said corporation.

SECTION 15.13 PUBLIC RECORDS

The AIRLINE understands that written information submitted to and/or obtained by the COUNTY from the AIRLINE related to this LEASE and/or the Leased Premises, either pursuant to this LEASE or otherwise, may be open to inspection by the public pursuant to the California Public Records Act (Cal. Gov. Code §§7920.000 *et seq.*) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public.

SECTION 15.14 RELATIONSHIP OF PARTIES

The relationship of the Parties hereto is that of lessor and lessee, and it is expressly understood and agreed that the COUNTY does not in any way or for any purpose become a partner of the AIRLINE in the conduct of the AIRLINE's business or otherwise or a joint venturer with the AIRLINE; and the provisions of this LEASE and the agreements relating to rent payable hereunder are included solely for the purpose of providing a method by which rental payments are to be measured and ascertained. This LEASE is intended for the sole benefit of the Parties hereto and their successors, and unless otherwise provided herein or by law, no rights are created, or are intended to be created, for the benefit of, or enforceable by, any third parties.

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SECTION 15.15 GOVERNING LAW AND VENUE

This LEASE has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this LEASE, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

SECTION 15.16 ATTORNEY'S FEES

In any action or proceeding to enforce or interpret any provision of this LEASE, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorney's fees, costs, and expenses.

SECTION 15.17 EMERGENCY SERVICES

The Airport Director has the right to request that the AIRLINE'S employees aid in and use AIRLINE's inventory of goods in an emergency to assist in maintaining the welfare of persons at or near the Airport. The AIRLINE shall be reimbursed by the COUNTY for the cost of goods as soon as practicable at a rate not to exceed costs as existed immediately prior to the emergency.

SECTION 15.18 NOTICES

All notices pursuant to this LEASE shall be addressed to either Party as set forth below and shall be sent through the United States mail, duly registered or certified, return receipt requested with postage prepaid, or by an overnight carrier service. If any notice is sent by an overnight carrier service, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof. Notwithstanding the above, the COUNTY may also provide notices to the AIRLINE by personal delivery or by regular mail postage prepaid, and any such notice so given shall be deemed to have been given upon the date of personal delivery or three (3) days after the date of deposit in the United States Mail, respectively.

To: COUNTY
John Wayne Airport
3160 Airway Avenue
Costa Mesa, CA 92626
Attention: Airport Director

To: AIRLINE
American Airlines, Inc.
PO Box 619616
Mail Drop 5317

Either Party hereto may, from time to time, by written notice to the other in the method described above, designate a different address, which shall be substituted for the one above specified.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

[Signatures continue on following page]

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first above written.

AIRLINE: American Airlines, Inc.

By: _____

By: Amanda Zhang
Vice President,
Airport Affairs and Facilities

APPROVED AS TO FORM:
County Counsel

By: _____

APPROVED AS TO AUDIT AND ACCOUNTING:
Auditor-Controller

By: _____

RECOMMENDED FOR APPROVAL:
John Wayne Airport

By: _____
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this
document has been delivered to the Chair
of the Board per G.C. Sec. 25103, Reso 79-1535

Attest:

COUNTY:
COUNTY OF ORANGE

_____
Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

By: _____
Chairman, Board of Supervisors

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first above written.

AIRLINE: American Airlines, Inc.

By: _____

By: _____

APPROVED AS TO FORM:
County Counsel

By: DocuSigned by: Mark Sanchez 5EE66EC8DA7B48F...

APPROVED AS TO AUDIT AND ACCOUNTING:
Auditor-Controller

By: Signed by: Vivian Luz C. Grzeszczak 98187C051B2C443...

RECOMMENDED FOR APPROVAL:
John Wayne Airport

By: Signed by: Charlene Reynolds A1A526A921AF49F...

Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this document has been delivered to the Chair of the Board per G.C. Sec. 25103, Reso 79-1535

Attest:

COUNTY:
COUNTY OF ORANGE

_____

By: _____
Chairman, Board of Supervisors

Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT A
LEASED PREMISES DESCRIPTION

Project Management Number: PM 1121-0300-0081

Airline: American Airlines, Inc.

The Leased Premises referred to in this Lease shall mean all the premises shown on a floor plan marked "Exhibit B," attached hereto and made a part hereof, being those certain Exclusive Use Areas designated as follows:

Airline Ticket Office, and Airline Ticket Counter, containing 2,799 square feet and 653 square feet, respectively, located on the Terminal A concourse of the Departure Level.

Ramp/Operations Office containing 3,866 square feet of space located on the Terminal A ramp on the Arrival Level.

Baggage Service Office containing 394 square feet of space located on the Terminal A concourse of the Arrival Level.

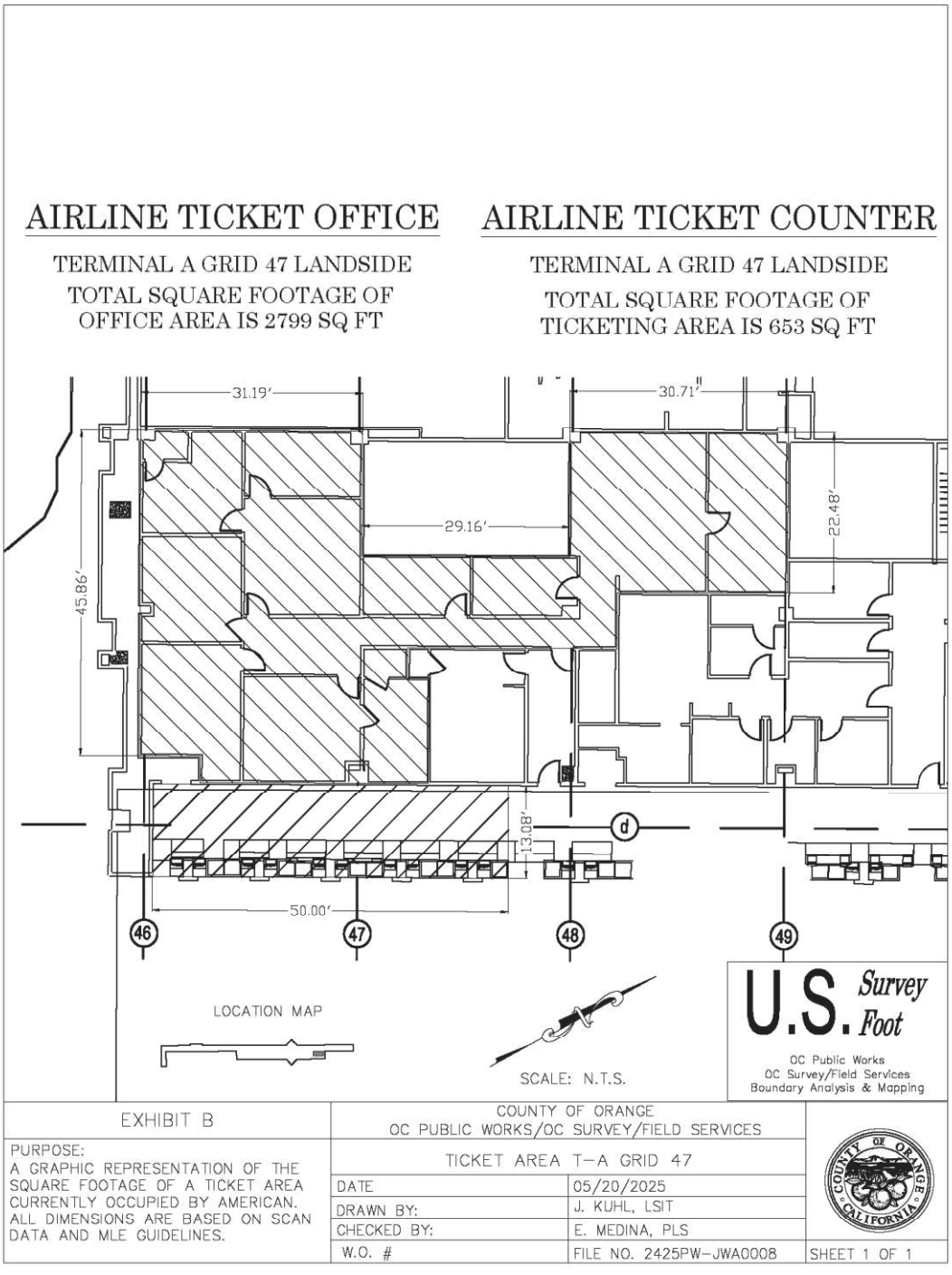
Said Exclusive Use Areas shall also include the premises shown on a map marked "Exhibit C," attached hereto and made a part hereof, being Apron Area. Said "Exhibit C" may be revised at any time by Airport Director.

The Leased Premises shall also include the premises shown on a map marked "Exhibit D," being those certain Common Use Areas designated as Baggage Claim/Baggage Make-up Areas, Holdrooms, Airside Concourses, Security Areas, and Loading Bridges,

Said Exclusive Use and Common Use Areas are situated at the Thomas F. Riley Terminal Building, John Wayne Airport, 18601 Airport Way, in the City of Santa Ana, County of Orange, State of California, and located on Lots 132 and 135 of Block 7 of the Irvine Subdivision, per map recorded in Book 1, Page 88 of Miscellaneous Maps in the Office of the County Recorder of Orange County, together with the right of ingress and egress thereto.

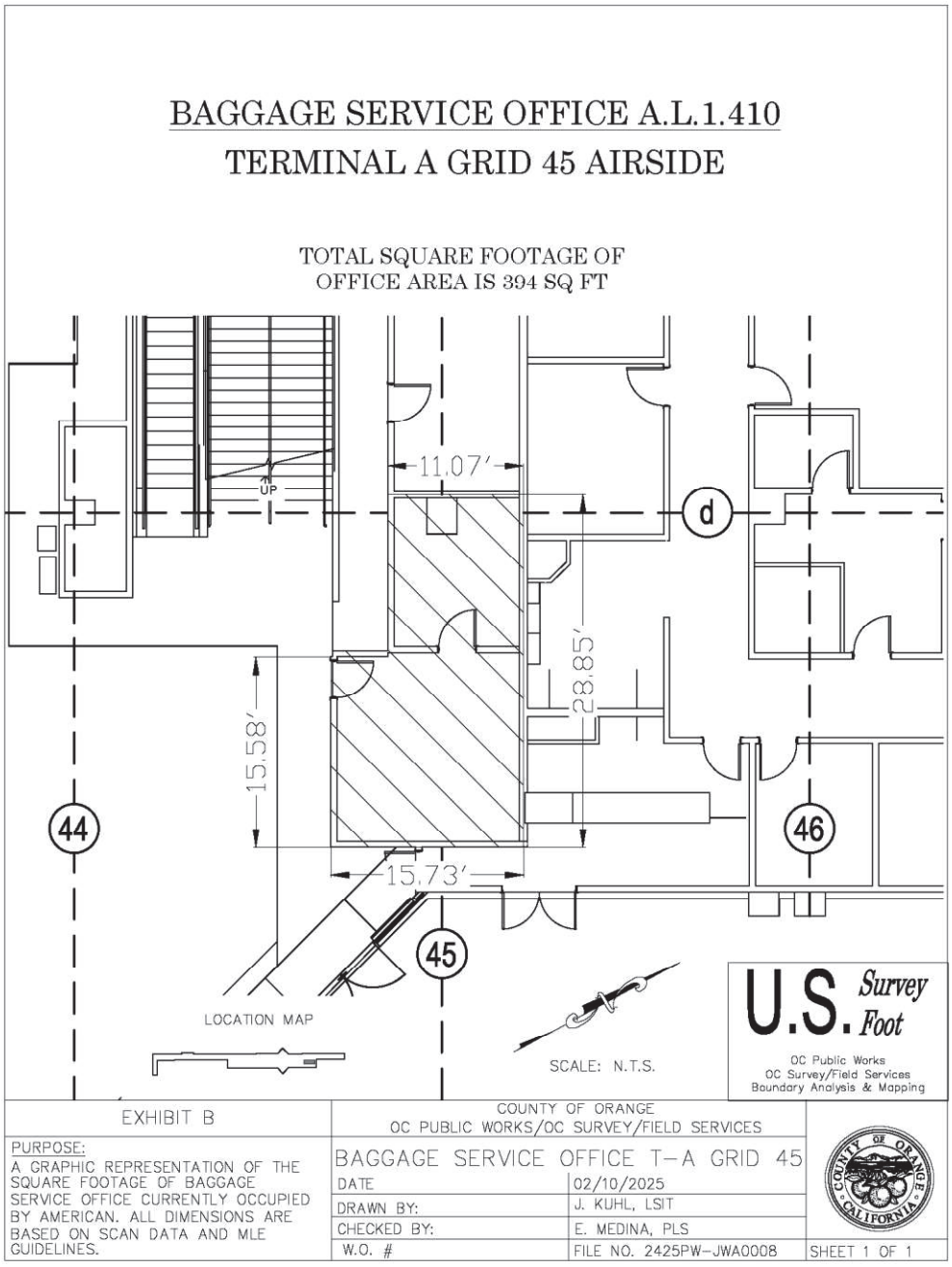
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES – EXCLUSIVE TERMINAL USE AREA



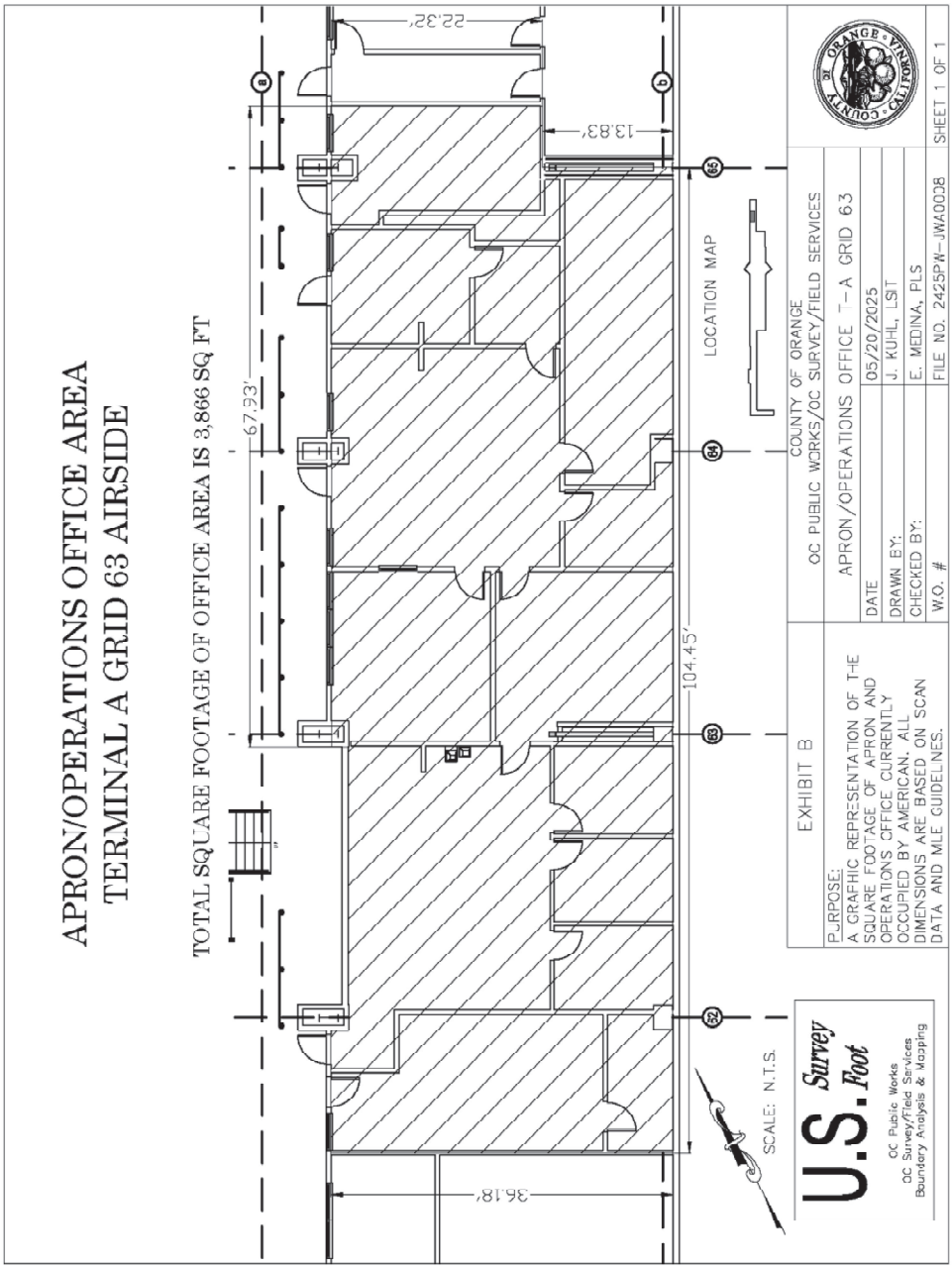
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES – EXCLUSIVE TERMINAL USE AREA



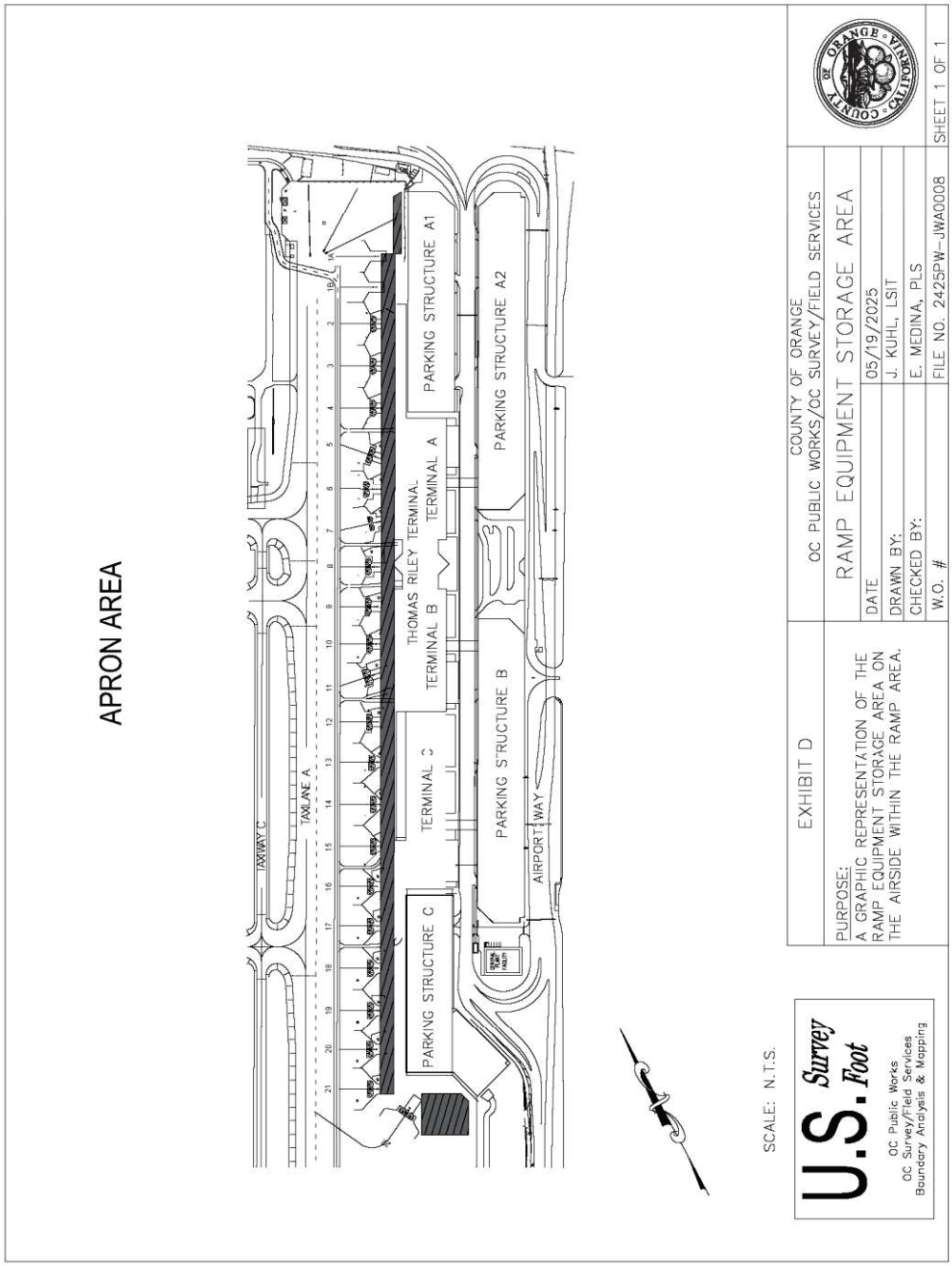
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES – EXCLUSIVE TERMINAL USE AREA



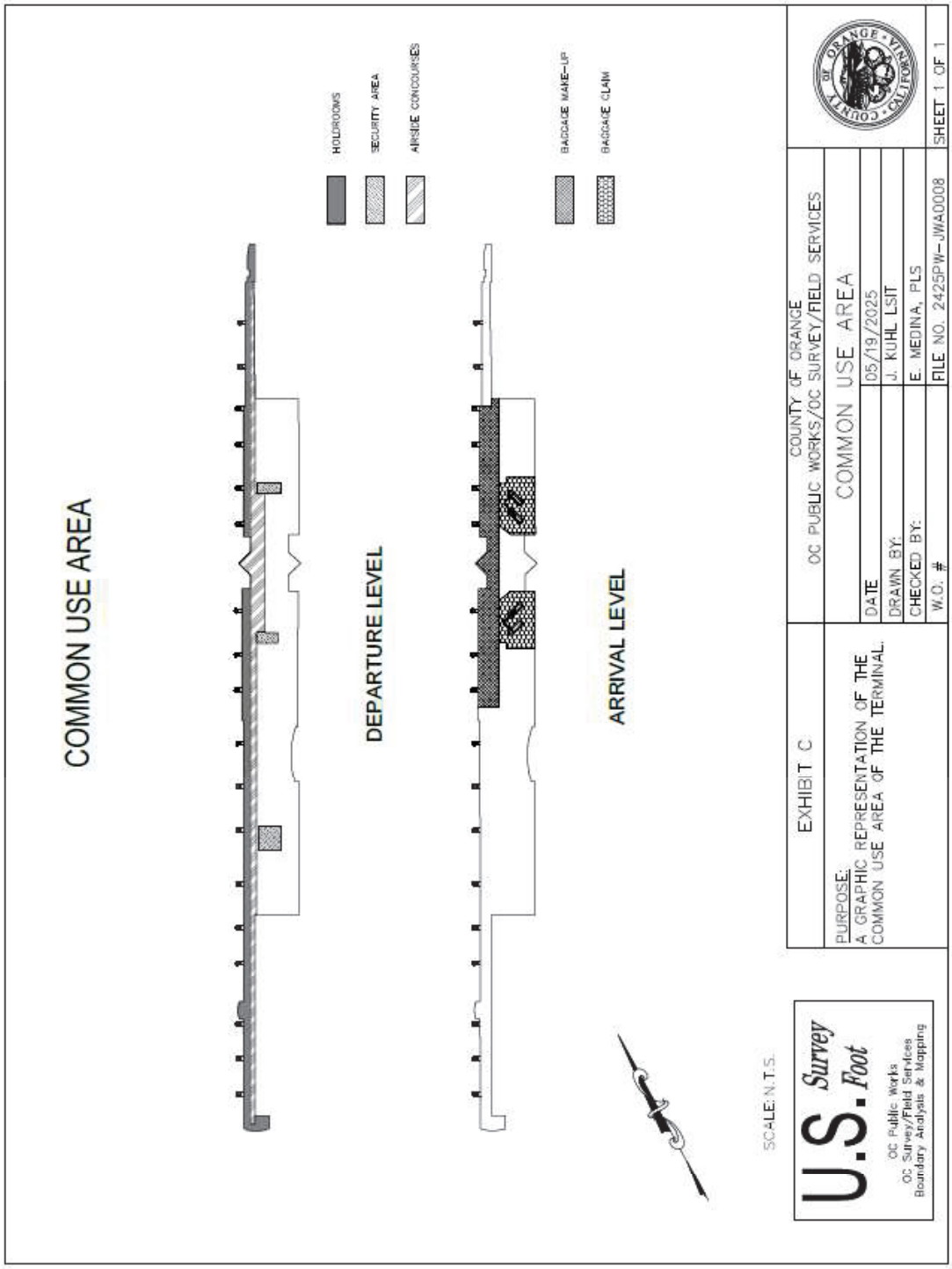
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT C
APRON AREA



JOHN WAYNE AIRPORT
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EXHIBIT D
COMMON USE AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT E
JOHN WAYNE AIRPORT
SUMMARY OF OPERATION AND MAINTENANCE RESPONSIBILITIES

	Exclusive Use Areas	Common Use Areas	SIDA - Non Public Areas	Public Areas Sidewalks and Roadways	Airfield
Building Exteriors	C	C	C	C	C
Doors	A (1)	C (1)	C	C	-
Loading Bridges	C	C	C	-	C
Landscaping	-	C	C	C	C
Roadways	-	C	C	C	C
Law Enforcement, Fire Protection, Emergency Medical Services	C	C	C	C	C
Plumbing	C (1,2)	C	C	C	C
Electrical and Lighting	C (1,2)	C	C	C	C
HVAC	C (1)	C	C	C	C
Glass Breakage	C (1)	C	C	C	C
Communications Systems CU P PS	C (1)	C(1)	C	C	C
Custodial Service/Window Cleaning	A	C	C	C	C
Baggage Handling Systems	C	C	C	C	-
Bag-Claim Carousel Equipment	-	C	C	C	-
Baggage Scales (ticket counters)	C	C	-	-	-
People Movers (elevators, escalators)	C	C	C	C	-
Signage	A	C	C	C	C
Ramp	A	C (3)	C (3)	-	-

Key: A = Airline
C = County

1. Airline is responsible for maintenance, repair and replacement of Airline-installed devices and equipment.
2. Airline is responsible for routine maintenance, including relamping and ballast replacement.
3. Airline is responsible for cleaning ramp areas of trash and spills (from building to VSR).

If Airline fails to perform its maintenance and repair obligations as stated in the Lease, the County may perform the work after providing the Airline written notice and recover its entire cost plus a 15% charge from Airline as additional costs. Said cos ts shall be due and payable by the Airline to the County as stated in Article V, Section 5.07 of the Lease.

In the event the Airline makes any repairs or modifications to an area or equipment, at the request of the County, as per Section 4.01 subsection C of this Lease, and those areas or equipment are currently maintained by the County, the County will continue the maintenance responsibilities for those areas or equipment.

JOHN WAYNE AIRPORT
ORANGE COUNTY

AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

Dated _____

Between

County of Orange

and

Breeze Aviation Group, Inc.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

RECITALS 1
ARTICLE I - DEFINITIONS 2
SECTION 1.01 AAAC 2
SECTION 1.02 AAAC CHAIR 2
SECTION 1.03 ACCESS PLAN 2
SECTION 1.04 ADD 2
SECTION 1.05 AIRLINE RATES AND CHARGES 3
SECTION 1.06 AIRPORT 3
SECTION 1.07 AIRPORT DIRECTOR 3
SECTION 1.08 APRON AREA 3
SECTION 1.09 AUDITOR-CONTROLLER 3
SECTION 1.10 BOARD OF SUPERVISORS 3
SECTION 1.11 CBP 3
SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT 3
SECTION 1.13 COMMON USE AREA 3
SECTION 1.14 COUNTY 4
SECTION 1.15 CUPPS 4
SECTION 1.16 CUSS 4
SECTION 1.17 DOT 4
SECTION 1.18 EMV 4
SECTION 1.19 ENVIRONMENTAL LAWS 4
SECTION 1.20 EXCLUSIVE USE AREA 5
SECTION 1.21 FAA 5
SECTION 1.22 GSE 5
SECTION 1.23 HAZARDOUS SUBSTANCES 5
SECTION 1.24 IAF 6
SECTION 1.25 NON-STORMWATER DISCHARGE 6
SECTION 1.26 PFC 6
SECTION 1.27 POLLUTANT 6
SECTION 1.28 RON 7
SECTION 1.29 STORMWATER 7
SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES 7
SECTION 1.31 TERMINAL 7
SECTION 1.32 TSA 7
ARTICLE II – TERM OF LEASE 7
SECTION 2.01 TERM OF LEASE 7
SECTION 2.02 HOLDING OVER 8
SECTION 2.03 TERMINATION FOR CONVENIENCE 8
ARTICLE III – LEASED PREMISES 8
SECTION 3.01 LEASED PREMISES 8

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 3.02 NATURE OF AIRLINE'S ESTATE 9
SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES 9
ARTICLE IV - RENT, FEES AND CHARGES 9
SECTION 4.01 RENT, FEES AND CHARGES 9
SECTION 4.02 PAYMENT PROCEDURE 13
SECTION 4.03 CHARGE FOR LATE PAYMENT 14
SECTION 4.04 PASSENGER FACILITY CHARGE 15
SECTION 4.05 PROVISION AGAINST SET-OFFS 16
SECTION 4.06 SECURITY DEPOSIT 16
SECTION 4.07 NEW ENTRANT DEPOSIT 17
SECTION 4.08 MARKETING FUND FEE 17
ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES 18
SECTION 5.01 USE 18
SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES 19
SECTION 5.03 RULES AND REGULATIONS 19
SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE 20
SECTION 5.05 OPERATIONAL REQUIREMENTS 21
SECTION 5.06 RECORDS AND ACCOUNTS 23
SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS 25
SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES 27
SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON 27
SECTION 5.11 AIRCRAFT PARKING 27
SECTION 5.12 PORTER SERVICES 28
ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT 28
SECTION 6.01 COMMON USE EQUIPMENT 28
SECTION 6.02 COMMON USE EQUIPMENT STOCK 29
SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK 29
SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT 30
SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT 30
SECTION 6.06 NETWORK USAGE 31
SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES 32
SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES 32
ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION 33
SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE 33
SECTION 7.02 SPILL RESPONSE PLAN 34

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION 35
SECTION 7.04 ENVIRONMENTAL STEWARDSHIP 36
SECTION 7.05 RESERVED 38
SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION 38
SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS 39
SECTION 7.08 ANTI-IDLING POLICY 39
ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS 40
SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY 40
SECTION 8.02 IMPROVEMENTS BY THE AIRLINE 40
SECTION 8.03 AIRLINE REIMBURSEMENT 42
SECTION 8.04 EXCLUSIVE REMEDY 42
SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION 43
SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES 43
SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS 44
SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS 45
SECTION 8.09 HEALTH AND SAFETY 46
ARTICLE IX - ACCOMMODATION 46
SECTION 9.01 JOINT USE REQUIREMENT 46
ARTICLE X - ASSIGNMENT AND SUBLEASE 47
SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING 47
SECTION 10.02 SUCCESSORS IN INTEREST 51
ARTICLE XI - TERMINATION AND DEFAULT 51
SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS 51
SECTION 11.02 TERMINATION FOR DEFAULT 51
SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION 52
SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY 52
SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER 52
ARTICLE XII - SECURITY 53
SECTION 12.01 AIRPORT SECURITY 53
ARTICLE XIII - INSURANCE AND INDEMNITY 55
SECTION 13.01 INSURANCE 55
SECTION 13.02 INDEMNITY 59
ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS 60
SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION 60
SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT 64
SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A. 64
SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS . 64

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 14.05 FEDERAL LAW PREEMPTION 64
SECTION 14.06 NONEXCLUSIVE RIGHT 64
SECTION 14.07 WAR OR NATIONAL EMERGENCY 65
SECTION 14.08 RESERVED 65
SECTION 14.09 AMERICANS WITH DISABILITIES ACT 65
SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT 65
ARTICLE XV - MISCELLANEOUS PROVISIONS 65
SECTION 15.01 TIME 66
SECTION 15.02 LEASE ORGANIZATION 66
SECTION 15.03 AMENDMENTS 66
SECTION 15.04 SIGNS 66
SECTION 15.05 PERMITS AND LICENSES 66
SECTION 15.06 RESERVED 67
SECTION 15.07 TAXES AND ASSESSMENTS 67
SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE 67
SECTION 15.09 PARTIAL INVALIDITY 67
SECTION 15.10 WAIVER OF RIGHTS 67
SECTION 15.11 RESERVATIONS TO THE COUNTY 68
SECTION 15.12 AUTHORITY OF THE AIRLINE 68
SECTION 15.13 PUBLIC RECORDS 68
SECTION 15.14 RELATIONSHIP OF PARTIES 68
SECTION 15.15 GOVERNING LAW AND VENUE 69
SECTION 15.16 ATTORNEY'S FEES 69
SECTION 15.17 EMERGENCY SERVICES 69
SECTION 15.18 NOTICES 69

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

LIST OF EXHIBITS

EXHIBIT A LEASED PREMISES DESCRIPTION – TERMINAL EXCLUSIVE USE AREA

EXHIBIT B FLOOR PLAN OF LEASED PREMISES – TERMINAL EXCLUSIVE USE AREA

EXHIBIT C MAP OF APRON AREA

EXHIBIT D MAP COMMON USE AREA

EXHIBIT E AIRLINE MAINTENANCE OBLIGATIONS

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

THIS AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE ("LEASE") is made and entered into this ___ day of _____, 2025, by and between the COUNTY OF ORANGE, a political subdivision of the State of California ("COUNTY"), and Breeze Aviation Group, Inc. ("AIRLINE"), with COUNTY and AIRLINE sometimes individually referred to as “Party” or collectively referred to as “Parties.”

RECITALS

WHEREAS, the COUNTY, through its Board of Supervisors, is the owner and proprietor of John Wayne Airport ("JWA" or "Airport"), located in the County of Orange, State of California, and operates and maintains the Airport as a governmental function for the primary purpose of providing air transportation to the public; and

WHEREAS, COUNTY and AIRLINE entered into a Certificated Passenger Airline Lease dated November 3, 2020, with a term effective January 1, 2021, through December 31, 2025 (“Existing Lease”); and

WHEREAS, the AIRLINE is engaged in the business of commercial air transportation of persons, property, cargo, and mail as a scheduled air carrier and is certificated or otherwise authorized by the United States of America to engage in such business; and

WHEREAS, the AIRLINE desires to enter into an agreement addressing certain premises, facilities, rights, licenses, services, and privileges at the Airport; and

WHEREAS, as part of its ongoing effort to operate the Airport in a manner sensitive to the residents who live under the Airport's approach and departure corridors, the COUNTY has developed one of the most stringent access and noise abatement programs in the country. The Airport monitors all aircraft operations, both commercial and private, for compliance with the program. These noise abatement and access restrictions derive from the 1985 Settlement Agreement between the COUNTY, City of Newport Beach, and other parties and are implemented through ordinances, resolutions (including Resolutions No. 85-255, 85-256, 85-259, 85-1231, 85-1232, and 85-1233), regulations (including the Phase 2 Commercial Airline Access Plan and Regulation) and policies of the COUNTY, as they may be amended from time to time; and

WHEREAS, the 1985 Settlement Agreement has been periodically amended by its parties to, among other things, increase the authorized passenger levels at the Airport; and

WHEREAS, the amendments to the 1985 Settlement Agreement preserve and continue to implement important restrictions on the use of JWA, "grandfathered" under the AIRPORT NOISE AND CAPACITY ACT OF 1990 ("ANCA"), which reflect and accommodate historical policy decisions of the Board of Supervisors regarding the appropriate point of balance between the competing interests of the air transportation and aviation community and local residents living in the vicinity of the Airport. These policy decisions address, among other issues, nighttime operational restrictions and maximum permitted single-event noise levels; and

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

WHEREAS, the COUNTY and the AIRLINE mutually desire to enter into this LEASE, which amends and restates the Existing Lease, in order to provide air transportation services to the community and its visitors through December 31, 2030; and

WHEREAS, the COUNTY has the right to permit and grant the use of its property at the Airport to the AIRLINE for the operation of the AIRLINE's air transportation services; and

WHEREAS, the AIRLINE acknowledges that this LEASE is being entered into under the provisions of CAL. PUBLIC UTIL. CODE §§21690.5 *et seq.*, and, in particular, §21690.9.

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained to be observed and performed by the respective Parties hereto:

THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I - DEFINITIONS

The following words, terms, and phrases, whenever used in this LEASE, shall have the meaning and significance attached to them in this Article unless otherwise apparent from context.

SECTION 1.01 AAAC

"AAAC" shall mean the JWA – Airport Airline Affairs Committee. The AAAC is composed of the airline properties representatives for the carriers serving JWA.

SECTION 1.02 AAAC CHAIR

"AAAC Chair" shall mean the Chairperson elected by the AAAC to act as the spokesperson for carriers serving JWA.

SECTION 1.03 ACCESS PLAN

"Access Plan" shall mean the Phase 2 Commercial Airline Access Plan and Regulation for John Wayne Airport, Orange County, as that plan existed when originally adopted and approved by the Orange County Board of Supervisors in 1990, as it has been amended by the Board of Supervisors from time to time, and as it may be amended by the Board of Supervisors at any time during the term of this LEASE.

SECTION 1.04 ADD

"ADD" shall mean Average Daily Departure, as defined in the Access Plan. Except as expressly provided in the Access Plan, all commercial air carrier departures at JWA are regulated departures and require an ADD allocation. ADD allocations are the exclusive property of the COUNTY.

SECTION 1.05 AIRLINE RATES AND CHARGES

"Airline Rates and Charges" shall mean all rates, fees, and charges payable to the COUNTY by the AIRLINE, as specified herein**.**

SECTION 1.06 AIRPORT

"Airport" shall mean the John Wayne Airport, Orange County, California.

SECTION 1.07 AIRPORT DIRECTOR

"Airport Director" shall mean the Director of JWA or his or her duly authorized designee.

SECTION 1.08 APRON AREA

"Apron Area" shall mean the land identified as Apron Area in Exhibit C attached hereto, and, except as otherwise provided herein, all facilities, equipment, and improvements now or hereafter located thereon.

SECTION 1.09 AUDITOR-CONTROLLER

"Auditor-Controller" shall mean the Auditor-Controller, County of Orange, or designee.

SECTION 1.10 BOARD OF SUPERVISORS

"Board of Supervisors" shall mean the COUNTY's governing body.

SECTION 1.11 CBP

"CBP" shall mean Customs and Border Protection, U.S. Department of Homeland Security.

SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT

"Certificated Maximum Landing Weight" shall mean the current maximum allowable gross landing weight of aircraft operated by the AIRLINE and certificated by the Federal Aviation Administration (FAA) for operation at the Airport.

SECTION 1.13 COMMON USE AREA

"Common Use Area" shall mean the nonexclusive use of space, in common with other airlines, located in the Terminal, as shown in Exhibit D.

SECTION 1.14 COUNTY

"COUNTY" shall mean the County of Orange, a political subdivision of the State of California.

SECTION 1.15 CUPPS

"CUPPS" shall mean the Airport's Common Use Passenger Processing System.

SECTION 1.16 CUSS

"CUSS" shall mean Common Use Self Service.

SECTION 1.17 DOT

"DOT" shall mean the U.S. Department of Transportation.

SECTION 1.18 EMV

"EMV" shall mean Europay, Mastercard, or Visa.

SECTION 1.19 ENVIRONMENTAL LAWS

“Environmental Laws” shall mean any federal, State, or local laws, statutes, ordinances, codes, judgments, orders, rules, or regulations pertaining to the environment and/or human health, Hazardous Substances, Pollutants, occupational safety and health, industrial hygiene, or the environmental conditions on, at, under or about the Airport, and includes, without limitation, the following: (i) the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; (ii) Clean Water Act, 33 U.S.C. § 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 C.F.R. Parts 173 and 175; (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 U.S.C. § 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 (“Proposition 65”); (ix) California Health and Safety Code §§25100, 25395.7, 25915 *et seq.*; (x) the Porter-Cologne Water Quality Control Act (California Water Code); (xi) California Civil Code § 3479 *et seq.*; (xii) Stormwater Discharge Rules, 40 C.F.R. §§ 122.26, 122.30-37; (xiii) the Carpenter-Presley-Tanner Hazardous Substances Account Act; (xiv) the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; (xv) the Safe Drinking Water Act, 24 U.S.C. § 300f, *et seq.*; xvi) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Industrial Activities, Order No. 2014-0057-DWQ (or most current); xvii) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, Order No. 2009-0009-DWQ amended by 2010-0014-DWQ & 2012-0006-DWQ; xviii) The County of Orange, Orange County Flood Control District, and The

Incorporated Cities of Orange County within the Santa Ana Region Areawide Urban Stormwater Runoff Orange County Municipal Separate Storm Sewer System (MS4) Permit Order No. R8-2009-0030 (National Pollutant Discharge Elimination System No. CAS618030) as amended by Order No. R8-2010-0062; xix) South Coast Air Quality Management District Regulations and Rules; and (xx) all other federal, State, and local laws, rules, orders, directives, and codes, regulations, judgments, and orders relating to (a) emissions, discharges, releases, and/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 (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Substances, as such laws are amended, and the regulations and administrative codes applicable thereto.

SECTION 1.20 EXCLUSIVE USE AREA

"Exclusive Use Area" shall mean the areas of the Terminal and on the Terminal Apron that the COUNTY has granted the AIRLINE the right to use on an exclusive-use basis, subject to the Joint Use Requirement, during the term of this LEASE. The AIRLINE's Exclusive Use Area is described in Exhibit A and shown in Exhibits B and C.

SECTION 1.21 FAA

"FAA" shall mean the Federal Aviation Administration created under the FEDERAL AVIATION ACT OF 1958 or such successor agency as may have similar jurisdiction over the AIRLINE or its business and the Airport.

SECTION 1.22 GSE

"GSE" shall mean Ground Service Equipment and include any auxiliary power unit, mobile stairs, aircraft support equipment, machinery, spare parts, or other equipment used or stored by any qualified air carrier or ground service provider in support of operations at JWA.

SECTION 1.23 HAZARDOUS SUBSTANCES

“Hazardous Substances” shall mean any pollutant, contaminant, chemical, compound, substance, hazardous or toxic substance, material, waste, and/or any other matter, which is or shall become regulated by any governmental entity, including, but not limited to COUNTY acting in its governmental capacity, the State of California, and/or the United States Government. 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, nuisance, and/or is controlled or governed under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos-containing materials; (iv) flammable or explosive substances; (v) mold-containing materials; poly-chlorinated biphenyl compounds; and/or (vi) substances designated by any governmental entity to cause cancer and/or reproductive toxicity.

SECTION 1.24 IAF

"IAF" shall mean the International Arrival Facility and include the areas of the Terminal that house U.S. Customs and Border Protection and are for the use of arriving international passengers.

SECTION 1.25 NON-STORMWATER DISCHARGE

"Non-Stormwater Discharge" shall mean any discharge to storm sewer systems that is not entirely composed of Stormwater. "Non-Stormwater Discharge" includes "Unauthorized Non-Stormwater Discharges" and "Authorized Non-Stormwater Discharges" as defined by the California Environmental Protection Agency State Water Resources Control Board's National Pollutant Discharge Elimination System General Permit for Discharges of Stormwater Associated with Industrial Activities and Construction Activities.

SECTION 1.26 PFC

"PFC" shall mean federally approved Passenger Facility Charges or passenger facility fees, as authorized by 49 U.S.C. §40117 and regulated by 14 C.F.R. Part 158, as such statute and regulation currently exist or as they may be amended during the term of this LEASE.

SECTION 1.27 POLLUTANT

“Pollutant” means any chemical, compound, substance, liquid, solid or semi-solid substance, or combination thereof, including but not limited to:

a. Artificial materials (such as floatable plastics, wood products or metal shavings);

b. Household waste (such as trash, paper, and plastics; cleaning chemicals, yard wastes, animal fecal materials, used oil and fluids from vehicles, lawnmowers, and other common household equipment);

c. Metals and nonmetals, including compounds of metals and nonmetals (such as cadmium, lead, zinc, copper, silver, nickel, chromium, cyanide, phosphorus, and arsenic) with characteristics that cause an adverse effect on living organisms;

d. Petroleum and related hydrocarbons (such as fuels, lubricants, surfactants, waste oils, solvents, coolants, and grease);

e. Substances having a pH less than 6.5 or greater than 8.6, or unusual coloration, turbidity, or odor;

f. Materials causing an increase in biochemical oxygen demand, chemical oxygen demand, or total organic carbon;

g. Materials that contain base/neutral or acid-extractable organic compounds;

h. Those pollutants defined in Section 1362(6) of the Federal Clean Water Act;

i. Any other constituent or material, including but not limited to pesticides, herbicides, fertilizers, fecal coliform, fecal streptococcus, or enterococcus, or eroded soils, sediment, and particulate materials in quantities that will interfere with or adversely affect the beneficial use of the receiving waters, flora or fauna of the State; and

j. Any substance listed under Health and Safety Code, §25316.

SECTION 1.28 RON

"RON" shall mean the remain overnight positions where the AIRLINE's aircraft are required to park when they "remain overnight" at JWA.

SECTION 1.29 STORMWATER

"Stormwater" shall mean stormwater runoff, snowmelt runoff, and stormwater surface runoff and drainage.

SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES

"Tenant Design and Construction Guidelines" shall mean the Tenant Criteria Manual, CAD Standards, BIM Standards Manual, and GIS Data Standard which can be found on the OCAIR.COM website.

SECTION 1.31 TERMINAL

"Terminal" shall mean the Thomas F. Riley commercial passenger terminal and concourses at JWA, as may be modified at any time during the term of this LEASE.

SECTION 1.32 TSA

"TSA" shall mean the Transportation Security Administration of the U.S. Department of Homeland Security, the federal agency responsible for regulation of airport security, or any such successor agency.

ARTICLE II – TERM OF LEASE

SECTION 2.01 TERM OF LEASE

The term of this LEASE shall commence on January 1, 2021, and expire on December 31, 2030.

SECTION 2.02 HOLDING OVER

In the event the AIRLINE shall continue in possession of the Leased Premises after the term of this LEASE, such possession shall not be considered an extension or renewal of this LEASE but a tenancy from month-to-month and shall be governed by the conditions and covenants contained in this LEASE.

SECTION 2.03 TERMINATION FOR CONVENIENCE

This LEASE may be terminated for convenience by either Party for any reason and without cause upon ninety (90) days' written notice.

ARTICLE III – LEASED PREMISES

SECTION 3.01 LEASED PREMISES

The COUNTY leases to the AIRLINE that certain property hereinafter referred to as "Leased Premises." Said premises shall be leased to the AIRLINE in "as-is" condition and shall consist of the following:

A. **Exclusive Use Area**. Exclusive use of the space, subject to the requirements set forth in Section 9.01 of this LEASE entitled "JOINT USE REQUIREMENT," located in the Terminal and on the Apron and Airfield, as described on Exhibit A and shown in Exhibits B and C, which exhibits are attached hereto and by reference made a part hereof and hereinafter referred to as "Exclusive Use Area."

B. **Common Use Area**. Nonexclusive use, in common with other airlines, of space located in the Terminal as shown on Exhibit D, which exhibit is attached hereto and by reference made a part hereof, and hereinafter referred to as "Common Use Areas." Common Use Areas include:

(1) Baggage Claim and Baggage Make-up Areas;

(2) Hold rooms (departure lounges);

(3) Airside Concourses;

(4) Landside Concourses;

(5) Loading Bridges

(6) Baggage and Passenger Screening Areas;

(7) Security Areas.

The use of these Common Use Areas shall be subject to the reasonable control and regulation of the Airport Director.

SECTION 3.02 NATURE OF AIRLINE'S ESTATE

The AIRLINE acknowledges and agrees:

A. That the COUNTY has granted to the AIRLINE a leasehold interest in the Leased Premises only.

B. That the COUNTY retains a fee ownership for federal income tax purposes in and to the Leased Premises, as well as all other ownership burdens and benefits connected with such fee ownership.

C. That the AIRLINE has not been granted any direct or indirect right or option to purchase the Leased Premises from the COUNTY at any time during or after the termination of this LEASE.

SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES

The AIRLINE shall not install equipment of any kind outside the Leased Premises unless authorized in writing by the Airport Director and/or designee prior to installation.

ARTICLE IV - RENT, FEES AND CHARGES

SECTION 4.01 RENT, FEES AND CHARGES

The rents, fees, and charges contained in this LEASE are established in accordance with (i) Resolution 02-062 dated March 12, 2002 (or as subsequently amended), which reasserts and establishes the John Wayne Airport Revenue Planning Policy, and (ii) the Bond Indenture for the Airport Revenue Bonds, Series 1987, and the First Supplemental, Second Supplemental, Third Supplemental, Fourth Supplemental, Fifth Supplemental, and Sixth Supplemental Indenture Series 1993, 1997, 2003, 2009 and 2019, as well as any future bond indentures or supplemental indentures that may be issued or adopted from time to time. The Airport Director and the AAAC Chair shall present any modifications to the rents, fees, and charges to the AAAC prior to implementation.

A. The AIRLINE shall make payment of the following rents, fees, and charges, which shall be due and payable monthly in advance on the first day of each month with a 15-day grace period, and the AIRLINE agrees that the COUNTY will not invoice for such rents, fees, and charges:

(1) **Exclusive Use Areas**

(a) Terminal Building. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use terminal space.

Exclusive use terminal space consists of the airline ticket counter, airline ticket office, baggage service office, and operations/ramp office.

For the purpose of calculating terminal building rent, the AIRLINE's Exclusive Use Area(s) of the terminal building contains the square feet described in Exhibit A and shown in Exhibit B.

(b) Terminal Apron. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use of terminal apron space used for GSE. For purposes of calculating terminal apron rent, the AIRLINE's Exclusive Use Area(s) of the apron contains the square feet shown on Exhibit C. Exhibit C may be modified at any time by Airport Director.

(c) Airport Tenant Improvement Amortization Schedule. The AIRLINE shall reimburse the COUNTY for tenant improvement by the COUNTY based on the amortization schedule established by the Airport Director.

(2) **Common Use Areas**

(a) Arrival Level. The COUNTY shall establish fees for shared use of baggage claim and baggage make-up areas. Said fees shall be established on the basis of allocating the Airport's total costs and expenses associated with the baggage claim and baggage make-up areas to the commercial airlines in the terminal accordingly: twenty percent (20%) of the costs to be shared evenly among the commercial airlines and eighty percent (80%) of the costs to be shared based on each commercial airline's percentage of total deplaned passengers at the Airport, including their commuter affiliates.

(b) Departure Level. The COUNTY shall establish fees for shared use of departure level common areas, including hold-rooms, airside concourses, baggage/passenger screening areas, and security areas. Said fees shall be established by allocating the Airport's total costs and expenses associated with departure level common areas accordingly: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

The COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Modifications may include fee revisions, the establishment of new fee classifications, or such other changes as needed to respond to the AIRLINE's use of the Airport. At the end of each modification period, the COUNTY shall establish monthly fees and issue credits for any overpayments by the AIRLINE or invoice the AIRLINE for any underpayments for the previous period.

In the event an obligation to pay fees begins or terminates on some day other than the first or last day of the month, the fees shall be prorated to reflect the actual period of use based on a thirty (30) day month. The fees for any partial calendar month during which this LEASE becomes effective will be payable on such effective date.

(c) IAF. Fees shall be established by the COUNTY for shared use of the IAF. Said fees shall be established based on the Airport's total costs and expenses associated with the IAF area. The IAF fees shall be allocated to commercial carriers operating international flights according to the carrier's ratio of international deplaned passengers and the fee schedule established by the COUNTY.

(d) CBP. Costs shall be passed through to commercial carriers operating international flights based on international deplaned passengers at JWA and the fee schedule established by the COUNTY.

(e) CUPPS. Fees shall be established by the COUNTY for the implementation, maintenance, support, services and supplies, and periodic upgrades of the Common Use Passenger Processing System (CUPPS). Said fees shall be established and allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

In the event of future CUPPS upgrade implementation due to technological requirements or regulatory compliance, the cost of CUPPS upgrade shall be amortized over three years, allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each airlines percentage of

total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

(1) The JWA CUPPS has EMV credit card capability. JWA will not activate this capability until the JWA AAAC agrees to its activation, in whole or in part, using a processing system acceptable to the affected airlines and JWA.

(2) In the event AIRLINE does not use JWA's installed EMV credit card chip processing system, the COUNTY will not be liable for fraudulent credit card transactions by AIRLINE customers, and AIRLINE shall indemnify the COUNTY pursuant to Section 13.02 of this LEASE for such transactions.

(3) **Additional Fees**

The COUNTY shall establish additional fees including, but not limited to, utility expenses, janitorial expenses, and annual security expenses resulting from any security measures implemented after September 11, 2001. Such fees shall be established annually by allocating the Airport's total cost accordingly: ten percent (10%) of the cost to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the cost to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

B. The AIRLINE shall pay the following fees and charges payable monthly in arrears on or before the twentieth (20th) day of each month with no grace period. The AIRLINE agrees that the COUNTY will not invoice for the following fees and charges and may require the AIRLINE to submit future monthly reports electronically via JWA's portal and prescribed format. Airport will make reasonable efforts to develop an electronic format that allows AIRLINE to report requested information efficiently.

(1) Landing fees based on the latest schedule established by the COUNTY covering the operation of scheduled airlines and commercial operations at the Airport. Landing fees shall be expressed in terms of a rate per one thousand (1,000) pounds of maximum gross landing weight of aircraft certified by the FAA.

(2) Aircraft RON parking fees based on the latest schedule established by the COUNTY. Aircraft parking fees shall be expressed in dollars per night.

(3) Operations fees (gate use fees) based on the schedule established by the COUNTY. Operations fees shall be expressed in dollars per daily departure.

Upon thirty (30) days' written notice from the Airport Director, the COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Changes may include fee revisions, establishment of new fee classifications, or such other changes as needed to respond to the AIRLINE's use of the Airport, the need for the COUNTY to receive fair and equitable rents, fees, and charges for all uses of the Airport, and to ensure the Airport is operated at no cost to the local taxpayer. With regard to any dispute as to what may constitute reasonable rents, fees, and charges, the AIRLINE shall first exhaust all remedies provided by applicable federal law and FAA regulations. At the end of each modification period, the COUNTY shall establish monthly fees and apply any underpayments or overpayments by the AIRLINE to the subsequent rates and charges period. At the discretion of the COUNTY, overpayments may be refunded via credit memo and underpayments may be invoiced.

C. Based upon prior written agreement between the AIRLINE and the COUNTY, the AIRLINE may pay for facilities repairs or modifications that would normally be the responsibility of the COUNTY. Costs for such repairs or modifications shall be deducted from the AIRLINE rent by the COUNTY upon submittal to the COUNTY of invoices, receipts, statements, or other documentation acceptable to the COUNTY for said repairs or modifications. All invoices, receipts, statements, or other documentation shall include a detailed description of the nature of the work performed and the associated costs. Upon completion of all repairs or modifications, the AIRLINE shall submit to the COUNTY a written request for rent credit and all documentation for the repairs or modifications.

Notwithstanding anything in this LEASE to the contrary, all amounts payable by the AIRLINE to or on behalf of the COUNTY under this LEASE, whether or not expressly denominated as rent, shall constitute rent for the purposes of the U.S. BANKRUPTCY CODE, 11 U.S.C. §502(b)(6).

The AIRLINE shall notify the Airport in writing within thirty (30) days of filing a petition for bankruptcy.

SECTION 4.02 PAYMENT PROCEDURE

A. **Place of Payment and Filing**. Payments and statements required by Sections 4.01, 4.08, and 5.06 in this LEASE shall be delivered to the County of Orange, Office of the Auditor-Controller, John Wayne Airport Accounting Services, 3160 Airway Avenue, Costa Mesa, California 92626. The designated place of payment and filing may be changed at any time by the COUNTY upon ten (10) days' written notice to the AIRLINE. Payments may be remitted by automated clearing house (ACH) deposit to the COUNTY's designated bank account or made by check payable to the County of Orange. The AIRLINE assumes all risk of loss if payments are made by mail.

B. **Form of Payment**. All sums due under this LEASE shall be paid in lawful money of the United States of America without offset, deduction, or prior notice or demand. No payment by the AIRLINE or receipt by the COUNTY of a lesser amount than the payment due shall be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and the COUNTY shall accept such check or payment without prejudice to the COUNTY's right to recover the balance of the amount due or pursue any other remedy in this LEASE. All electronic payments must be remitted by Automated Clearing House (ACH) deposit to the COUNTY's designated bank account, or any future mode prescribed by the COUNTY. Any fees assessed to the COUNTY's bank account due to the use of another form of payment (e.g., wire transfer) not prescribed or approved by the COUNTY shall be passed through to AIRLINE plus a twenty-five dollars ($25.00) processing fee.

C. **Penalty for NSF Check** In the event a check submitted by AIRLINE is returned for non-sufficient funds ("NSF"), the AIRLINE agrees to pay the COUNTY a service charge in the amount of twenty-five dollars ($25) for the first returned check, and thirty-five dollars ($35) for each subsequent check. AIRLINE may also be liable for treble damages pursuant to California Civil Code Section 1719.

SECTION 4.03 CHARGE FOR LATE PAYMENT

The AIRLINE hereby acknowledges that the late payment of rent or any other sums due hereunder will cause the COUNTY to incur costs not contemplated by this LEASE, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices, increased accounting costs, or lost interest income.

Accordingly, if any payment of rent as specified in Section 4.01 in this LEASE or of any other sum due the COUNTY is not received by the COUNTY by the due date, a late charge of one and one-half percent (1.5%) of the payment due shall be added to the payment, and the total sum shall become immediately due and payable to the COUNTY. An additional charge of one and one-half percent (1.5%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

The AIRLINE and the COUNTY hereby agree that such late charges represent a fair and reasonable estimate of the costs that the COUNTY will incur by reason of the AIRLINE's late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by the COUNTY shall in no event constitute a waiver of the AIRLINE's default with respect to such overdue payment or prevent the COUNTY from exercising any of the other rights and remedies granted hereunder.

SECTION 4.04 PASSENGER FACILITY CHARGE

The COUNTY expressly reserves the right to impose PFCs on airline passengers for the use of the Airport in accordance with 49 U.S.C. §40117 and applicable implementing regulations adopted by the FAA, including 14 C.F.R. Part 158, as they may be amended from time to time (the "PFC Regulations").

The AIRLINE shall hold in trust for the COUNTY the net principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY. For the purposes of Section 4.04, net principal amount shall mean the total principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY, reduced by any amount that the AIRLINE is permitted to retain pursuant to 49 U.S.C. §40117 and the PFC Regulations. Monthly PFCs collected by the AIRLINE shall be remitted to the COUNTY no later than the last day of the following calendar month or, if that date falls on a weekend or holiday, the first business day thereafter. In addition, PFCs collected by the AIRLINE shall be remitted to the COUNTY at the address specified in Section 4.02, Part A, "Place of Payment and Filing" or at such other place as designated by the COUNTY.

Should the AIRLINE fail to remit the net principal amount of all PFCs to the COUNTY within five (5) days following the remittance date specified above, the AIRLINE shall be deemed to be in default pursuant to Article XI hereof. In addition, any late payment of PFCs shall be subject to late fees computed at the rate of one and one-half percent (1.5%) per month of the payment due and/or the highest rate allowable under applicable state law from the due date until paid in accordance with Section 4.03 of this LEASE.

Nothing contained herein shall be construed to supersede the rights and obligations provided in 14 C.F.R. Part 158 regarding PFCs. In the event that a conflict exists between such federal regulation and this agreement, the federal regulation shall govern.

Reporting and Auditing Requirement: Airlines are required to comply with Part 158 Subpart D Reporting, Recordkeeping and Audits of PFC accounts maintained by the collecting carriers, specifically refer to Part §158.65, §158.69 and §158.71. The PFC report must be filed by the last day of the month following the calendar quarter by the collecting carrier to the County/Airport. The collecting air carrier's quarterly report must state:

(i) The collecting air carrier and airport involved
(ii) The total PFC revenue collected
(iii) The total PFC revenue refunded to passengers
(iv) The collected revenue withheld for reimbursement of expenses under §158.53
(v) The dates and amounts of each remittance for the quarter

SECTION 4.05 PROVISION AGAINST SET-OFFS

It is the obligation of the AIRLINE to pay all fees and charges, free of any set-offs or claims, in the amount and at the times specified in this LEASE. In the event that the AIRLINE desires to contest the validity or amount of any such fees and charges, the AIRLINE shall first pay the same to the COUNTY and may then seek a refund in any appropriate forum.

SECTION 4.06 SECURITY DEPOSIT

The AIRLINE, prior to the commencement of operations, shall deposit with the COUNTY a security deposit approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director ("Security Deposit").

Concurrently with each revision of the rent pursuant to Section 4.01 in this LEASE, the Security Deposit to be provided by the AIRLINE shall be adjusted to approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director to guarantee the faithful performance by the AIRLINE of its obligations under this LEASE and the payment of all rents, fees, and charges due hereunder. In no event shall the amount of the Security Deposit be less than the existing Security Deposit. The amount of the Security Deposit will not be increased unless the adjusted Security Deposit is equal to or more than one hundred twenty percent (120%) of the prevailing Security Deposit. PFCs shall be excluded from the rents, fees, and charges used to determine the AIRLINE's Security Deposit.

The Security Deposit shall take one of the forms set out below and shall guarantee the AIRLINE's full and faithful performance of all the terms, covenants, and conditions of this LEASE:

A. A Letter of Credit from one or more financial institutions, subject to regulation by the State of California or Federal government, pledging that funds necessary to secure performance of the terms, covenants, and conditions of this LEASE are on deposit and guaranteed for payment, and agreeing that said funds shall be trust funds securing AIRLINE'S performance and that all or any part shall be paid to COUNTY, or order upon demand by Airport Director. Both the financial institution(s) and the form of the instrument(s) must be approved by Airport Director, or designee. The financial institution shall have a minimum long-term credit rating by two of the three Nationally Recognized Statistical Rating Organizations (NRSROs): Moody's (AA3), S&P Global (AA-), and Fitch (AA-).

B. A Faithful Performance Bond executed by a surety company or financial institution qualified and admitted to do business in the State of California and issued in a form approved by the COUNTY. The surety company must have a minimum A. M. Best rating of A-/VIII as determined by the most current edition of ambest.com. Under the bond, the surety company shall guarantee to COUNTY full and complete performance of all the terms, conditions and covenants herein to be performed on the part of AIRLINE, including the payment of use fees as well as any and all other payments. Said bond shall be maintained at the cost of AIRLINE throughout the existence of this LEASE. Said Surety

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shall give Airport Director or designee a minimum thirty (30) days' prior written notice of cancellation or material change in said bond. Such cancellation or material change without Airport Director's or designee's prior written consent shall constitute a default under this LEASE.

Regardless of the form in which the AIRLINE elects to make said Security Deposit, all or any portion of the principal sum shall be available unconditionally to the COUNTY for correcting any default or breach of this LEASE by the AIRLINE, its successors or assigns, or for payment of expenses incurred by the COUNTY as a result of the failure of the AIRLINE, its successors or assigns, to faithfully perform all terms, covenants, and conditions of this LEASE.

Should the AIRLINE elect to provide either a Letter of Credit or a Faithful Performance Bond to fulfill the Security Deposit requirements of this LEASE, said Letter of Credit or bond shall have the effect of releasing the depository or creditor therein from liability on account of the payment of any or all of the principal sum to the COUNTY, or order upon demand by the Airport Director.

In the event the Airport Director withdraws all or any portion of the Security Deposit as provided herein, the AIRLINE shall, within ten (10) days of any withdrawal by the Airport Director, replenish the Security Deposit to maintain it at amounts herein required throughout the term of this LEASE. Failure to do so shall be deemed a default and shall be grounds for immediate termination of this LEASE as per Article XI of this LEASE.

The AIRLINE shall be obligated to maintain the Security Deposit in effect until the expiration date or earlier termination of this LEASE.

The Security Deposit, after deduction of all amounts due the COUNTY, shall be rebated, reassigned, released or endorsed by the COUNTY to the AIRLINE or order, as applicable, after one hundred twenty (120) days have elapsed, or at an earlier time to be determined by the Airport Director, following the expiration date of the term of this LEASE, provided the AIRLINE has fully and faithfully performed each and every term, covenant, and condition of this LEASE.

SECTION 4.07 NEW ENTRANT DEPOSIT

A cash security deposit in the sum of FIVE HUNDRED THOUSAND DOLLARS ($500,000.00) shall be provided by a new entrant AIRLINE prior to the commencement of operations.

This deposit shall be returned to the new entrant AIRLINE after six (6) months of continuous operation.

SECTION 4.08 MARKETING FUND FEE

The COUNTY has established a marketing fund for the Airport to conduct sales promotions, Airport-wide advertising, and related activities intended to promote the Airport and its tenants. Commencing January 1 of each calendar year, AIRLINE shall be required to make an annual

marketing fund payment in the amount of ten thousand dollars ($10,000.00). AIRLINE agrees to pay this amount on or before January 1 of each year. All monies received by the Airport for the marketing fund shall be used solely for the purpose of Airport tenants' promotions and directly related expenses. In the event any year of this LEASE contains less than 12 months, AIRLINE shall pay a pro-rata portion of the annual amount corresponding to the number of months remaining in that calendar year.

For example, if the LEASE commenced on November 1, AIRLINE would pay the monthly pro-rata portion ($833.33 per month) of the annual marketing fund amount for November and December (totaling $1,666.66). Then, commencing on January 1, AIRLINE would make the full annual marketing fund payment of $10,000.00. Should the LEASE expire on September 15, AIRLINE would pay a pro-rata portion of the annual amount for the months of January through September.

ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES

SECTION 5.01 USE

The AIRLINE's use of the Leased Premises and its operations shall be limited to conducting a scheduled commercial airline operation. Subject to the limitations set forth in this Section and Sections 5.03, 5.04, 5.05, and 9.01 in this LEASE, AIRLINE'S operations are subject to the following authorized uses:

A. Loading and unloading of passengers.

B. Loading and unloading of baggage.

C. Passenger processing operations.

D. Flight operations office.

E. The AIRLINE shall have the right to have its aircraft and other equipment serviced by suppliers of its choice. Such suppliers may provide materials and services, including, but not limited to, aviation fuel, ground vehicle fuel, lubricating oil, greases, parts, and all other materials and supplies and services required by AIRLINE in the conduct of its air transportation service.

F. Mail, freight, and cargo operations, but only when such activity is incidental to, and conducted in connection with, regularly scheduled commercial passenger operations. The AIRLINE shall not conduct any operations at the Airport with aircraft which are:

1) Used at the Airport exclusively or primarily for mail, freight, or cargo services; or

2) Which have been modified in any manner for the purpose or the primary effect of reducing the passenger carrying capacity and increasing the cargo or freight carrying capacity of the aircraft.

G. Air charter activities in compliance with Access Plan.

H. Commissary services for the AIRLINE's employees at the Airport and in-flight catering services in support of the AIRLINE's air operations at the Airport. This does not permit the AIRLINE to conduct commissary or in-flight services for any other airline or other person at the Airport without first obtaining a separate license to allow commissary or in-flight services for other airlines.

I. Handling of other airlines' operations and ticketing pursuant to Section 9.01 in this LEASE.

J. Employee training incidental to the other uses permitted under this Section.

K. Areas identified on the attached "Exhibits A, B, and C" as the AIRLINE Ticket Counter, AIRLINE Ticket Office, Baggage Service Office, Ramp/Operations Office, and Apron Equipment Storage are strictly limited to their identified uses.

L. Other uses as authorized by the Airport Director.

SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES

The COUNTY grants the AIRLINE a license for the nonexclusive use of all public Airport facilities including, but not limited to, taxiways, runways, navigational aids, and facilities relating thereto for purposes of landings, takeoffs, and taxiing of the AIRLINE's aircraft. All such use shall be in accordance with the laws of the United States of America, State of California, and the rules and regulations promulgated by their authority with reference to aviation and air navigation, and in accordance with all reasonable and applicable rules, regulations, and ordinances of the COUNTY now in force or hereafter prescribed or promulgated by ordinance or by law, including the Access Plan. The use of these areas shall be subject to the control and regulation of the Airport Director.

This license for non-exclusive use is subject to all rights reserved by the COUNTY to license, permit, authorize, regulate, and relocate concessionaires and other Airport tenants, including but not limited to booths, counters, offices, lockers, and wall space.

SECTION 5.03 RULES AND REGULATIONS

The COUNTY may adopt and enforce “Airport Rules and Regulations” that the AIRLINE agrees to observe and obey with respect to the use of the Airport and its appurtenances, facilities, improvements, equipment, and services, provided that such rules and regulations shall not be inconsistent with safety, with applicable rules, regulations and orders including those of the FAA

and TSA with respect to all operations of the Airport, and with the terms of and AIRLINE's rights under this LEASE. Except in the case of emergency, the COUNTY shall give the AIRLINE written notice and opportunity to comment on any proposed changes or additions to the Airport Rules and Regulations that could impact the AIRLINE's operations at the Airport before such proposed rules and regulations are adopted by the COUNTY. If requested, the COUNTY shall promptly provide a copy of such Airport Rules and Regulations to the AIRLINE.

The AIRLINE's operations under this LEASE shall comply with all Airport Rules and Regulations and shall observe, obey, comply with, and not otherwise hinder or obstruct any and all rules, regulations, laws, ordinances, statutes, or orders of any governmental authority, whether federal, state, or local, lawfully exercising authority over the Airport or the activities thereon, including compliance with FAA, TSA, and Airport security rules, regulations and plans.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines, or penalties of any nature whatsoever that may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE's operation under this LEASE, including, but not limited to, the payment of any fines or penalties for any breach of security, arising from the unauthorized entry of any person or vehicle onto the Airport or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE's operation under this LEASE.

The COUNTY shall not be liable to the AIRLINE for any diminution or deprivation of possession, or of its rights hereunder, on account of the exercise of such right or authority provided in this LEASE, nor shall the AIRLINE be entitled to terminate the whole or any portion of the leasehold estate herein created by reason of the exercise of such right or authority, unless the exercise thereof shall so interfere with the AIRLINE's use and occupancy of the Leased Premises so as to constitute a termination in whole or in part of this LEASE by operation of law in accordance with the laws of the State of California.

SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE

The AIRLINE agrees that:

A. Notwithstanding any provision in this LEASE to the contrary, the AIRLINE shall conduct all of its operations and activities at the Airport in strict conformity with the Access Plan and each of its regulations and limitations on the AIRLINE's activities and operations at the Airport.

B. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are privileges that may be revoked or modified by the COUNTY at any time during the term of this LEASE, and that such privileges do not constitute property rights of the AIRLINE.

C. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are not transferable, assignable, or delegable by the AIRLINE to any other person or entity by operation of law or otherwise, and that such allocations and other operating privileges may not be pledged, hypothecated or encumbered by the AIRLINE at any time for any purpose.

D. The remedies specified in the Access Plan for any Access Plan violation by the AIRLINE are not the exclusive remedies of the COUNTY, but shall constitute additional nonexclusive remedies that the COUNTY may enforce separately or cumulatively with other remedies under the enforcement provisions of this LEASE.

E. The AIRLINE shall not at any time, or for any reason, make any assertion to any court, administrative agency, administrative tribunal, or other similar forum that is in any respect inconsistent with the terms and provisions of this Section, except that nothing in this Section shall prevent the AIRLINE from making any argument or asserting any position to the COUNTY, as applicable, in connection with any action by the COUNTY to revoke or modify allocations of operating privileges or any amendments to the Access Plan.

F. All provisions of Section 5.01 and Article XI in this LEASE are subject to the terms, provisions, and limitations of this Section.

SECTION 5.05 OPERATIONAL REQUIREMENTS

The AIRLINE agrees to abide by the following operational conditions and requirements:

A. **Flight Operations and Reallocations**. The number of allocated ADDs, including "regularly scheduled," "charter," "maintenance, and "cargo," shall not exceed the number of departures authorized and allocated to the AIRLINE under the Access Plan. In addition to any and all remedies available to the COUNTY under this LEASE and all provisions of the Access Plan, the COUNTY may reallocate ADDs or other operating privileges granted to the AIRLINE under the provisions of the Access Plan. The AIRLINE shall not operate at JWA unless it conducts its operations with ADDs, allocated seat capacity, or other Authorized Departures directly and formally allocated to the AIRLINE by action of the Board of Supervisors; the AIRLINE conducts all of its operations with aircraft that have been certified for operation at the Airport consistent with Access Plan requirements; and, the AIRLINE has met all other applicable COUNTY requirements.

B. **Hours of Operation**. Except as expressly authorized, the AIRLINE's aircraft shall not depart from the Airport between the hours of 10:00 p.m. and 7:00 a.m. (8:00 a.m. on Sundays) and shall not arrive at the Airport between the hours of 11:00 p.m. and 7:00 a.m. (8:00 a.m. Sundays), as measured at any JWA noise monitoring station. All times shown are Pacific Time.

The AIRLINE acknowledges that the COUNTY may, by regulation, permit some operations by general aviation (nonscheduled, noncommercial) users of the Airport during the nighttime hours with certain specific aircraft types that have noise characteristics similar to the noise characteristics of aircraft that can operate as "Class E" aircraft, as that term is defined in the Access Plan. The AIRLINE does now, or may during the term of this LEASE, operate Class E aircraft at the Airport; nevertheless, the AIRLINE agrees that the limitations on hours of operations contained in this Section shall be applicable to all of its operations at the Airport, including its Class E operations.

The AIRLINE further acknowledges that there is a rational basis for the COUNTY to distinguish between general aviation operations and regularly scheduled operations by Class E (or noise equivalent) aircraft during the nighttime hours and that this distinction does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The COUNTY agrees that this provision is, and during the term of this LEASE shall be, included in all leases, operating agreements, or other service operating agreements between the COUNTY and any person conducting regularly scheduled commercial operations at the Airport.

C. **Aircraft Types**. The AIRLINE agrees that it will not operate any aircraft at the Airport unless and until that aircraft type has been certified and qualified for operation by the COUNTY in accordance with the provisions and procedures of the Access Plan. The AIRLINE further agrees that it will abide by all aircraft-type restrictions and limitations contained in the Access Plan, as amended, or as it may hereafter be amended, and any other restrictions on aircraft types which may hereafter be adopted by the Board of Supervisors of the County of Orange.

D. **Gate Management.** AIRLINE agrees to utilize gate management software, access/equipment provided by Airport, to upload and maintain current daily arrival and departure information for aircraft operations to jetbridge/hardstand gates and RONs utilized by AIRLINE. Airport will make reasonable efforts to develop gate management software that allows for efficient uploading and maintaining of current daily arrival and departure information by AIRLINE.

E. **Noninterference**. The AIRLINE shall cooperate with and not interfere with the COUNTY's and other airlines' use of and operations at the Airport. The AIRLINE shall not place any ropes, barricades, and/or stanchions on the public or Common Use Area without prior written approval of the Airport Director.

F. **Disposal of Refuse from International Operations**. Airlines operating international service shall contract with a CBP-approved vendor for the disposal of refuse from arriving international flights.

SECTION 5.06 RECORDS AND ACCOUNTS

A. **Records**. The AIRLINE shall at all times keep true and complete records of all transactions in the operation of all business activities, of whatever nature, conducted in pursuance of the rights granted by this LEASE. The AIRLINE shall maintain such records for a period of five (5) years beyond the expiration or earlier termination of this LEASE.

B. **Reports**. The AIRLINE shall provide to the Auditor-Controller and the Airport Director at the end of each calendar month, on forms to be supplied by the COUNTY, statistical information respecting the AIRLINE's operations at the Airport, including, but not limited to, the total number of all aircraft operations conducted by the AIRLINE; the total combined certificated gross landing weight of all such aircraft operations; the total number of enplaned, deplaned and through passengers; the total number of pounds of airmail, cargo and express mail enplaned and deplaned; and the total number of aircraft stored daily and monthly at the Airport. Such reports shall be submitted to the Airport Director no later than fifteen (15) calendar days following the last day of each month. The AIRLINE must attest that the list is an accurate representation of the AIRLINE's activity for the month.

The AIRLINE shall also provide to the Airport Director, for each day, a copy of the AIRLINE's flight dispatch logs or a listing made from such logs, certified as correct by a responsible station manager or dispatcher, showing the type of equipment used for each flight and the actual takeoff and landing times, and not gate times. Said copy of logs or listing shall be made available for each day's activities by noon (12:00 p.m., Pacific Time) of the following day.

C. **Audits**. All the AIRLINE's records and supporting source documents related to rates and fees in this LEASE or business operations conducted within or from the Leased Premises shall be kept and made available to the COUNTY at one location within the geographical limits of the COUNTY or shall be made available at offices in the COUNTY within ten (10) working days after written notice to produce said records and source documents. The COUNTY shall, through its duly authorized agents or representatives, have the right to examine and audit said records and supporting source documents at any and all reasonable times, as set out herein, for the purpose of determining the accuracy thereof and of the monthly statements to the COUNTY.

The COUNTY, upon request of the AIRLINE, may authorize the above-referenced records and supporting source documents to be kept in a single location outside the limits of the COUNTY provided the AIRLINE shall agree to pay all expenses including, but not limited to transportation, food and lodging necessary for the COUNTY to send a representative to audit said records. Said right shall not, unless determined necessary by the COUNTY, be exercised by the COUNTY more than once each accounting year.

The full cost of said audit, as determined by the COUNTY, shall be borne by the AIRLINE if either or both of the following conditions exist:

(1) The audit reveals an underpayment of more than two percent (2%) between the rents and fees due as reported and paid by the AIRLINE in accordance with this LEASE and the rent due as determined by said audit; and/or

(2) The AIRLINE has failed to maintain true and complete records and supporting source documents in accordance with paragraph A above. The adequacy of records shall be determined at the sole discretion of the COUNTY.

Otherwise, the COUNTY shall bear the cost of said audit, excluding the aforementioned expenses related to an audit of documents kept outside the limits of the COUNTY. The cost of said audit, if due from the AIRLINE, shall be included as rent for the first month following invoice to the AIRLINE.

Upon the request of the COUNTY, the AIRLINE shall promptly provide necessary data to enable the COUNTY to fully comply with the requirements of the State of California or the United States of America for information or reports directly relating to this LEASE and to the AIRLINE's use of the Leased Premises.

D. **Failure to Maintain Adequate Records**. In addition to any other remedies available to the COUNTY under this LEASE, at law or in equity, in the event that the AIRLINE fails to maintain and keep records and accounts from business operations conducted on or from the Leased Premises and/or source documents relating thereto, or to make the same available to the COUNTY for examination and audit as required by this LEASE, the COUNTY, at the COUNTY's option, may:

(1) Perform such examinations, audits, and/or investigations itself or through agents or employees as the COUNTY and/or its auditors may deem appropriate to confirm the amount of rents, fees, and charges payable by the AIRLINE under this LEASE; and any and all costs and/or expenses incurred by the COUNTY in connection therewith shall be promptly reimbursed to the COUNTY by the AIRLINE upon demand.

(2) Require that the AIRLINE pay rents and fees based on the COUNTY's best good faith estimate of the AIRLINE's activities from business operations conducted on or from the Leased Premises and Airport; and any such determination made by the COUNTY shall be conclusive and binding upon the AIRLINE.

Costs payable by the AIRLINE pursuant to this Section shall include reimbursement to the COUNTY of the services provided at such rates as the COUNTY may, from time to time, in good faith, establish for such services. In the case of services provided by the COUNTY's employees, such rates shall be sufficient to reimburse the COUNTY for employees' salaries, including employee taxes and benefits, and the COUNTY's overhead; or, at the COUNTY's option, may be at the rate for such services that would be charged by

a qualified third party or parties, approved by the COUNTY, if engaged by the COUNTY to perform such services. Said costs payable by the AIRLINE shall be included as rent for the first month following invoice to the AIRLINE.

SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS

The AIRLINE agrees to maintain Exclusive Use Areas in a safe, clean, sanitary condition and in compliance with all applicable laws. The AIRLINE shall be responsible for making all necessary repairs required to maintain the Exclusive Use Areas and improvements in good condition. All repairs and improvements made by the AIRLINE to the Exclusive Use Areas shall be in compliance with all current federal, state, local laws, regulations, ordinances, and building codes, and all Airport regulations (collectively, "Codes") adopted consistent with Section 5.03. The Codes encompass all fire, life, and structural safety aspects and apply to the construction, alteration, moving, demolition, repair, and use of the Exclusive Use Areas. Any additions, alterations, repairs, and changes of use or occupancy in the Exclusive Use Areas shall comply with the provisions for new buildings and structures as set forth in the Codes. All devices or safeguards that are required by the Codes shall be maintained in conformance with the edition of the Codes under which it was installed. Maintenance obligations of the AIRLINE are shown on Exhibit E, which exhibit is attached hereto and by reference made a part hereof.

The AIRLINE shall immediately notify the Airport Director and the Airport Operations Center ("AOC") of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings.

The AIRLINE further agrees to provide approved containers for trash and recycling and to keep the Leased Premises free and clear of rubbish and litter. The Airport Director shall have the right to enter upon and inspect the AIRLINE's Leased Premises and other Airport facilities at any time for cleanliness, safety, and maintenance inspections as set out herein. The Airport Director shall attempt to provide reasonable notice prior to entering AIRLINE's Leased Premises.

The AIRLINE shall designate in writing to the Airport Director an on-site representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness, and general order.

If the AIRLINE fails to maintain or make repairs or replacements as required herein, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the

AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

If the AIRLINE fails to maintain or make repairs or replacements, including removal of all its GSE and/or any AIRLINE materials at its loading and unloading operations at the end of its approved hours of operation as required herein, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

The AIRLINE expressly waives any and all claims against the COUNTY for compensation for any and all loss or damage to the AIRLINE's property sustained by reason of any defect, deficiency, or impairment of any water supply system, drainage or sewer system, gas supply system, telephone system, electrical supply system or electrical apparatus or wires serving the Leased Premises, except to the extent caused by the COUNTY's negligence or willful misconduct.

SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES

The COUNTY will provide a means of access for aircraft between the terminal complex and the taxiway and runway system of the Airport, apron, airplane gate positions, and aircraft loading bridges in the area immediately adjacent to the passenger terminal building. No special possessory, exclusive, or vested right whatsoever, save and except the use in common with other airlines and other aircraft owners, shall vest in the AIRLINE by reason of the proximity of such facilities to the AIRLINE's gate loading positions.

The AIRLINE shall maintain, at its sole expense, apron, aircraft gate positions, and aircraft loading bridges in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum products, or grease that may result from activities of its passengers, employees, agents, or suppliers. AIRLINE shall promptly remove all oil and grease spillage attributable to AIRLINE’s aircraft or equipment.

If the AIRLINE fails to perform its obligations in such regard, to perform such as maintenance, cleaning, or repair as the COUNTY reasonably deems necessary, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES

All assignment of gate positions (*i.e.*, aircraft loading bridges and aircraft hardstand positions) shall be made in accordance with rules, regulations, and directives provided in the Access Plan and made at the complete discretion of the Airport Director, as he/she may determine is appropriate. The Airport Director, in making gate assignment (*i.e.*, loading bridge and hardstand) positions to the airlines, may take into account the needs and requirements of the airlines, as well as the requirements of other Airport users, for use of gate positions adjacent to the passenger terminal building, and other factors that the Airport Director determines are appropriate. Without liability, cost, or obligation to the COUNTY, gate assignment positions and aircraft loading bridge and hardstand positions may be changed from time to time as determined necessary by the Airport Director. The Airport Director may consider passenger activity, number of aircraft operations,

type of aircraft used, scheduling needs, and any other factors they may deem appropriate when assigning gate positions, loading bridges, and hardstand positions.

SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON

The COUNTY reserves the right to regulate, by the adoption of an ordinance, rules, or other means, adopted consistent with Section 5.03, the use of vehicles and automotive equipment upon, over, and across the apron and around the passenger terminal building. Vehicles and equipment used upon, over, and across the apron and around the passenger terminal building should be in good working order and free of leaks. In the event of an emergency not specifically provided for in said rules and regulations, the Airport Director shall have the power to take charge of the direction of such vehicle and automotive traffic in the area affected and regulate the same until the cause of such emergency has been removed. The existence of an emergency other than an aircraft emergency, shall be determined by the Airport Director.

SECTION 5.11 AIRCRAFT PARKING

The AIRLINE shall make arrangements with the Airport Director for each aircraft parking space that may be made available to the AIRLINE subject to Section 3.01 in this LEASE.

If, in the judgment of the Airport Director, it becomes necessary to move the AIRLINE's aircraft in order to ensure public safety, improve ramp area efficiency or otherwise, then the AIRLINE shall immediately move said aircraft to the location designated by the Airport Director.

Should any aircraft owned or operated by the AIRLINE, through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the landing and field facilities at the Airport, the AIRLINE shall:

A. Immediately remove said aircraft to such location as shall be designated by the Airport Director, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

B. In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by the Airport Director.

Should the AIRLINE fail to remove said aircraft, or should aircraft owned or operated by the AIRLINE be abandoned at the Airport, the COUNTY shall have the right to remove such aircraft by any means the Airport Director deems necessary under the circumstances, and the AIRLINE shall keep and hold the COUNTY harmless from any and all costs, loss, liability, damage or expense incurred by the COUNTY or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal as well as moving and storage costs therefor. The AIRLINE agrees that the designation of any aircraft parking positions anywhere on the Airport, if any, made for the AIRLINE's use is presently regulated by the Access Plan and that nothing in this Section obligates the COUNTY to provide, make available, or consent to any aircraft parking spaces for the AIRLINE's use. The AIRLINE agrees that it may not independently make arrangements for aircraft parking space at the Airport without express written consent of the Airport Director, which may be withheld in their sole discretion.

SECTION 5.12 PORTER SERVICES

The AIRLINE may provide directly or indirectly adequate porter (skycap) and/or assistance service for the convenience of its passengers in areas designated by the Airport Director. Porter services include baggage check-in services, wheelchair services, and ticket screening services. The AIRLINE shall provide the Airport Director a plan that enumerates the salient features of its porter services arrangements and a copy of its agreement if service is provided by other than the AIRLINE’s employees. All podiums utilized for porter service shall be approved in writing by the Airport Director. The size, shape, and color shall be coordinated with and must be identical to all other airlines' podiums. The AIRLINE's plan shall also provide the details of any podiums and their proposed locations necessary to provide porter services.

ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT

SECTION 6.01 COMMON USE EQUIPMENT

The COUNTY agrees to supply and maintain all equipment for the CUPPS/CUSS, which shall be situated in areas such as, but not limited to ticket counters, ticket lobbies, skycap, and gate podiums. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY’s service desk

number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with CUPPS. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve the efficiency of the Airport, including but not limited gate assignment, scheduling and implementation of any software updates.

SECTION 6.02 COMMON USE EQUIPMENT STOCK

The AIRLINE may be asked to supply its own ticket (kiosk) stock in the use of the CUPPS at Common Use Area positions from time to time as it pertains to Radio Frequency Identification (RFID) or specialty stock not provided by the COUNTY. In the event that multiple airlines share kiosk space, all airlines will be required to remove their own stock and allow the other airlines to use the COUNTY-supplied stock, as further outlined herein. When utilizing the COUNTY Common Use Area, the AIRLINE may use either its own stock or the COUNTY's common stock. If the AIRLINE elects to use its own stock, it shall be responsible for removing all stock from the COUNTY's equipment at the end of the usage period. AIRLINE stock shall be subject to approval by the COUNTY. In the event that the COUNTY deems the AIRLINE stock to be injurious to CUPPS, the AIRLINE will immediately cease usage of the offending stock upon such notice by the COUNTY.

SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK

The COUNTY will not supply RFID bag tag stock for use in as part of the Baggage Handling System unless RFID becomes standard common-use stock at all locations within the Airport. AIRLINE shall be required to meet the IATA / ATA standards for the twenty-one-inch (21") bag tag (or as the standard may be amended by IATA / ATA) prior to the start-up of operations at the Airport. In the event that RFID is deployed Airport-wide, the AIRLINE shall provide to the COUNTY the necessary Baggage Service Messages (BSMs) that will be required to facilitate the AIRLINE's baggage through the Baggage Handling System that utilizes RFID technology to track and route baggage to the appropriate baggage carrousel. The COUNTY makes no express warranty as to the operability of the technology and/or baggage handling system equipment, and the sole extent of liability of the COUNTY with respect to the technology and/or baggage handling system equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably possible to technical difficulties with the BHS equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with the RFID, BHS, and BSMs systems. The AIRLINE will not be allowed to use its own bag tag stock, unless specifically permitted to do so in writing by the COUNTY, which must at the time meet any and all standards that may be set forth by the COUNTY for such stock. The COUNTY reserves the right to sell and collect applicable

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advertising revenues that may be generated from the reverse side of any the COUNTY-supplied bag tag stock.

SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT

The AIRLINE will not install, deploy, or otherwise engage in the use of any proprietary self-service check-in kiosks and/or device, applications, and/or technologies on its Leased Premises, or any portion of the Airport with the expectation to screen any checked bags at the Airport without prior approval from the Airport Director. At the request of the Airport Director, the AIRLINE will work with the COUNTY and other related parties in the development of a Common Use Self Service (CUSS) compliant kiosk application, or other similar applications, and/or devices as may be required to have the AIRLINE operational on all CUSS kiosks at the Airport. The COUNTY reserves the right to establish the locations for implementation of such CUSS kiosks to meet the needs of its customers and the Air Transportation Companies, as well as the operational needs of the Airport. The COUNTY agrees to supply and maintain, with its personnel and at its expense, all common-use self-service kiosk equipment, which shall be situated at designated ticket counters, at various areas of the terminal lobby and customer service areas, and other such locations, and using such passenger processing models as determined by the Airport Director to be most beneficial to meet the operational needs of the Airport. The COUNTY will supply all of the boarding pass stock necessary for the use of the CUSS equipment. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the Common Use Equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE's vendor issues relating to the AIRLINE's applications that run in conjunction with the CUSS systems. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve the efficiency of the Airport.

SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT

The AIRLINE shall not install at any gate hold room, gate counter, skycap, ticket counter, or kiosk, any AIRLINE-owned or proprietary computer equipment, kiosks, phones, other electronic equipment, or similar equipment without the prior express written permission of Airport Director. The AIRLINE shall not make any modification to the COUNTY's Common Use Equipment, including but not limited to modifying the keyboards, adding adhesive or other markings, or otherwise modifying the equipment physically and/or electronically. Any such modifications and/or damage that is willfully or negligently caused by the AIRLINE shall be remedied by the AIRLINE, to the sole satisfaction of the COUNTY, at the sole cost of the AIRLINE. In the event that the damage is repaired by the COUNTY, the AIRLINE will reimburse the COUNTY for both the fully allocated cost of time and materials pertaining to the repairs plus fifteen percent (15%) administrative fees.

SECTION 6.06 NETWORK USAGE

The AIRLINE will not install any proprietary cabling and/or similar infrastructure at the Airport without prior written approval of the COUNTY. As such, AIRLINE shall make use of the COUNTY's data communications backbone at the Airport for its communications needs to connect separate operating locations within the Airport campus (i.e., ticketing, baggage service, operations, maintenance, etc.). The AIRLINE shall be fully integrated into the COUNTY's infrastructure backbone prior to startup of operations and thereafter shall be responsible for removing all proprietary cabling and/or other similar infrastructure back to point of origin, at the AIRLINE's sole cost. Where authorized, at the discretion of the Airport Director, any and all data communication cabling installed by the AIRLINE shall be in accordance with the Airport's Tenant Design and Construction Guidelines and, upon installation, shall become the property of the COUNTY. Such improvements shall not be subject to any reimbursement or useful life clauses under Section 8.01 of this LEASE. The COUNTY may impose reasonable fees to AIRLINE for the use of such network, including but not limited to, any fees for unusual and/or excessive or non-standard usage, as reasonably determined by Airport Director.

A. The AIRLINE will assign a representative(s), hereinafter "Authorized Network Representative," to work with the COUNTY to determine user access and network connectivity information. The AIRLINE shall be solely responsible for ensuring that Authorized Network Representatives are not security risks and, upon the COUNTY's request, provide the COUNTY with any information reasonably necessary for the COUNTY to evaluate any security event or incident relating to any Authorized Network Representative or use of the COUNTY's network.

B. The AIRLINE shall be solely responsible for the selection, implementation, and maintenance of security procedures and policies that are sufficient to ensure that (i) the AIRLINE's use of the COUNTY's network is secure and is used only for authorized purposes stated herein, and (ii) the AIRLINE's business information and data are protected against improper access, use, loss, disclosure, alteration, or destruction. The AIRLINE agrees that it will not abuse or misuse the Network Connection, any of the components thereof, or any of the capabilities provided thereby. Unless otherwise explicitly provided herein, in no event shall the AIRLINE use the Network Connection as its internet service provider.

(1) The AIRLINE shall notify the COUNTY's Information Systems as soon as possible upon the discovery of any security breach or potential security breach that may affect the AIRLINE or the COUNTY's confidential information or the security of the Network or any Network Connection.

(2) The AIRLINE shall ensure adequate security protection for the COUNTY from any third-party connections established on the AIRLINE's network. Adequate security protection means (i) protection to preserve confidentiality, integrity, and

availability of the Network and information of the COUNTY and (ii) protection from malicious codes and/or unauthorized intrusions.

(3) The AIRLINE and the COUNTY shall be responsible for maintaining the highest industry standards for security best practices on computing devices that could affect the availability and health of the Network connection, the Network, systems, applications, or data of the AIRLINE and the COUNTY, respectively, specifically including, but not limited to, use of up-to-date antivirus protection, anti-SPAM, and establishment and use of a timely security patch management process.

SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES

The AIRLINE acknowledges that the COUNTY provides wireless capabilities for the AIRLINE's operational use in accordance with applicable Federal Communications Commission (FCC) regulations, rulings, and/or guidelines. The AIRLINE agrees that it will not install, deploy, or otherwise engage in the use of any transmitting wireless device, applications, and/or technologies in its Exclusive Use Areas, any portion of the Airport, or within the airport system (regardless of any Exclusive Use, Preferential Use, Common Use, and/or Joint Use assignments) without having first obtained the express written permission of the Airport Director. Such wireless applications shall only be for the AIRLINE's operational use. Use by any others or for the benefit of any other parties is specifically prohibited. At the request of the Airport Director, the AIRLINE will cease operation of a particular device due to interference with another transmitting device that is deemed necessary for operational and/or life-safety purposes.

SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES

A. The AIRLINE will have use of the In-Line Baggage Handling Systems (BHS) in a location as designated by the Director to meet the operational needs of the Airport. The AIRLINE will be responsible to verify that it has certified CUTE, CUSS, and Baggage Service Messages (BSM) applications to operate the BHS and RFID, where applicable, prior to the start-up of service at the Airport. The AIRLINE will actively work with the COUNTY staff and the AIRLINE's system provider(s) to expedite all information systems and/or technologies work that may be required to ensure such applications are properly certified by the COUNTY and its system provider(s), if applicable. The COUNTY shall have the right to charge the AIRLINE for any expenses incurred by the COUNTY, including staffing to manage passenger lines and/or additional maintenance staff if the AIRLINE fails to adhere to BHS system procedures and/or properly staff the baggage make-up areas to meet the demand and such failure results in an operational impact to the Airport and/or the BHS equipment.

B. Following the COUNTY's BHS training, provided by the COUNTY to the AIRLINE, the AIRLINE will be solely responsible for the proper operations, training, and supervision of

its staff for its portion of the operational responsibilities of the BHS system. The AIRLINE shall ensure that it maintains staffing levels during all operational hours, including irregular operations, that are sufficient to retrieve baggage from the baggage make-up carrousels and/or piers in order to prevent the inefficient use of the in-line baggage handling system in a fully automated mode and to prevent the system from initiating a "die-back" situation, which may require the COUNTY to intercede manually and/or cause additional staffing by the COUNTY, its contractors, or TSA staff to initiate baggage screening mitigation procedures as a result of baggage stacking up on the make-up carrousels and/or piers. The AIRLINE shall not initiate any procedures or work rules that, as determined by the Director, will negatively impact the in-line BHS without the prior written approval of the COUNTY and without concurrence from TSA. The COUNTY reserves the right to recover any costs from the AIRLINE that may result from the AIRLINE's failure to comply with this Section of the LEASE.

C. The AIRLINE will designate a representative as a Ground Security Coordinator ("GSC") to handle issues that may arise from time to time with the BHS. The GSC will be the point of contact with the TSA and the COUNTY for all issues concerning checked passenger baggage and/or BHS performance. The GSC must be available during the AIRLINE's operational hours.

D. The AIRLINE acknowledges that all oversized checked baggage must be delivered to a designated oversized area for screening.

E. The AIRLINE acknowledges it may have a more stringent screening requirement for checked passenger baggage than that of TSA. As such, the AIRLINE will be responsible for providing these additional screening services and associated staffing to meet such requirements, including, but not limited to, X-Ray screening, and any additional training for additional services, and/or any additional services at no additional cost to the COUNTY. The AIRLINE must provide evidence of proper training for such additional measures to the Director upon request. The COUNTY may, at its sole discretion, provide and maintain the X-ray screening device.

F. The AIRLINE shall be responsible for ordering, pick-up and maintaining an appropriate level of any and all consumables related to the Common Use Equipment and/or BHS, including, but not limited to, RFID embedded bag tag stock, boarding pass stock, toner cartridges for laser printers, or other similar items, in accordance with policies and procedures established by the COUNTY in the event AIRLINE uses propriety consumables.

ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE

The AIRLINE agrees that it shall abide with all applicable Hazardous Substances laws, rules and

regulations, relating to Hazardous Substances including, but not limited to, 49 C.F.R. Parts 171 *et seq*. The AIRLINE shall not cause any Hazardous Substances to be brought upon, kept, used, stored, generated, treated, managed or disposed of in, on or about or transferred to or from the Airport, except to the extent that such Hazardous Substances are (i) necessary for or useful to the AIRLINE's business and (ii) used, kept and stored in a manner that complies with all applicable Environmental Laws, the Airport Rules and Regulations, and all other applicable laws.

The AIRLINE shall comply with all applicable Environmental Laws and shall not engage in any activity on or about the Airport that violates any applicable Environmental Law. In conducting its operations and maintenance on the Airport under this LEASE, the AIRLINE shall comply with such regulations regarding the storage, distribution, processing, handling and/or disposal, including the Stormwater discharge requirements, of Hazardous Substances including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

The AIRLINE shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental agency having jurisdiction or any applicable Environmental Law for clean-up and removal of any contamination involving any Hazardous Substances caused by the AIRLINE. In conducting a clean-up of a Hazardous Substance release under this LEASE, the AIRLINE shall comply with applicable Environmental Laws. Hazardous waste generated by the AIRLINE or its contractors shall be disposed properly and under the AIRLINE's EPA ID number.

The AIRLINE shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Stormwater drainage system unless authorized by applicable Environmental Law and the Airport's Stormwater Discharge Permit. The AIRLINE shall not allow or cause the entry of any Unauthorized Non Stormwater Discharge that is under its control into the Stormwater drainage system of the Airport or into the Stormwater drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the COUNTY for that purpose, and the AIRLINE complies with recommendations made by the state and/or federal Environmental Protection Agency and the Airport's Stormwater Discharge Permit requirements. The AIRLINE shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by any applicable Environmental Law.

The AIRLINE shall provide all notices required pursuant to the SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986, CAL. HEALTH & SAF. CODE § 25249 *et seq*. The AIRLINE shall provide prompt written notice to the COUNTY within three (3) days of receipt of all written notices of violation of any applicable Environmental Law received by the AIRLINE.

SECTION 7.02 SPILL RESPONSE PLAN

Airlines and fueling companies are required to provide (separately or collectively) a Local Spill Response Action Plan to address specific spill response management. Airlines are encouraged to

coordinate response efforts between the airlines and fueling contractors. At a minimum, the plan should address the following:

a) Response team organization, members, and responsibilities;
b) Spill response procedures (including notifications);
c) Personnel training;
d) Personal protective equipment; and
e) Spill kit inventory and management

The AIRLINE shall immediately notify the Airport Director and the AOC of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings. The AIRLINE is responsible to mitigate such spills and perform any remediation necessary to satisfy the applicable federal, state, or local oversight agencies. If the COUNTY personnel, equipment, or third party services are needed to support mitigation, the COUNTY will be reimbursed by the AIRLINE for labor, equipment, and third party costs for all services provided. In addition to reimbursing the COUNTY for the costs of all services provided by third parties to mitigate such spills, the AIRLINE shall pay to County administrative costs in the amount of one thousand dollars ($1,000) per incident. Said costs shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the COUNTY.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE’s operation under this LEASE, including, but not limited to, the payment of any fines or penalties arising from any breach of security, fire, emergency, accident, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, Non-Stormwater Discharge, or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE’s operation under this LEASE.

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION

Federal regulations for Stormwater discharges were issued by the U.S. Environmental Protection Agency (U.S. EPA) (40 CFR Parts 122, 123, and 124). The U.S. EPA, through the NPDES permitting program, regulates discharges of potentially contaminated wastewater and Stormwater into waters of the United States. California has been delegated NPDES general permitting authority by the U.S. EPA. California's State Water Board has issued NPDES permits to regulate municipal, industrial, and construction Stormwater discharges under the NPDES permitting program.

Section 402(p) of the Clean Water Act (CWA) requires NPDES permits for Stormwater discharges from municipal separate storm sewer systems (MS4s). The County of Orange is the principal permittee for Orange County's MS4 Permit Order No. R8-2009-0030 (or currently effective permit) No. CAS 618030 (MS4 Permit). As a facility owned and operated by the County of Orange, the Airport implements requirements in the MS4 permit and is responsible for discharges into the system. One of the MS4 Permit requirements is to establish the legal authority to control discharges. The County's Water Quality Ordinance (OCCO Title 4, Division 13, Sections 4-13-10 et. seq.) regulates non-stormwater discharges into the MS4 to reduce the discharge of pollutants into the waters of the State. The CWA and the resulting MS4 permit require the County to take steps to reduce pollutants leaving its systems to the maximum extent practicable. The MS4 permit requires the County to develop and implement a Local Implementation Plan (LIP) describing the programs and procedures required by the MS4 permit. The Airport will enforce these Stormwater requirements on municipal areas of the Airport

AIRLINE shall not have prohibited discharge to the MS4 system or on-site storm drains. Some non-stormwater discharges (i.e., fire sprinkler tests) require additional permits with the Regional Water Quality Control Board (RWQCB). AIRLINE is responsible for obtaining and implementing monitoring requirements associated with any non-stormwater discharge permits. AIRLINE shall notify COUNTY prior to any non-stormwater discharge.

In the furtherance of these regulations and Section 402 of the Clean Water Act (CWA), the State of California has adopted a General Permit for discharges of Stormwater associated with industrial activities: “State Water Resources Control Board (State Water Board) Water Quality Order No. 2014-0057-DWQ, NPDES General Permit No. CAS 000001 (Industrial General Permit or IGP).” JWA has applied for and received coverage to discharge Stormwater and authorized non-stormwater discharges pursuant to the general permit for industrial activities and is subject to the permit’s requirements, conditions, and penalties. The permit requires the development and implementation of an effective Industrial Stormwater Pollution Prevention Plan (SWPPP) and Monitoring Implementation Plan (MIP). This plan is developed by COUNTY and covers AIRLINE. The airside portion of JWA where industrial activities take place is covered by the IGP. Industrial activities include maintenance, fueling, equipment cleaning, storage areas, and material handling activities. AIRLINE shall comply with applicable Stormwater discharge requirements and Best Management Practices for industrial facilities described in the SWPPP. COUNTY will provide the required annual training for AIRLINE as part of the SWPPP training requirements. AIRLINE shall have all personnel working within the airside portion of John Wayne Airport to attend annual training or AIRLINE shall provide annual training to personnel using JWA-approved training materials.

SECTION 7.04 ENVIRONMENTAL STEWARDSHIP

AIRLINE shall support the COUNTY’s Environmental Compliance and Stewardship program through participation in various efforts or implementation of Airport plans. COUNTY shall

provide AIRLINE advance notice of any proposed changes to the following plans that may affect AIRLINE operations:

A. Air Quality Improvement Plan (AQIP) and Memorandum of Understanding (MOU) with the South Coast Air Quality Management District
B. Climate Action Plan.
C. Waste Management Plan.
D. Stormwater Pollution Prevention Plan.
E. Green Concessions Program.

AIRLINE shall implement and support the following environmental policies and provide reports and documents as required:

A. Adopt and adhere to the following GSE requirement: GSE associated with commercial operations shall achieve fleet average oxides of nitrogen (NOx) emission factor of 1.7 grams per brake horsepower per hour (g/bhp-hr)upon lease initiation through 2030 and 0.9 g/bhp-hr by January 1, 2031, respectively, as calculated in accordance with the Airport's AQIP and MOU with SCAQMD. Within 30 days of lease execution the AIRLINE shall develop and provide to JWA a GSE improvement plan to demonstrate how the GSE requirement will be met. Annually AIRLINE shall provide GSE data as required by the MOU by March 30.
B. AIRLINE has been provided a copy of the COUNTY's Environmentally Preferable Purchasing Policy (2022) and shall consider developing a similar policy that addresses the AIRLINE's procurement of goods and services as applicable.
C. AIRLINE shall affirm its commitment to Environmental Sustainability at the Airport. The Policy commitment shall be submitted to the JWA within 30 days of LEASE execution.
D. Upon request, AIRLINE shall provide reports necessary for environmental compliance, regulatory requirements and Airport mitigation measure obligations including but not limited to GSE data, fuel usage, spills, and business emergency plans.

Conservation: All AIRLINE facilities and improvements shall meet the Airport's Tenant Design and Construction Guidelines, as may be amended from time to time. All improvements shall meet the California Green Building Code (Title 24) CALGreen Tier 1. In particular, the AIRLINE shall implement the following conservation measures and policies as applicable:

A. Use equipment and appliances that are ENERGY STAR rated or equivalent and EPA Water Sense or equivalent, as applicable, when replacing existing equipment and appliances.
B. Use high-efficiency light fixtures and bulbs (including compact fluorescents) when replacing or installing new fixtures and bulbs.
C. Install sensors in office areas to turn off lights when unoccupied when these areas are being renovated or updated.
D. Install energy-efficient heating and cooling equipment when replacing or upgrading.
E. Use energy-efficient computers and servers when replacing this equipment.

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F. Select equipment with variable-speed motors and fan drives when possible.
G. Use paperless receipt technology when possible.

Waste Minimization and Diversion: AIRLINE is expected to meet all recycling and organics (food waste) reduction requirements to facilitate JWA's solid waste reduction program per the requirements of California Public Resources Code Section 42648. To the fullest extent possible, AIRLINE shall cooperate with COUNTY to reduce and divert waste from landfills. AIRLINE shall participate in COUNTY's waste diversion program, which may include waste reduction practices, including recycling, compostable containers (no Styrofoam), composting of food waste, and reuse/recycling of fats, oils, and grease.

SECTION 7.05 RESERVED

SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION

To the fullest extent authorized by law, the AIRLINE shall indemnify, defend, and hold the COUNTY, its officers, and employees harmless from and against any and all applicable Environmental Law claims, judgments, damages, penalties, fines, costs, liabilities, losses, orders, and lawsuits arising out of any actions or inaction by the AIRLINE, the AIRLINE's operations at the Airport or any action arising from and which involve the AIRLINE's officers, agents, subcontractors, and employees, including the cost of defense arising therefrom, including but not limited to the following:

(1) The AIRLINE'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 the AIRLINE's release of Hazardous Substances on the Airport since the time the AIRLINE first occupied the Airport.

(2) The AIRLINE's release of Hazardous Substances upon or within the Airport.

(3) The AIRLINE's violation of any applicable Environmental Law, except that the AIRLINE's obligations under this paragraph shall not extend to known and pre-existing conditions that are, as of the date of this LEASE, the subject of investigation and remediation by the COUNTY or others, or remediation conditions that arise from operations of third parties that are not affiliated with the AIRLINE that take place off of the Airport. For purposes of this provision, a party shall be deemed to be affiliated with the AIRLINE if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of the AIRLINE or if it is controlled by or under common control with the AIRLINE.

(4) The AIRLINE's causing or allowing any discharge into the Airport Drainage System that is prohibited by Section 7.01 of this LEASE.

This indemnification includes, without limitation, reasonable attorney's fees/costs and other costs incurred by the COUNTY in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental entity because of any Hazardous Substances being present in the soil or groundwater under the Airport. However, the AIRLINE'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 the COUNTY or its agents, servants or independent contractors who are directly responsible to the COUNTY.

In the event the indemnitees described hereinabove are named as defendants or respondents in any lawsuit or administrative proceeding, the AIRLINE shall, at the request of the COUNTY, represent the indemnitee with qualified counsel approved in writing by the COUNTY.

In the event that a monetary judgment is awarded against the COUNTY and the AIRLINE because of the concurrent negligence of the COUNTY and the AIRLINE or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Both the COUNTY and the AIRLINE agree that neither party shall request a jury apportionment. Nothing stated in this LEASE and in this indemnity obligation shall be construed as authorizing any award of attorney's fees/costs in any action to enforce the terms of this LEASE.

The rights and obligations set forth in this indemnification shall survive the termination of this LEASE.

SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS

In the event that any of the terms of the environmental requirements codified in this Article conflict with any other terms of this LEASE, the environmental requirements contained in this Article shall apply.

SECTION 7.08 ANTI-IDLING POLICY

Within six months of LEASE execution, AIRLINE must develop, implement, and submit to the Airport Director or designee for approval a fleet-wide anti-idling policy. At a minimum, the anti-idling policy shall include the requirement that vehicle engines shall be turned off when vehicles are not occupied and that occupied vehicles be turned off after no more than a five-minute idling period. AIRLINE’s policy shall also include all sublicensee and third-party vehicles that enter Airport property at the direction of the AIRLINE.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS

SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY

The COUNTY may alter, repair, maintain, remodel, expand, remove, or improve any of the facilities at the Airport or any of its appurtenances.

In addition, the COUNTY may reassign or relocate the AIRLINE's Exclusive Use Area. The COUNTY shall provide the AIRLINE advance notice of such action and shall make every reasonable effort to provide the AIRLINE alternative space that is reasonably comparable to the AIRLINE's operations at the same rates and charges that the AIRLINE would have paid for the space being surrendered. In the event no alternative space is available, the AIRLINE shall surrender its space promptly to the COUNTY, provided that the AIRLINE shall be reimbursed for the reasonable cost of any such reassignment, reallocation, or relocation and the cost of the AIRLINE's unamortized investment, if any, as documented by the AIRLINE to the satisfaction of the COUNTY and mutually agreed to by the Airport Director and AIRLINE. All of such costs, as well as the COUNTY's cost of providing the alternative space aforementioned, shall be included in the cost of the particular project requiring such reassignment, reallocation or relocation.

SECTION 8.02 IMPROVEMENTS BY THE AIRLINE

The AIRLINE shall not perform any construction upon the Leased Premises, nor shall the AIRLINE modify, alter, or remove any permanent improvements lying within the Leased Premises without prior written approval of the COUNTY. Any construction, modifications, alterations, or removal of any permanent improvements by the AIRLINE shall be at the AIRLINE's expense.

A. **Consent Required From the COUNTY**. No structures, improvements, or facilities shall be constructed, erected, altered, removed, or made within the Leased Premises without prior written consent of the COUNTY, which consent may be withheld or conditioned in the COUNTY's discretion. Minor repairs, replacement, and maintenance proposed for the Leased Premises, the cost of which does not exceed one hundred seventy-five thousand dollars ($175,000) annually, shall be approved by the Airport Director. All other structures, improvements, facilities, repairs, replacement, removal, and maintenance items shall be approved by the Board of Supervisors.

B. **Compliance with Plans and Construction Standards**. All improvements constructed by the AIRLINE within the Leased Premises shall be constructed in strict compliance with detailed plans and specifications approved by the Airport Director. All construction shall be conducted in a good and workmanlike manner and shall conform to applicable building codes, rules, regulations, and the Airport's architectural standards as contained in reference document "John Wayne Airport, Architect and Engineer Guide," which can be provided by Airport upon request. All work shall be done in conformity with Airport-approved plans, valid building, and other necessary permits and shall be acceptable to the COUNTY and the appropriate governmental entity inspecting such work. The AIRLINE shall be

responsible for filing Form 7460 for any construction and/or height of construction equipment with the FAA if required.

All improvements constructed by the AIRLINE, including the plans and specifications therefor, shall conform in all respects to the applicable statutes, ordinances, building codes, rules, and regulations of the COUNTY and such other governmental authority as may have jurisdiction. The Airport Director's approval shall not constitute a representation or warranty as to such conformity, which shall remain the AIRLINE's responsibility. The AIRLINE, at its own cost and expense, shall procure all permits necessary for such construction.

C. **Insurance Requirements**. The AIRLINE shall obtain aviation commercial general liability insurance during construction. If the construction is done by an independent contractor, insurance shall be procured by the contractor in the name of the AIRLINE and the COUNTY. All insurance shall be within the limits and coverages acceptable to the COUNTY's Risk Management Services.

D. **Noninterference**. The AIRLINE warrants that it or its contractor shall in no way delay, cause delays to or interfere with any Airport operations or other contractors working in the terminal or on the Airport, except with the prior written approval of the Airport Director, as set out herein. The AIRLINE agrees to hold the COUNTY harmless from the cost of any time lost by the COUNTY or any damages to the COUNTY due to the actions or failure to act of the AIRLINE or its contractor.

E. **Trailers and Modular Structures**. All improvements constructed by the AIRLINE shall be of a permanent nature. Trailers and modular buildings are prohibited on the Leased Premises. This provision shall not apply to the use of the COUNTY-approved temporary modular buildings or trailers during construction. Upon completion of construction, all trailers or modulars must be immediately removed from the Leased Premises.

F. **The AIRLINE's Cost and Expense**. All renovation or construction by the AIRLINE pursuant to this Section shall be at the AIRLINE's sole cost and expense. The AIRLINE shall keep its existing or future Exclusive Use Area, and the improvements constructed thereon free and clear of all liens and, shall pay all costs for labor and material arising out of such construction, and shall hold the COUNTY harmless from any liability in respect thereto. The AIRLINE shall have the right to contest any and all liens filed against its existing or future Exclusive Use Area. The AIRLINE further agrees that the COUNTY shall have the right to post notices of non-responsibility as provided by Sections 3094 and 3129 of the California Civil Code.

G. **Ownership of Improvements**. All improvements and facilities, exclusive of trade fixtures, constructed or placed within the Leased Premises by the AIRLINE must, upon completion, be free and clear of all liens, claims, or liability for labor or material and at the COUNTY's option shall become the property of the COUNTY at the expiration of

this LEASE or upon earlier termination hereof. The COUNTY retains the right to require the AIRLINE, at the AIRLINE's cost, to remove any or all improvements located within the Leased Premises at the expiration or termination hereof.

SECTION 8.03 AIRLINE REIMBURSEMENT

In the event the COUNTY should require the Leased Premises, or any portion thereof, for any Airport purpose and removes any portion of the AIRLINE's Leased Premises from this LEASE or terminates the LEASE for convenience pursuant to Section 2.03, the COUNTY shall reimburse the AIRLINE for improvements completed during the term of this LEASE.

Compensation for improvements located on the Leased Premises shall be calculated by means of the following formula:

$$\text{COMPENSATION} = A \times \frac{B}{C}$$

A = The AIRLINE's actual leasehold improvement construction costs submitted in accordance with Section 8.07 in this LEASE.

B = Number of full months remaining in the term of the LEASE.

C = Number of full months between the date the AIRLINE completed construction of leasehold improvements and the date the LEASE would expire by its terms if the COUNTY did not exercise its right to early termination.

The AIRLINE shall submit to the COUNTY within sixty (60) days of completion of construction of any leasehold improvement notifications of completion of construction and submit detailed supporting documentation of construction costs together with "As-Built Documents" and “Record Documents” as required by Section 8.07 of this LEASE. The AIRLINE acknowledges and agrees if the AIRLINE fails to submit notifications and supporting documentation for any such leasehold improvements in a timely manner, the AIRLINE waives its right to compensation for such improvements.

SECTION 8.04 EXCLUSIVE REMEDY

The compensation provided pursuant to Section 8.03 in this LEASE shall be the AIRLINE's sole and exclusive remedy and form of compensation, costs or damages, including but not limited to, the eminent domain law and inverse condemnation (CAL. CODE CIV. PROC. §§1230.010 *et seq.*), and Relocation Assistance benefits (CAL. GOV. CODE §§7260 *et seq.*), due to termination, re-entry or acquisition of the leasehold by the COUNTY.

The AIRLINE agrees that exercise by the COUNTY of its termination rights hereunder shall not be construed as a taking by the COUNTY of any part of the Leased Premises, nor of the AIRLINE's rights under this LEASE, nor shall the AIRLINE, except as provided herein, be entitled to payment

for any loss of goodwill, income, moving expenses or other amount because of partial or full termination of this LEASE.

SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION

Prior to commencement of construction of approved facilities, the AIRLINE shall furnish to the COUNTY evidence that assures the COUNTY that sufficient monies will be available to the AIRLINE and the COUNTY to complete the proposed construction. The amount of money available shall be at least the total estimated construction cost. Such evidence may take one of the following forms:

A. Completion Bond issued to the COUNTY as obligee.

B. Irrevocable Letter of Credit issued to the COUNTY that will remain in effect until the COUNTY acknowledges satisfactory completion of construction.

C. Any combination of the above.

All bonds and letters of credit must be issued by a surety company, financial institution or advising bank qualified and admitted to conduct business in the State of California and issued in an approved form approved by the COUNTY. All bonds and letters of credit shall ensure faithful and full observance and performance by the AIRLINE of all terms, conditions, covenants, and agreements relating to the construction of improvements within the Leased Premises.

It is not the intent of the contracting Parties herein to create a third-party beneficiary, and nothing in this Section shall be construed to do so.

SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES

The AIRLINE shall at all times indemnify and hold the COUNTY harmless from all Mechanics Liens, Stop-Notices, claims, losses, demands, damages, costs, expenses or liability costs for labor or materials in connection with construction, repair, alteration, or installation of structures, improvements, equipment, or facilities within the Leased Premises undertaken by the AIRLINE, and from the cost of defending against such claims, including attorneys' fees and costs.

In the event a mechanics lien or stop-notice is imposed upon the Leased Premises, the AIRLINE shall either:

A. Record a valid Release of Lien; or

B. Procure and record a bond in accordance with Section 8424 of the California Civil Code, which frees the Leased Premises from the claim of the lien or stop notice and from any action brought to foreclose the lien.

Should the AIRLINE fail to accomplish either of the two (2) optional actions above within fifteen (15) days after the filing of such a lien or stop notice, the LEASE shall be in default and shall be subject to immediate termination.

SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS

Within sixty (60) days following completion of any improvement within the Leased Premises, the AIRLINE shall furnish the Airport Director a complete package of "As-Built Documents" and "Record Documents," which include but are not limited to construction documents, specifications, cost estimates, engineering studies, and calculations. The aforementioned information shall be submitted on two (2) thumb drives containing digital copies of the "As-Built Documents" and "Record Documents," organized in a detailed, logical, and comprehensible folder structure, which is in a form that is usable and accepted by the COUNTY, to the COUNTY's satisfaction, as described below, unless otherwise allowed by the Airport Director.

A. Drawings and Models:

1. All 2-D and 3-D architectural, engineering, design, and/or construction drawing and/or modeling files for the project shall be completed using AutoCAD 2019 and REVIT 2019 or a newer version of either software if approved by John Wayne Airport.
2. All geographic data, spatial analysis, geographic information system (GIS) mappings, drawings, exhibits, and/or figures for the project shall be completed using Environmental Systems Research Institute (ESRI) ArcGIS.
3. All 2-D and 3-D drawing and/or modeling files created via computer-aided design and drafting (CADD), building information modeling (BIM), and/or GIS for the project shall conform to the John Wayne Airport CADD/BIM/GIS standards and specifications.
4. In addition to the 2-D and 3-D drawing and/or modeling files indicated above, a PDF format (scaled to ARCH E1 format where applicable) of those drawings, exhibits, figures, etc. shall be generated and submitted digitally.

B. Documents and Reports:

1. All specifications, reports, and/or studies (e.g., geotechnical report, etc.), calculations, and other project information (e.g., construction submittals, operations, and maintenance (O&M) manuals, warranties, etc.) for the project shall be completed using MS Office suite applications and also generated and submitted digitally in a PDF format.

Note: "Record Documents," e.g., record drawings, specifications, calculations, etc., shall be prepared, stamped, and signed by the Architect and/or Engineer of Record for the project and shall reflect all updates and/or modifications that were approved during design

and construction, i.e., separate from the as-built documents, which include contractor redlines, contract changes, etc. Refer to the "John Wayne Airport Construction Standards" for additional information.

In addition, two (2) sets of hard prints of the stamped and signed record drawings for the project, as described above, must be furnished by the AIRLINE with the thumb drives containing the "As-Built Documents" and "Record Documents." Basic specifications, standards, and requirements for BIM, CAD, and/or GIS produced information at the Airport can be located on the www.ocair.com website or provided by the Airport upon request.

Furthermore, the AIRLINE shall furnish the Airport Director with an itemized statement of the actual, direct construction costs of such improvement. The construction costs may include actual, direct fees paid to contractors, architects, engineers, surveyors, laborers, and suppliers, or permit fees required by governmental agencies to allow construction. Construction costs shall not include indirect costs such as financing costs, holding costs, legal fees, interest, administrative and overhead expenses, bond premiums, or developer fees. The statement of cost shall be sworn to and signed by the AIRLINE or its responsible agent under penalty of perjury. The AIRLINE must obtain the Airport Director's approval of acceptance of the "As-Built Documents" and "Record Documents" and the form and content of the itemized statement.

SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS

The AIRLINE shall be responsible for any damage caused by the AIRLINE, or the AIRLINE's aircraft, equipment, employees, agents, visitors, or suppliers, to common use areas of the Terminal or Airport facilities, including but not limited to runways, taxiways, access roads, navigational aids, apron areas and loading bridges. Should such damage require immediate repairs or replacement, and the AIRLINE is unable to respond immediately to complete said repairs or replacement, the Airport Director may cause to be made or make any necessary repairs or replacements, and the cost thereof shall be paid by the AIRLINE. Said cost shall include all labor, materials, equipment costs, and an administrative fee equal to fifteen percent (15%) of the sum of those items. Said cost shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the Airport Director.

In the event of damage to or destruction of the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises or in the event the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises are declared unsafe or unfit for use or occupancy by the COUNTY or any other public entity with jurisdiction to make and enforce such a declaration, the AIRLINE shall, within thirty (30) days, commence and diligently pursue completion of the repair, replacement or reconstruction of improvements to the same size and floor area as they existed immediately prior to the event causing the damage or destruction, as necessary to permit full use and occupancy of the Leased Premises for the purposes required by the LEASE. Repair, replacement, or reconstruction or improvements within the Leased Premises shall be accomplished in a manner and according to plans approved by the Airport Director. Except as otherwise provided herein, termination of this LEASE shall not

reduce or nullify the AIRLINE's obligation under this paragraph. With respect to damage or destruction to be repaired by the COUNTY or which the COUNTY elects to repair, the AIRLINE waives and releases its rights under California Civil Code Sections 1932(2) and 1933(4).

SECTION 8.09 HEALTH AND SAFETY

The AIRLINE shall comply with all applicable California Occupational Safety & Health Administration (Cal/OSHA) requirements and all federal, state, or local safety orders. The AIRLINE shall post on the Lease Premises and at all construction sites a copy of "Construction Safety Orders" and "General Industry Safety Orders" issued by the California State Division of Industrial Safety.

The AIRLINE shall, within thirty (30) days after the execution of this LEASE, submit to the COUNTY a comprehensive Safety Plan outlining the code of safe work practices and procedures. The plan must include emergency response procedures, notification procedures, and personnel training procedures. The AIRLINE shall convene safety meetings at regularly scheduled times as described in its Safety Plan and as required by Cal/OSHA. The AIRLINE and/or AIRLINE's contractor shall submit, prior to the start of any tenant improvements, the AIRLINE or AIRLINE's contractor required Cal/OSHA Safety Plan for approval by the Airport.

The AIRLINE shall submit to the COUNTY an annual report detailing the status of all permits required and issued to the AIRLINE by CAL OSHA or any other federal, state, or local government agency. Said report shall be due on or before January 31 of each calendar year.

ARTICLE IX - ACCOMMODATION

SECTION 9.01 JOINT USE REQUIREMENT

The AIRLINE and/or other airlines may be provided the opportunity by the COUNTY to initiate or expand service at the Airport and may have a need or requirement for certain types of Airport space and facilities. Such initiation or expansion of service may be reasonably implemented by the Airport Director based upon provisions of the Access Plan.

The AIRLINE agrees to make every reasonable effort to offer to any airline initiating service at the Airport the opportunity to share use of its Exclusive Use Area. In determining whether the use of another incoming airline initiating service at the Airport is reasonable and possible, the AIRLINE will have the right to consider the compatibility of the proposed operations of those with whom the AIRLINE has subleases or handling arrangements, the AIRLINE's existing and future flight schedules, the need for labor cooperation, the adverse competitive impacts resulting from the presence of the other aircraft operator on the AIRLINE's Exclusive Use Area and the availability of other such space at the Airport. Should the AIRLINE deny another airline initiating service at the Airport the opportunity to use the AIRLINE's Exclusive Use Area, the COUNTY may review the AIRLINE's space usage, and should it reasonably determine, considering all the factors noted herein (including the AIRLINE's reasons for such refusal), that the AIRLINE

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unreasonably refused usage by such other airline, it may require the AIRLINE to permit the other airline to use the AIRLINE's Exclusive Use Area, subject to the initiating airline executing an agreement with the AIRLINE acceptable to the COUNTY that complies with the material terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE shall, by separate agreement with such certificated and/or commuter airline as the COUNTY may designate, or by other arrangement as provided by the Airport Director, provide space and/or services within Leased Premises to accommodate said airlines' operation. Any said agreement for joint use shall be subject to the Airport Director's approval and subject to the terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE agrees that in the event it subleases its Leased Premises to another airline, any sublease rental rate shall be calculated on a per-square-foot basis.

Sublease per square foot rental rates for sublet space shall reflect a reasonable pro-rata allocation of the AIRLINE's actual and direct costs related to said space and shall be based upon the following factors:

A. The square foot per annum rental rate currently paid by the AIRLINE to the COUNTY for space to be sublet; and

B. A reasonable square foot charge to compensate the AIRLINE for the pro-rata costs per square foot applicable to the AIRLINE improvement costs, maintenance costs, and a reasonable administrative fee.

The annual sublease rental rate shall not exceed two (2) times the square foot per annum rental rate currently paid by the AIRLINE to the COUNTY unless the AIRLINE can demonstrate to the satisfaction of the Airport Director that its costs for the subleased premises, exclusive of the administrative fee, justify a higher rate.

ARTICLE X - ASSIGNMENT AND SUBLEASE

SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING

The provisions of this Section are subject and subordinate to the limitations of Section 5.04 of this LEASE.

A. **Transfers**. The AIRLINE shall not transfer, assign, sublet, or hypothecate (hereinafter referred to as "Transfer") any interest of the AIRLINE in the Leased Premises without the prior written approval of the COUNTY. The AIRLINE shall give the COUNTY thirty (30) days' prior written notice of all proposed Transfers. The AIRLINE shall not make any such Transfers for a period longer than the remaining term of the LEASE.

If the COUNTY approves such Transfers, such approval does not constitute a waiver of any of the terms of the LEASE. All Transfer documents shall be consistent with the terms, covenants, and conditions of the LEASE, and in the event of any inconsistency, the provisions of this LEASE shall govern.

If the AIRLINE is a corporation, an unincorporated association, or a partnership, Transfers include the acquisition by any person other than the AIRLINE of any stock or interest in said corporation, unincorporated association, or partnership in the aggregate amount of fifty-one percent (51%) or more.

The failure by the AIRLINE to obtain the prior written approval by the COUNTY of any Transfer of the LEASE or any interest in the Leased Premises shall constitute a material breach of this LEASE and shall not confer any leasehold rights upon the transferee. Such failure shall be grounds for termination of this LEASE for default pursuant to Section 11.02.

B. **Conditions of the COUNTY Approval**. The COUNTY agrees that it will not arbitrarily withhold consent to any Transfer, but the COUNTY may withhold consent at its sole discretion if any of the following conditions exist:

(1) The AIRLINE, its successors, or assigns are in default of any term, covenant, or condition of this LEASE, whether notice of default has or has not been given by the COUNTY.

(2) The prospective subtenant, assignee, or transferee has not agreed in writing to keep, perform, and be bound by all the terms, covenants, and conditions of this LEASE.

(3) The prospective subtenant, assignee, or transferee is not financially capable or experienced in performing the LEASE obligations, as determined by the Airport Director.

(4) Subtenant's use is in conflict with the terms of this LEASE.

(5) All the terms, covenants, and conditions of Transfer, including the consideration therefore, of any and every kind, have not been revealed in writing to the Airport Director.

(6) Any construction required of the AIRLINE as a condition of this LEASE has not been completed to the satisfaction of the COUNTY.

(7) The AIRLINE has not provided the Airport Director with a copy of all documents relating to the Transfer, including, but not limited to, appraisals, notes, trust deeds, title reports, escrow instructions, *etc*.

(8) The AIRLINE attempts to hypothecate the leasehold for an amount greater than the cost of new improvements to be constructed on the Leased Premises. Hypothecation of the leasehold shall not be permitted for any reason other than to obtain loan proceeds necessary to construct new improvements on the Leased Premises.

C. **Affiliate Transactions**. The COUNTY has adopted in the Access Plan policies and regulations regarding transactions and aircraft operations at the Airport involving affiliations of commercial airlines operating, or desiring to operate, at the Airport ("the affiliate policy"). The AIRLINE acknowledges that the COUNTY considers the affiliate policy to be an important and significant policy in support of the COUNTY's regulation of the Airport.

The AIRLINE acknowledges that there is a rational basis for this policy under the operational and historical circumstances affecting the Airport, that under such circumstances, this policy maintains appropriate equity between the rights and privileges of competing commercial operators using the Airport, and that the affiliate policy does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The AIRLINE agrees to comply fully and completely with the affiliate policy and all related regulations that appear in the Access Plan and/or this LEASE.

Any affiliate transaction described and defined in the Access Plan, and any affiliate transaction between the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, shall constitute a Transfer within the meaning of Paragraph A, above. In the event an affiliate transaction involving the AIRLINE is initiated, then not later than the time when the affiliate transaction is publicly announced:

(1) The AIRLINE shall notify the Airport Director of the fact of the initiation of the affiliate transaction.

(2) If the affiliate transaction is initiated by the AIRLINE, the AIRLINE shall promptly provide to the Airport Director copies of all agreements, or written offers or proposals, made with respect to the transaction and copies of all documents filed with federal authorities with respect to the transaction. If the affiliate transaction is initiated by some other person in respect of the AIRLINE, the AIRLINE shall promptly and continuously provide such documentation or other information regarding the transaction as may be available to the AIRLINE.

(3) In addition to all other obligations of the AIRLINE, if the affiliate transaction involves the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, the AIRLINE shall promptly arrange to negotiate with the Airport Director

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regarding the terms and conditions upon which the Director would recommend consent by the Board of Supervisors to a Transfer of this LEASE, or Transfer of the written agreement(s) between the other person or entity involved in the affiliate transaction and the COUNTY.

Notwithstanding any other provision of this LEASE, the LEASE may be terminated by the COUNTY on thirty (30) days' notice to the AIRLINE without further obligation of the COUNTY, and without any liability of the COUNTY to the AIRLINE whatsoever, if:

(4) The AIRLINE fails to comply with Paragraph C of this Section; or if

(5) The Airport Director fails to make a favorable recommendation to the Board of Supervisors regarding the Transfer within sixty (60) days after initiation and public announcement of the affiliate transaction, which contains terms and conditions agreed to by the AIRLINE and its affiliate(s); or if

(6) The Board of Supervisors fails to consent to the Transfer on terms and conditions which have been accepted by the AIRLINE within thirty (30) days after receipt of the recommendations of the Airport Director.

D. **Bankruptcy Transaction**. If the AIRLINE assumes this LEASE or proposes to assign the same pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, then notice of such proposed assignment shall be given to the COUNTY. The following information shall be provided to the COUNTY:

(1) The name and address of proposed assignee;

(2) All of the terms and conditions of such offer; and

(3) Adequate assurance to the COUNTY of the proposed assignee's future performance under the LEASE, including, without limitation, the assurance referred to in the U.S. BANKRUPTCY CODE, 11 U.S.C. §365(b)(3).

Any person or entity to which this LEASE is assigned pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, shall be deemed without further act or deed to have assumed all of the obligations arising under this LEASE on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to the COUNTY an instrument confirming such assumption.

E. **Non-Transferable Privileges.** Aircraft operations and ADDs authorized by Section 5.05 in this LEASE and the Access Plan are not property interests of the AIRLINE and are non-transferable in any form, and as such, are not subject to sale, assignment, hypothecation, and transfer by the AIRLINE under the terms of this Section. Any such attempted hypothecation, assignment, encumbrance, sale, or other such attempted transfer of

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operations, privileges, or ADDs is in violation of the public policy of the COUNTY and shall be void and shall constitute a breach and default of this LEASE.

SECTION 10.02 SUCCESSORS IN INTEREST

Unless otherwise provided in this LEASE, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all Parties hereto, all of whom shall be jointly and severally liable hereunder.

ARTICLE XI - TERMINATION AND DEFAULT

SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS

It is mutually agreed that this LEASE shall terminate and supersede any prior leases or agreements between the Parties hereto for the purpose of commercial air transportation and all related activities of the AIRLINE at the Airport.

SECTION 11.02 TERMINATION FOR DEFAULT

The COUNTY may terminate this LEASE and all of its obligations hereunder with prior written notice to the AIRLINE and may exercise all rights of entry for default and breach if the AIRLINE fails to perform any of its obligations under this LEASE, including, but not limited to:

A. Payment of rents, fees, charges and PFCs;

B. A general assignment for the benefit of creditors and any Transfer without the prior written approval by the COUNTY;

C. The issuance of any execution or attachment against the AIRLINE at the Airport that is undischarged within sixty (60) days of levy or seizure or if the Leased Premises are occupied by someone other than the AIRLINE;

D. The voluntary vacation or abandonment by the AIRLINE of the conduct of air transportation business at the Airport;

E. The violation by the AIRLINE of any of the terms of any insurance policy referred to in the LEASE;

F. If the AIRLINE is found by the FAA, TSA, or other government regulatory or successor agency to have violated specified safety standards in the conduct of the AIRLINE's business;

G. The violation or breach of any provision of the Access Plan;

H. The violation of any written directions of the Airport Director;

I. The appointment of a receiver to take possession of all or substantially all, the assets of the AIRLINE located at the Leased Premises or of the AIRLINE's leasehold interest in the Leased Premises.

Where applicable, and unless otherwise stated in this LEASE, or by written notice, the AIRLINE shall have fifteen (15) calendar days to cure any default prior to termination of this LEASE, or such longer period as may be reasonably necessary to cure such default considering the nature thereof, at the Airport Director's discretion.

SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION

Except as otherwise agreed to herein, upon termination of this LEASE, the AIRLINE shall redeliver possession of said Leased Premises to the COUNTY in substantially the same condition that existed immediately prior to the AIRLINE's entry thereon, reasonable wear and tear, flood, earthquakes, war and any act of war, excepted. References to the termination of the LEASE in this LEASE shall include termination by reason of expiration.

SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY

If the AIRLINE abandons or quits the Leased Premises or is dispossessed thereof by process of law or otherwise, title to any personal property belonging to the AIRLINE and left on the Leased Premises fifteen (15) days after such event shall be deemed to have been transferred to the COUNTY. The COUNTY shall have the right to remove and to dispose of such property without liability therefor to the AIRLINE or to any person claiming under the AIRLINE and shall have no need to account therefor. Personal property left on the Leased Premises after termination, expiration, or abandonment of the LEASE shall not be construed as giving the AIRLINE possession of the Leased Premises during the fifteen (15) days after termination, expiration, or abandonment of the LEASE.

SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER

The AIRLINE agrees to yield and peaceably deliver possession of the Leased Premises to the COUNTY on the date of termination of this LEASE, whatsoever the reason for such termination.

Upon giving written notice of termination to the AIRLINE, the COUNTY shall have the right to re-enter and take possession of the Leased Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the LEASE and re-entry of the Leased Premises by the COUNTY shall in no way alter or diminish any obligation of the AIRLINE under the LEASE terms and shall not constitute an acceptance or surrender.

The AIRLINE waives any and all rights of redemption under any existing or future law or statute

in the event of eviction from or dispossession of the Leased Premises for any lawful reason or in the event the COUNTY re-enters and takes possession of the Leased Premises in a lawful manner.

ARTICLE XII - SECURITY

SECTION 12.01 AIRPORT SECURITY

The AIRLINE shall comply with all current and applicable Airport, FAA, TSA, CBP, security-related rules, regulations, plans, and procedures. The AIRLINE is responsible for fines imposed by any regulatory agency as a result of the AIRLINE's failure to comply with applicable rules, regulations, orders, plans, and procedures regarding airport security.

The AIRLINE employees, subtenants/contractors shall be required to obtain airport security clearance in order to perform work under this LEASE. The AIRLINE must maintain a current, updated list of Authorized Signatories responsible for the Airport-Issued Identification Credential ("Airport ID/Security Credential") process, a list of current Airport ID/Security Credentialed AIRLINE employees and subtenants/contractors, and respond to scheduled and unscheduled audits at the request of the Airport. The AIRLINE employees and subtenants/contractors applying for an Airport ID/Security Credential must successfully complete a Criminal History Records Check ("CHRC") and a Security Threat Assessment ("STA") in accordance with current regulations. The AIRLINE employees and subtenants/contractors must also attend and successfully pass all related Security Identification Display Area ("SIDA") classes and tests for access to secure areas and a driver's permit with an appropriate and valid California Driver's License to drive on the airfield. The AIRLINE must attend all mandatory security-related exercises, and monthly security consortium meetings hosted by the Airport.

A. **Local Security**. The AIRLINE shall be responsible for the security of gates or doors that are located on the Leased Premises. Said gates and/or doors on the Leased Premises permitting entry to the restricted areas of the Airport shall be locked when not in use and/or under the AIRLINE's constant surveillance. The AIRLINE shall install such security equipment, including, but not limited to, video monitoring equipment, as may be required by the Airport Director to ensure compliance with all regulations of the FAA, TSA, or other governmental agencies having jurisdiction over Airport security. The AIRLINE shall exercise control over any person or vehicle escorted by the AIRLINE onto restricted or secure areas of the Airport, or to whom an Airport ID/Security Credential was issued by or at the request of the AIRLINE and ensure that such person or vehicle shall comply with all Airport security regulations.

B. **Federal Security**. As of the date of this LEASE, the TSA provides for all passenger and baggage screening conducted at the Airport. The AIRLINE may be required to provide assistance to TSA in its efforts to carry out its federal mandates. At some point during the term of this LEASE, the Airport or another entity may be authorized to provide these security services in lieu of the TSA.

C. **Penalties and Fines.** The AIRLINE shall promptly pay any penalties for which the AIRLINE is responsible. These penalties include, but are not limited to, civil penalties or fines assessed against the Airport or the AIRLINE by the FAA, TSA, or any other governmental agency for the violation of any security-related laws, rules, policies, or regulations at the Airport.

D. **Airport ID/Security Credential Application and Lifecycle.** Prior to issuance of an Airport ID/Security Credential(s), designated AIRLINE Authorized Signatories who will be working onsite and engaged in the performance of work under this LEASE must pass the Airport's background check requirements, which includes an F.B.I. Criminal History Records Check ("CHRC") and a TSA Security Threat Assessment ("STA"), and the AIRLINE shall pay the applicable fees. Upon successful completion of the background checks, the AIRLINE's designated personnel will be required to attend a SIDA class and pass a written test. Those personnel who may be permitted by the Airport to drive on the Airport Operations Area ("AOA") perimeter road must also complete a Driver's Training class and written test. Airport ID/Security Credentials are not issued until designated AIRLINE personnel have: 1) completed appropriate application forms and submitted proof of identity and employment eligibility, 2) passed both background checks, 3) completed and passed appropriate training, and 4) paid an Airport ID/Security credential fee for each applicant. The AIRLINE should anticipate a minimum of fourteen (14) business days to complete the Airport ID/Security Credential process if all requirements listed above are fulfilled by individual Airport ID/Security Credential applicants in a timely manner, but factors outside the Airport's control can contribute to longer durations. If an applicant is applying for a CBP Seal due to their operational need to work international air service operations, this process may take longer. Authorized Signatories must be in constant contact with the Airport's ID/Access Control Office. The AIRLINE's designated personnel must successfully complete the Airport ID/Security Credential acquisition process unless other arrangements have been approved by the Airport. The AIRLINE shall be responsible for all applicable fees and costs associated with the background checks and badging process. The amount of such fees is subject to change without notice.

E. **Airport ID/Security Credential Applicant Requirements and Responsibilities.** The Airport Security Plan (ASP) requires that each person issued an Airport ID/Security Credential be made aware of their responsibilities regarding the privilege of access to restricted areas of the Airport.

The AIRLINE and all AIRLINE personnel within an access-controlled area (AOA, SIDA, secured area, or sterile area) are required to display on their person an Airport ID/Security Credential, unless they are escorted by an appropriately credentialed Airport individual with escort privileges. When working in a secure area, each Airport-credentialed person is responsible for challenging any individual who is not properly displaying an Airport-issued or approved and valid Airport ID/Security Credential. AIRLINE personnel and their subtenants/contractors must also validate Airport ID/Security Credential employees as described in security training. Any person who is not properly displaying or who cannot

produce a valid Airport ID/Security Credential, unless they are being escorted, must immediately be referred to the Sheriff's Department – Airport Police Services Office for proper handling.

The Airport ID/Security Credential is the property of the County of Orange and must be returned upon termination of AIRLINE personnel employment and/or termination of the Lease. The loss of an Airport ID/Security Credential shall be reported within twenty-four (24) hours to the Sheriff's Department–Airport Police Services by calling (949) 252-5000. The AIRLINE or AIRLINE personnel who lose their Airport ID/Security Credential shall be required to pay a fee before receiving a replacement Airport ID/Security Credential. The charge for lost Airport ID/Security Credential replacement will be posted in the Airport Administration Office and is subject to change without notice. A report shall be made before a replacement Airport ID/Security Credential will be issued.

The Airport ID/Security Credential is nontransferable.

In the event that the AIRLINE's employee's or contractor's Airport ID/Security Credential is not returned within three (3) business days to the Airport upon: 1) termination of AIRLINE personnel or contractor, 2) Airport ID badge expiration, or 3) upon termination of the LEASE, the AIRLINE shall be liable to the Airport for a fine in the amount of $250.00 per unreturned Airport ID/Security Credential. The amount of the fine is subject to change without notice. The AIRLINE's Security Deposit may be applied to cover the cost of the fine.

ARTICLE XIII - INSURANCE AND INDEMNITY

SECTION 13.01 INSURANCE

The AIRLINE agrees to carry all required insurance at the AIRLINE's expense and to provide the COUNTY current Certificates of Insurance, including all endorsements required herein, necessary to satisfy the COUNTY that the insurance provisions of this LEASE have been complied with. AIRLINE shall keep such insurance coverage current, provide Certificate of Insurance, and endorsements to the COUNTY during the entire term of this LEASE.

The AIRLINE agrees that the AIRLINE shall not operate on the Airport Premises at any time the required insurance is not in full force and effect as evidenced by a Certificate of Insurance and necessary endorsements or, in the interim, an official binder being in the possession of Airport Director. In no cases shall assurances by the AIRLINE, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. Airport Director will only accept valid Certificates of Insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. The AIRLINE also agrees that upon cancellation, termination, or expiration of the AIRLINE's insurance, the COUNTY may take whatever steps are necessary to interrupt any operation from or on the Airport Premises until such time as the Airport Director reinstates the LEASE.

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If the AIRLINE fails to provide Airport Director with a valid Certificate of Insurance and endorsements, or binder at any time during the term of the LEASE, the COUNTY and the AIRLINE agree that this shall constitute a material breach of the LEASE. Whether or not a notice of default has or has not been sent to the AIRLINE, said material breach shall permit the COUNTY to take whatever steps necessary to interrupt any operation from or on the Airport Premises, and to prevent any persons, including, but not limited to, members of the general public, and the AIRLINE'S employees and agents, from entering the Premises until such time as Airport Director is provided with adequate evidence of insurance required herein. The AIRLINE further agrees to hold the COUNTY harmless for any damages resulting from such interruption of business and possession, including, but not limited to, damages resulting from any loss of income or business resulting from the COUNTY's action.

The AIRLINE may occupy the Airport Premises only upon providing to the COUNTY, the required insurance stated herein and maintain such insurance for the entire term of this LEASE. The COUNTY reserves the right to terminate this LEASE at any time the AIRLINE's insurance is canceled or terminated and not reinstated within ten (10) days of said cancellation or termination. The AIRLINE shall pay the COUNTY a fee of $300.00 for processing the reinstatement of the LEASE. The AIRLINE shall provide to the COUNTY immediate notice of said insurance cancellation or termination.

All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the same terms and conditions as set forth herein for the AIRLINE; excluding General Aviation Liability. All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the following required minimum limits: Commercial General Liability $1,000,000 per occurrence with a $2,000,000 aggregate; Commercial Auto Liability $1,000,000 combined single limit each accident for non-air operations area (AOA); and, $5,000,000 combined single limit each accident for air operations area. Pollution Liability will be required when hazardous materials or waste are involved with limits commensurate with the exposure. The AIRLINE shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by the COUNTY from the AIRLINE under this LEASE. It is the obligation of the AIRLINE to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Airport Premises. Such proof of insurance must be maintained by the AIRLINE through the entirety of this LEASE and be available for inspection by a COUNTY representative at any reasonable time.

All self-insured retentions (SIRs) shall be clearly stated on the Certificate of Insurance. Any self-insured retention (SIR) in excess of Fifty Thousand Dollars ($50,000) shall specifically be approved by the County's Risk Manager. The COUNTY reserves the right to require current audited financial reports from the AIRLINE. If the AIRLINE is self-insured, AIRLINE will indemnify and defend the COUNTY for any and all claims resulting or arising from AIRLINE's

use of the Airport Premises, services or other performance in accordance with the indemnity provision states in this LEASE.

If the AIRLINE fails to maintain insurance acceptable to the COUNTY for the full term of this LEASE, the COUNTY may terminate this LEASE.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com**).

If the insurance carrier does not have an A.M. Best Rating of A-VIII, the CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the AIRLINE shall provide the minimum limits and coverage as set forth below:

Coverages	Minimum Limits
Aviation Commercial General Liability (Including but not limited to General Liability, Passenger Legal Liability, War/Extended Perils Liability, Personal Injury, Contractual Liability, Premises, Products and Completed Operations, Ground Hangarkeepers and liability for vehicles and mobile equipment operated on restricted airport premises.)	$250,000,000 per occurrence $250,000,000 aggregate
Workers' Compensation	Statutory
Employers' Liability Insurance	$1,000,000 per accident or disease
Pollution Liability Insurance	$1,000,000 per claims made or per occurrence
Commercial Property Insurance on an “All Risk” or “Special Causes of Loss” basis covering all contents and any tenant improvements including Business Interruption/Loss of Rents with a 12-month limit.	100% of the Replacement Cost Value and no coinsurance provision

Increased insurance limits may be satisfied with Excess/Umbrella policies. Excess/Umbrella policies when required must provide Follow Form coverage.

Required Endorsements

The Aviation Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees, agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by County of Orange shall be excess and non-contributing.

The Pollution Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

Pollution Liability insurance must include coverage for bodily injury and property damage, including coverage for loss of use and/or diminution in property value, and for clean-up costs arising out of, pertaining to, or in any way related to the actual or alleged discharge, dispersal, seepage, migration, release or escape of contaminants or pollutants resulting from any services or work performed by, or behalf of, AIRLINE, including the transportation of hazardous waste, hazardous materials, or contaminants.

If AIRLINE's Pollution Liability policy is a claims-made policy, AIRLINE shall agree to the following:

1. The retroactive date must be shown and must be before the date of the contract or the beginning of the LEASE.

2. Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after expiration or earlier termination of LEASE.

3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the contract services, AIRLINE

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must purchase an extended reporting period for a minimum of three (3) years after expiration of earlier termination of the LEASE.

The Workers' Compensation policy shall contain a Waiver of Subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees. Blanket coverage may also be provided which will state – **As Required by Written Agreement.**

All insurance policies required by this LEASE shall waive all rights of subrogation against County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

The Commercial Property policy shall contain a Loss Payee endorsement naming the County of Orange as respects the COUNTY's financial interest when applicable.

Insurance certificates should be forwarded to the COUNTY address provided in the Clause (NOTICES) below or to an address provided by Airport Director. AIRLINE has ten (10) business days to provide adequate evidence of insurance, or this LEASE may be cancelled.

AIRLINE shall provide thirty (30) days prior written notice of any policy cancellation or non-renewal and ten (10) days prior written notice where cancellation is due to non-payment of premium and provide a copy of the cancellation notice to COUNTY. Failure to provide written notice of cancellation may constitute a material breach of the LEASE, upon which the COUNTY may suspend or terminate this Contract

The COUNTY expressly retains the right to require AIRLINE to increase or decrease insurance of any of the above insurance types throughout the term of this LEASE. Any increase or decrease in insurance will be as deemed by the County of Orange Risk Manager as appropriate to adequately protect the COUNTY.

The COUNTY shall notify AIRLINE in writing of changes in the insurance requirements. If the AIRLINE does not deposit copies of acceptable certificates of insurance and endorsements with the COUNTY incorporating such changes within thirty (30) days of receipt of such notice, this LEASE may be in breach without further notice to the AIRLINE, and the COUNTY shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit the AIRLINE's liability hereunder nor to fulfill the indemnification provisions and requirements of this LEASE, nor in any way to reduce the policy coverage and limits available from the insurer.

SECTION 13.02 INDEMNITY

The AIRLINE agrees to indemnify, defend with counsel approved in writing by the COUNTY, and hold the COUNTY, its elected and appointed officials, officers, employees, agents and those

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special districts and agencies which the COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by the AIRLINE pursuant to this LEASE. If judgment is entered against the AIRLINE and the COUNTY by a court of competent jurisdiction because of the concurrent active negligence of the COUNTY or the COUNTY INDEMNITEES, the AIRLINE and the COUNTY agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS

SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION

A. In all its activities within the scope of its airport program, AIRLINE 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 (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance

If AIRLINE transfers its obligation to another, the transferee is obligated in the same manner as AIRLINE.

B. During the performance of this LEASE, AIRLINE, for itself, its assignees, and successors in interest, agrees as follows::

1) **Compliance with Regulations:** AIRLINE 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 LEASE.

2) **Nondiscrimination:** AIRLINE, with regard to the work performed by it during the LEASE, will not discriminate on the grounds of race, color, or national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The AIRLINE 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.

3) **Solicitations for Subcontracts, including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding or negotiation made by AIRLINE for work to be performed under a subcontract, including procurement

of materials or leases of equipment, each potential subcontractor or supplier will be notified by AIRLINE of the AIRLINE's obligations under this LEASE and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.

4) **Information and Reports:** AIRLINE 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 COUNTY or the FAA to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, AIRLINE will so certify to the COUNTY or the FAA, as appropriate, and will set forth what efforts it has made to obtain this information.

5) **Sanctions for Noncompliance:** In the event of the AIRLINE's noncompliance with the non-discrimination provisions of this LEASE, the COUNTY will impose such sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

a. Withholding payments under the LEASE until the AIRLINE complies, and/or

b. cancelling, terminating, or suspending the LEASE, in whole or in part.

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

C. AIRLINE, for itself, 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 Leased Premises for a purpose for which an FAA activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, AIRLINE will maintain and operate such facilities and services in

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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 said facilities.

2) 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.

3) In the construction of any improvements on, over, or under the Leased Premises 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.

4) AIRLINE will use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title VI List of Pertinent Nondiscrimination Acts and Authorities.

D. AIRLINE shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service.

E. AIRLINE, for itself, its assignees, and successors in interest, agrees to comply with the following nondiscrimination 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);

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, subrecipients and contractors, 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) The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex)

10) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations); [rescinded January 21, 2025];

11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)][rescinded March 1, 2025]; and

12) 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).

F. In the event of a breach of any of the above Nondiscrimination covenants, the COUNTY shall have the right to terminate the LEASE and to re-enter and repossess said lands and facilities thereon and hold the same as if said LEASE had never been made or issued.

Docusign Envelope ID: 7FEE4A77-4709-47FE-B350-C65FC0D6C74F

SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT

The COUNTY reserves the right to develop further or improve the Airport as it sees fit, regardless of the desires or views of the AIRLINE, and without interference or hindrance.

The COUNTY reserves the right, but shall not be obligated to the AIRLINE, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of the AIRLINE in this regard.

SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A.

This LEASE shall be subordinate to the provisions and requirements of any existing or future agreement between the COUNTY and the United States or any lawful requirement of the United States relative to the development, operation, or maintenance of the Airport.

SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS

The AIRLINE agrees that the AIRLINE's use of the Leased Premises, including all construction thereon, shall conform to applicable FEDERAL AVIATION REGULATIONS.

The AIRLINE agrees to comply with the applicable notification and review requirements covered in Part 77 of the FEDERAL AVIATION REGULATIONS (as same may be amended from time to time or such other regulation replacing Part 77 as may be adopted by Federal authority) prior to the construction of the improvements described herein and prior to the construction of any future structure or building upon the Leased Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

SECTION 14.05 FEDERAL LAW PREEMPTION

Notwithstanding any provisions of this LEASE, to the contrary and notwithstanding any provision of any other agreements, laws, or ordinances to the contrary, any requirement that is imposed on the AIRLINE in this LEASE, or any local authorities, shall not apply to the AIRLINE to the extent that such requirement is or would otherwise be preempted by federal law, including but not limited to the Airline Deregulation Act (49 U.S.C. § 41713).

SECTION 14.06 NONEXCLUSIVE RIGHT

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to conduct aeronautical activities or provide aeronautical services to the public as prohibited by 49 U.S.C. § 40103(e) and 47107(a)(4), as amended from time to time, and the COUNTY reserves the right to grant others the privilege and right of conducting any or all activities of an aeronautical nature.

SECTION 14.07 WAR OR NATIONAL EMERGENCY

This LEASE 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.

SECTION 14.08 RESERVED

SECTION 14.09 AMERICANS WITH DISABILITIES ACT

The AIRLINE shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 ("ADA") in connection with: (a) the Leased Premises or any portion thereof and its operations thereon, the AIRLINE's furnishings, trade fixtures, and equipment; (b) removing physical barriers; (c) providing auxiliary aids and services for use of the AIRLINE's furnishings, trade fixtures and equipment, where necessary or required; and (d) modifying its policies, practices and procedures to comply with the ADA. The AIRLINE shall develop a work plan to correct or avoid any violations or non-compliance with the ADA and to address the processing of disability complaints. The AIRLINE shall deliver to the COUNTY, upon the COUNTY's request, a copy of each report and work plan. The COUNTY's approval of or acceptance of any aspect of the AIRLINE's activities under this LEASE shall not be deemed or construed in any way as a representation that such item or activity of practice complies with the ADA. The AIRLINE agrees to indemnify, defend, and hold the COUNTY harmless from and against any and all costs incurred by the COUNTY with respect to the AIRLINE's failure to comply with the ADA.

SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT

In accordance with 49 C.F.R. § 27.72, the AIRLINE shall ensure the provision of boarding equipment for passengers with mobility impairment, including, but not limited to, aircraft boarding chairs used to transfer passengers from their wheelchair or other apparatus to their seat in the aircraft cabin. The AIRLINE shall provide all related passenger assistance with this equipment. The equipment shall be provided and maintained in accordance with 49 C.F.R. § 27.72 and the applicable FAA Advisory Circulars, including AC 150/5220-21C.

The COUNTY owns and maintains ramps for utilization by the AIRLINE on the Airport apron in the event a ramp is needed for boarding or deplaning of the aircraft. The AIRLINE shall promptly notify the COUNTY if COUNTY-owned ramps require maintenance. If the AIRLINE owns and operates additional ramps, the AIRLINE shall maintain those ramps in proper working condition. The AIRLINE shall provide assistance to passengers with mobility impairment when ramps are used for boarding or deplaning of the aircraft.

ARTICLE XV - MISCELLANEOUS PROVISIONS

Docusign Envelope ID: 7FEE4A77-4709-47FE-B350-C65FC0D6C74F

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 15.01 TIME

Time is of the essence in this LEASE.

SECTION 15.02 LEASE ORGANIZATION

The various headings and numbers herein, the grouping of provisions of this LEASE into separate sections and paragraphs, and the organization hereof, are for the purpose of convenience only and shall not be considered otherwise.

SECTION 15.03 AMENDMENTS

This LEASE sets forth all of the agreements and understandings of the Parties with regard to its subject matter, and any modification must be written and properly executed by both Parties.

SECTION 15.04 SIGNS

The AIRLINE agrees not to construct, maintain, or allow any sign upon the Leased Premises except as approved by the COUNTY. The AIRLINE shall submit for approval all new signage to be placed in the ticketing lobby, including baggage sizers, and pylon signs. Illustrative drawings and design dimensions must accompany all requests for approval. Unapproved signs, banners, flags, etc., may be removed by the COUNTY without prior notice to the AIRLINE.

The AIRLINE will not place any promotional signs or advertising materials in any location within the Leased Premises or within any Common Use Area of the Terminal without the prior consent of the COUNTY. All requests for the approval of temporary promotional signs for the AIRLINE shall be accompanied by illustrative drawings and design dimensions along with information about the type of signs proposed and proposed locations. All approved promotional signs shall be allowed to remain in the terminal for ninety (90) days. At the end of ninety (90) days, all temporary signage must be removed, or the AIRLINE may resubmit a request to COUNTY to extend past ninety (90) days.

The AIRLINE shall keep all ticket counter space used by the AIRLINE and any associated ticket lifts and podiums free of all signs, advertising materials, credit card application dispensing units, posters, and banners. The COUNTY may, without notice, remove any unauthorized signs or advertising materials, and may store them at the AIRLINE's expense; the COUNTY may dispose of items if they are not promptly claimed by the AIRLINE after notice from the COUNTY.

SECTION 15.05 PERMITS AND LICENSES

The AIRLINE shall be required to obtain any and all approvals, permits, and/or licenses that may be required in connection with the operation of the Leased Premises as set out herein. No permit, approval, or consent given hereunder by the COUNTY in its governmental capacity shall affect or limit the AIRLINE's obligations hereunder, nor shall any approvals or consents given by the

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COUNTY as a Party to this LEASE be deemed approval as to compliance or conformance with applicable governmental codes, laws, ordinances, rules, or regulations.

SECTION 15.06 RESERVED

SECTION 15.07 TAXES AND ASSESSMENTS

This LEASE may create a possessory interest that is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) that become due and payable upon the Leased Premises or upon fixtures, equipment, or other property installed or constructed thereon shall be the full responsibility of the AIRLINE, and the AIRLINE shall cause said taxes and assessments to be paid promptly.

SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If either Party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental laws or regulations, or other cause without fault and beyond the control of the Party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse the AIRLINE from the prompt payment of any rental or other charge required of the AIRLINE except as may be expressly provided elsewhere in this LEASE.

SECTION 15.09 PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this LEASE is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 15.10 WAIVER OF RIGHTS

The failure of the COUNTY or the AIRLINE to insist upon strict performance of any of the terms, covenants, or conditions of this LEASE shall not be deemed a waiver of any right or remedy that the COUNTY or the AIRLINE may have and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of the LEASE thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this LEASE. Any waiver, in order to be effective, must be signed by the Party whose right or remedy is being waived.

SECTION 15.11 RESERVATIONS TO THE COUNTY

The Leased Premises are accepted "AS IS," and the AIRLINE is subject to any and all existing easements and encumbrances. The COUNTY reserves the right to install, lay, construct, maintain, repair, and operate sanitary sewers, drains, Stormwater sewers, pipelines, manholes and connections; water, oil and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, under and along the Leased Premises or any part thereof; and to enter the Leased Premises for any and all such purposes. The COUNTY also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, under, and along any and all portions of the Leased Premises. No right reserved by the COUNTY in this Section shall be so exercised as to interfere unreasonably with the AIRLINE's operations hereunder or to impair the security of any secured creditor of the AIRLINE.

The COUNTY agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The COUNTY further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Leased Premises by the AIRLINE.\, the AIRLINE shall only be entitled to a reduction in the rent payable to the COUNTY during the period of interference, which shall be reduced in proportion to the interference with the AIRLINE's use of the Leased Premises. The AIRLINE shall not be entitled to any other form of compensation.

SECTION 15.12 AUTHORITY OF THE AIRLINE

If the AIRLINE is a corporation, each individual executing this LEASE on behalf of said corporation represents and warrants that they are duly authorized to execute and deliver this LEASE on behalf of said corporation, in accordance with the by-laws of said corporation, and that this LEASE is binding upon said corporation.

SECTION 15.13 PUBLIC RECORDS

The AIRLINE understands that written information submitted to and/or obtained by the COUNTY from the AIRLINE related to this LEASE and/or the Leased Premises, either pursuant to this LEASE or otherwise, may be open to inspection by the public pursuant to the California Public Records Act (Cal. Gov. Code §§7920.000 *et seq.*) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public.

SECTION 15.14 RELATIONSHIP OF PARTIES

The relationship of the Parties hereto is that of lessor and lessee, and it is expressly understood and agreed that the COUNTY does not in any way or for any purpose become a partner of the AIRLINE in the conduct of the AIRLINE's business or otherwise or a joint venturer with the AIRLINE; and the provisions of this LEASE and the agreements relating to rent payable hereunder are included

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solely for the purpose of providing a method by which rental payments are to be measured and ascertained. This LEASE is intended for the sole benefit of the Parties hereto and their successors, and unless otherwise provided herein or by law, no rights are created, or are intended to be created, for the benefit of, or enforceable by, any third parties.

SECTION 15.15 GOVERNING LAW AND VENUE

This LEASE has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this LEASE, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

SECTION 15.16 ATTORNEY'S FEES

In any action or proceeding to enforce or interpret any provision of this LEASE, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorney's fees, costs, and expenses.

SECTION 15.17 EMERGENCY SERVICES

The Airport Director has the right to request that the AIRLINE'S employees aid in and use AIRLINE's inventory of goods in an emergency to assist in maintaining the welfare of persons at or near the Airport. The AIRLINE shall be reimbursed by the COUNTY for the cost of goods as soon as practicable at a rate not to exceed costs as existed immediately prior to the emergency.

SECTION 15.18 NOTICES

All notices pursuant to this LEASE shall be addressed to either Party as set forth below and shall be sent through the United States mail, duly registered or certified, return receipt requested with postage prepaid, or by an overnight carrier service. If any notice is sent by an overnight carrier service, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof. Notwithstanding the above, the COUNTY may also provide notices to the AIRLINE by personal delivery or by regular mail postage prepaid, and any such notice so given shall be deemed to have been given upon the date of personal delivery or three (3) days after the date of deposit in the United States Mail, respectively.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

To:	COUNTY John Wayne Airport 3160 Airway Avenue Costa Mesa, CA 92626 Attention: Airport Director	To:	AIRLINE Breeze Aviation Group, Inc. 6340 S 3000 E, Suite 500 Cottonwood Heights, UT 84121 Attention: Eric Fletcher

Either Party hereto may, from time to time, by written notice to the other in the method described above, designate a different address, which shall be substituted for the one above specified.

[Signatures continue on following page]

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first above written.

AIRLINE: Breeze Aviation Group, Inc.

Signed by:
By: Trent Porter
D252BED525094B5...
Its:
Name: Trent Porter

APPROVED AS TO FORM:
County Counsel

DocuSigned by:
By: Mark Sanchez
5EE66EC8DA7B48F...

APPROVED AS TO AUDIT AND ACCOUNTING:
Auditor-Controller

Signed by:
By: Vivian Luz C. Grzeszczak
98187C051B2C443...

RECOMMENDED FOR APPROVAL:
John Wayne Airport

Signed by:
By: Charlene Reynolds
A1A526A921AF49F...
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this document has been delivered to the Chair of the Board per G.C. Sec. 25103, Reso 79-1535

Attest:

COUNTY:
COUNTY OF ORANGE

By: _____
Chairman, Board of Supervisors

Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT A
LEASED PREMISES DESCRIPTION

Project Management Number: PM 1121-0300-0095

Airline: Breeze Aviation Group, Inc.

The Leased Premises referred to in this Lease shall mean all the premises shown on a floor plan marked "Exhibit B," attached hereto and made a part hereof, being those certain Exclusive Use Areas designated as follows:

> Airline Ticket Office, and Airline Ticket Counter, containing 217 square feet and 107 square feet, respectively, located on the Terminal A concourse of the Departure Level.

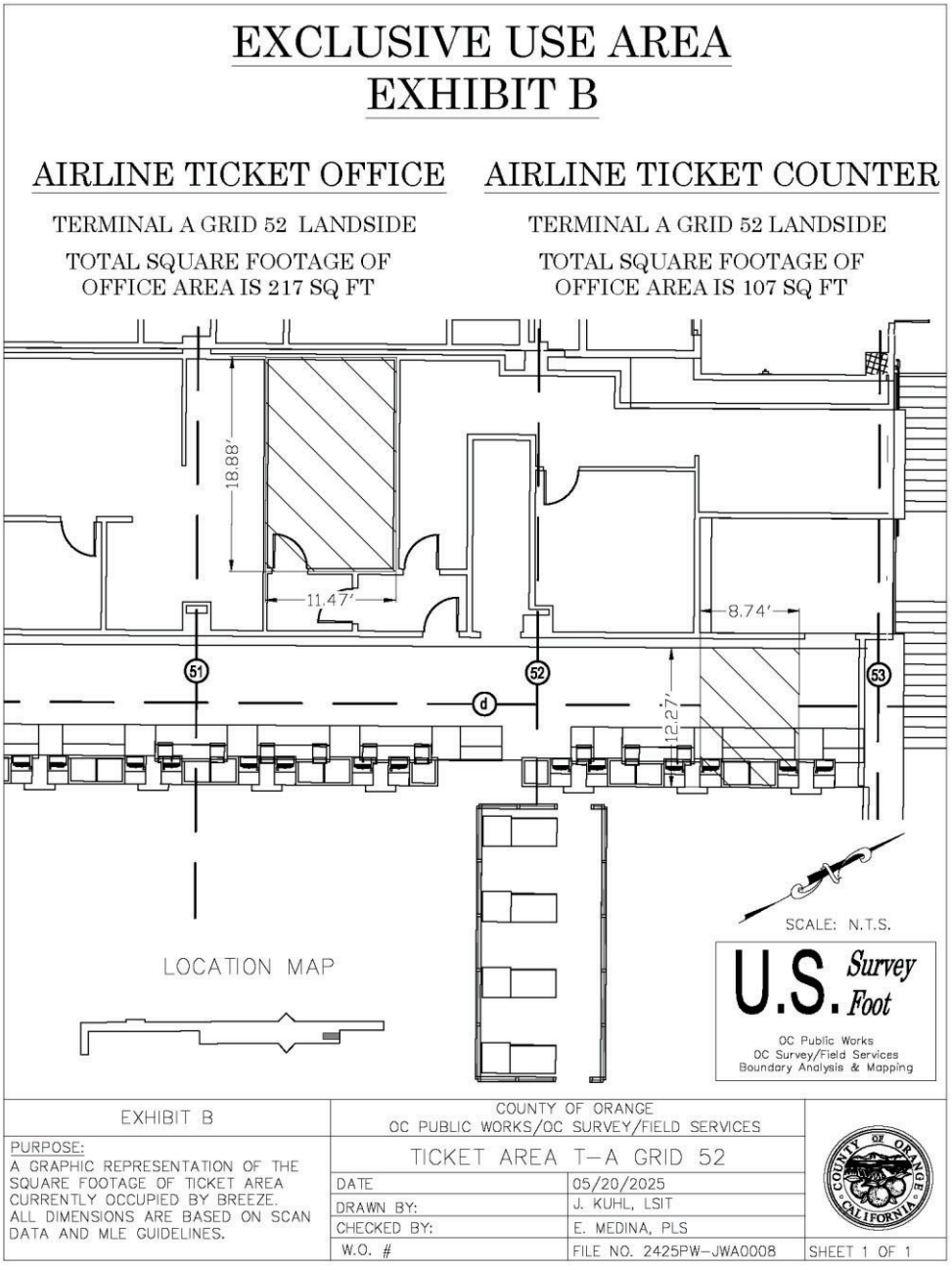
Said Exclusive Use Areas shall also include the premises shown on a map marked "Exhibit C," attached hereto and made a part hereof, being Apron Area. Said "Exhibit C" may be revised at any time by Airport Director.

The Leased Premises shall also include the premises shown on a map marked "Exhibit D," being those certain Common Use Areas designated as Baggage Claim/Baggage Make-up Areas, Holdrooms, Airside Concourses, Security Areas, and Loading Bridges,

Said Exclusive Use and Common Use Areas are situated at the Thomas F. Riley Terminal Building, John Wayne Airport, 18601 Airport Way, in the City of Santa Ana, County of Orange, State of California, and located on Lots 132 and 135 of Block 7 of the Irvine Subdivision, per map recorded in Book 1, Page 88 of Miscellaneous Maps in the Office of the County Recorder of Orange County, together with the right of ingress and egress thereto.

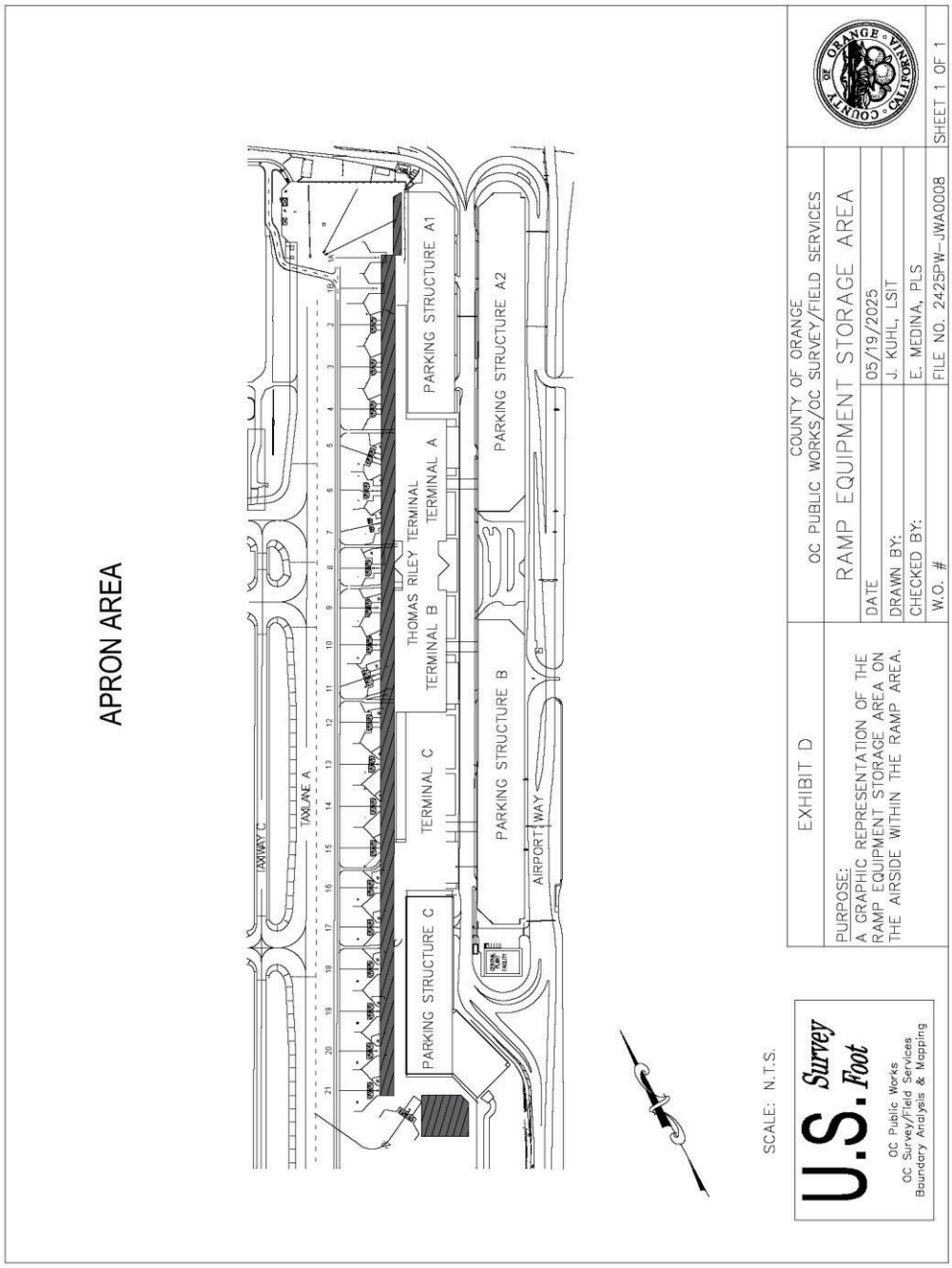
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES – EXCLUSIVE TERMINAL USE AREA



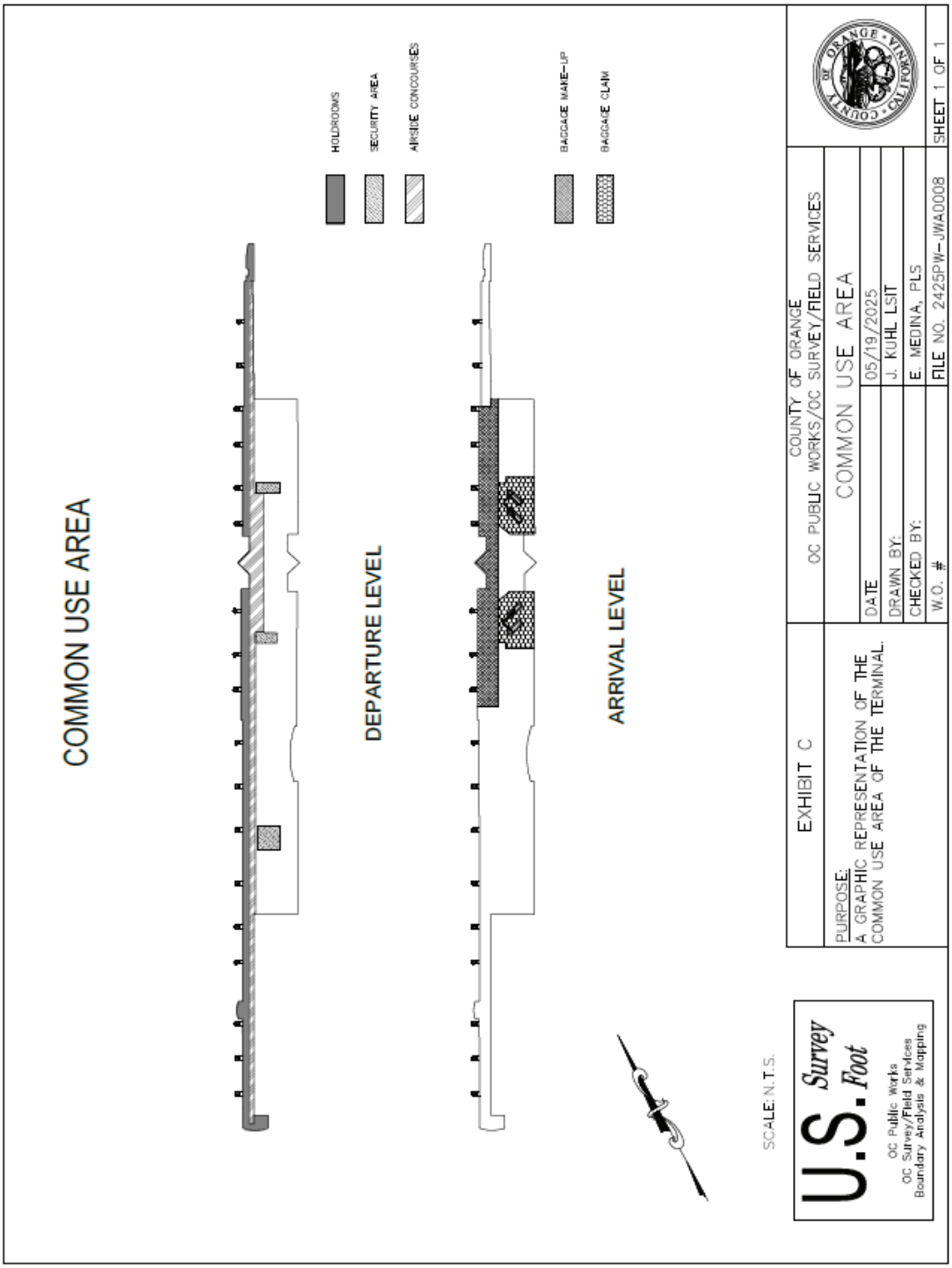
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT C
APRON AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT D
COMMON USE AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT E
JOHN WAYNE AIRPORT
SUMMARY OF OPERATION AND MAINTENANCE RESPONSIBILITIES

	Exclusive Use Areas	Common Use Areas	SIDA - Non Public Areas	Public Areas Sidewalks and Roadways	Airfield
Building Exteriors	C	C	C	C	C
Doors	A (1)	C (1)	C	C	-
Loading Bridges	C	C	C	-	C
Landscaping	-	C	C	C	C
Roadways	-	C	C	C	C
Law Enforcement, Fire Protection, Emergency Medical Services	C	C	C	C	C
Plumbing	C (1,2)	C	C	C	C
Electrical and Lighting	C (1,2)	C	C	C	C
HVAC	C (1)	C	C	C	C
Glass Breakage	C (1)	C	C	C	C
Communications Systems CU P PS	C (1)	C(1)	C	C	C
Custodial Service/Window Cleaning	A	C	C	C	C
Baggage Handling Systems	C	C	C	C	-
Bag-Claim Carousel Equipment	-	C	C	C	-
Baggage Scales (ticket counters)	C	C	-	-	-
People Movers (elevators, escalators)	C	C	C	C	-
Signage	A	C	C	C	C
Ramp	A	C (3)	C (3)	-	-

Key: A = Airline
C = County

1. Airline is responsible for maintenance, repair and replacement of Airline-installed devices and equipment.
2. Airline is responsible for routine maintenance, including relamping and ballast replacement.
3. Airline is responsible for cleaning ramp areas of trash and spills (from building to VSR).

If Airline fails to perform its maintenance and repair obligations as stated in the Lease, the County may perform the work after providing the Airline written notice and recover its entire cost plus a 15% charge from Airline as additional costs. Said cos ts shall be due and payable by the Airline to the County as stated in Article V, Section 5.07 of the Lease.

In the event the Airline makes any repairs or modifications to an area or equipment, at the request of the County, as per Section 4.01 subsection C of this Lease, and those areas or equipment are currently maintained by the County, the County will continue the maintenance responsibilities for those areas or equipment.

JOHN WAYNE AIRPORT
ORANGE COUNTY

AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

Dated _____

Between

County of Orange

and

Delta Air Lines

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

RECITALS 1
ARTICLE I - DEFINITIONS 2
SECTION 1.01 AAAC 2
SECTION 1.02 AAAC CHAIR 2
SECTION 1.03 ACCESS PLAN 2
SECTION 1.04 ADD 2
SECTION 1.05 AIRLINE RATES AND CHARGES 3
SECTION 1.06 AIRPORT 3
SECTION 1.07 AIRPORT DIRECTOR 3
SECTION 1.08 APRON AREA 3
SECTION 1.09 AUDITOR-CONTROLLER 3
SECTION 1.10 BOARD OF SUPERVISORS 3
SECTION 1.11 CBP 3
SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT 3
SECTION 1.13 COMMON USE AREA 3
SECTION 1.14 COUNTY 4
SECTION 1.15 CUPPS 4
SECTION 1.16 CUSS 4
SECTION 1.17 DOT 4
SECTION 1.18 EMV 4
SECTION 1.19 ENVIRONMENTAL LAWS 4
SECTION 1.20 EXCLUSIVE USE AREA 5
SECTION 1.21 FAA 5
SECTION 1.22 GSE 5
SECTION 1.23 HAZARDOUS SUBSTANCES 5
SECTION 1.24 IAF 6
SECTION 1.25 NON-STORMWATER DISCHARGE 6
SECTION 1.26 PFC 6
SECTION 1.27 POLLUTANT 6
SECTION 1.28 RON 7
SECTION 1.29 STORMWATER 7
SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES 7
SECTION 1.31 TERMINAL 7
SECTION 1.32 TSA 7
ARTICLE II – TERM OF LEASE 7
SECTION 2.01 TERM OF LEASE 7
SECTION 2.02 HOLDING OVER 7
SECTION 2.03 TERMINATION FOR CONVENIENCE 8
ARTICLE III – LEASED PREMISES 8
SECTION 3.01 LEASED PREMISES 8

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 3.02 NATURE OF AIRLINE'S ESTATE 9
SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES 9
ARTICLE IV - RENT, FEES AND CHARGES 9
SECTION 4.01 RENT, FEES AND CHARGES 9
SECTION 4.02 PAYMENT PROCEDURE 13
SECTION 4.03 CHARGE FOR LATE PAYMENT 14
SECTION 4.04 PASSENGER FACILITY CHARGE 14
SECTION 4.05 PROVISION AGAINST SET-OFFS 15
SECTION 4.06 SECURITY DEPOSIT 16
SECTION 4.07 NEW ENTRANT DEPOSIT 17
SECTION 4.08 MARKETING FUND FEE 17
ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES 18
SECTION 5.01 USE 18
SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES 19
SECTION 5.03 RULES AND REGULATIONS 19
SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE 20
SECTION 5.05 OPERATIONAL REQUIREMENTS 21
SECTION 5.06 RECORDS AND ACCOUNTS 22
SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS 25
SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON 27
SECTION 5.11 AIRCRAFT PARKING 27
SECTION 5.12 PORTER SERVICES 28
ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT 28
SECTION 6.01 COMMON USE EQUIPMENT 28
SECTION 6.02 COMMON USE EQUIPMENT STOCK 29
SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK 29
SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT 30
SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT 30
SECTION 6.06 NETWORK USAGE 31
SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES 32
SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES 32
ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION 33
SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE 33
SECTION 7.02 SPILL RESPONSE PLAN 34

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION 35
SECTION 7.04 ENVIRONMENTAL STEWARDSHIP 36
SECTION 7.05 RESERVED 38
SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION 38
SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS 39
SECTION 7.08 ANTI-IDLING POLICY 39
ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS 39
SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY 39
SECTION 8.02 IMPROVEMENTS BY THE AIRLINE 40
SECTION 8.03 AIRLINE REIMBURSEMENT 42
SECTION 8.04 EXCLUSIVE REMEDY 42
SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION 43
SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES 43
SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS 44
SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS 45
SECTION 8.09 HEALTH AND SAFETY 46
ARTICLE IX - ACCOMMODATION 46
SECTION 9.01 JOINT USE REQUIREMENT 46
ARTICLE X - ASSIGNMENT AND SUBLEASE 47
SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING 47
SECTION 10.02 SUCCESSORS IN INTEREST 51
ARTICLE XI - TERMINATION AND DEFAULT 51
SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS 51
SECTION 11.02 TERMINATION FOR DEFAULT 51
SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION 52
SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY 52
SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER 52
ARTICLE XII - SECURITY 53
SECTION 12.01 AIRPORT SECURITY 53
ARTICLE XIII - INSURANCE AND INDEMNITY 55
SECTION 13.01 INSURANCE 55
SECTION 13.02 INDEMNITY 59
ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS 60
SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION 60
SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT 64
SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A. 64
SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS . 64

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 14.05 FEDERAL LAW PREEMPTION 64
SECTION 14.06 NONEXCLUSIVE RIGHT 64
SECTION 14.07 WAR OR NATIONAL EMERGENCY 65
SECTION 14.08 RESERVED 65
SECTION 14.09 AMERICANS WITH DISABILITIES ACT 65
SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT 65
ARTICLE XV - MISCELLANEOUS PROVISIONS 66
SECTION 15.01 TIME 66
SECTION 15.02 LEASE ORGANIZATION 66
SECTION 15.03 AMENDMENTS 66
SECTION 15.04 SIGNS 66
SECTION 15.05 PERMITS AND LICENSES 66
SECTION 15.06 RESERVED 67
SECTION 15.07 TAXES AND ASSESSMENTS 67
SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE 67
SECTION 15.09 PARTIAL INVALIDITY 67
SECTION 15.10 WAIVER OF RIGHTS 67
SECTION 15.11 RESERVATIONS TO THE COUNTY 68
SECTION 15.12 AUTHORITY OF THE AIRLINE 68
SECTION 15.13 PUBLIC RECORDS 68
SECTION 15.14 RELATIONSHIP OF PARTIES 68
SECTION 15.15 GOVERNING LAW AND VENUE 69
SECTION 15.16 ATTORNEY'S FEES 69
SECTION 15.17 EMERGENCY SERVICES 69
SECTION 15.18 NOTICES 69

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

LIST OF EXHIBITS

EXHIBIT A LEASED PREMISES DESCRIPTION – TERMINAL EXCLUSIVE USE AREA

EXHIBIT B FLOOR PLAN OF LEASED PREMISES – TERMINAL EXCLUSIVE USE AREA

EXHIBIT C MAP OF APRON AREA

EXHIBIT D MAP COMMON USE AREA

EXHIBIT E AIRLINE MAINTENANCE OBLIGATIONS

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

THIS AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE ("LEASE") is made and entered into this ___ day of _____, 2025, by and between the COUNTY OF ORANGE, a political subdivision of the State of California ("COUNTY"), and Delta Air Lines ("AIRLINE"), with COUNTY and AIRLINE sometimes individually referred to as "Party" or collectively referred to as "Parties."

RECITALS

WHEREAS, the COUNTY, through its Board of Supervisors, is the owner and proprietor of John Wayne Airport ("JWA" or "Airport"), located in the County of Orange, State of California, and operates and maintains the Airport as a governmental function for the primary purpose of providing air transportation to the public; and

WHEREAS, COUNTY and AIRLINE entered into a Certificated Passenger Airline Lease dated November 3, 2020, with a term effective January 1, 2021, through December 31, 2025 ("Existing Lease"); and

WHEREAS, the AIRLINE is engaged in the business of commercial air transportation of persons, property, cargo, and mail as a scheduled air carrier and is certificated or otherwise authorized by the United States of America to engage in such business; and

WHEREAS, the AIRLINE desires to enter into an agreement addressing certain premises, facilities, rights, licenses, services, and privileges at the Airport; and

WHEREAS, as part of its ongoing effort to operate the Airport in a manner sensitive to the residents who live under the Airport's approach and departure corridors, the COUNTY has developed one of the most stringent access and noise abatement programs in the country. The Airport monitors all aircraft operations, both commercial and private, for compliance with the program. These noise abatement and access restrictions derive from the 1985 Settlement Agreement between the COUNTY, City of Newport Beach, and other parties and are implemented through ordinances, resolutions (including Resolutions No. 85-255, 85-256, 85-259, 85-1231, 85-1232, and 85-1233), regulations (including the Phase 2 Commercial Airline Access Plan and Regulation) and policies of the COUNTY, as they may be amended from time to time; and

WHEREAS, the 1985 Settlement Agreement has been periodically amended by its parties to, among other things, increase the authorized passenger levels at the Airport; and

WHEREAS, the amendments to the 1985 Settlement Agreement preserve and continue to implement important restrictions on the use of JWA, "grandfathered" under the AIRPORT NOISE AND CAPACITY ACT OF 1990 ("ANCA"), which reflect and accommodate historical policy decisions of the Board of Supervisors regarding the appropriate point of balance between the competing interests of the air transportation and aviation community and local residents living in the vicinity of the Airport. These policy decisions address, among other issues, nighttime operational restrictions and maximum permitted single-event noise levels; and

WHEREAS, the COUNTY and the AIRLINE mutually desire to enter into this LEASE, which amends and restates the Existing Lease, in order to provide air transportation services to the community and its visitors through December 31, 2030; and

WHEREAS, the COUNTY has the right to permit and grant the use of its property at the Airport to the AIRLINE for the operation of the AIRLINE's air transportation services; and

WHEREAS, the AIRLINE acknowledges that this LEASE is being entered into under the provisions of CAL. PUBLIC UTIL. CODE §§21690.5 *et seq.*, and, in particular, §21690.9.

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained to be observed and performed by the respective Parties hereto:

THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I - DEFINITIONS

The following words, terms, and phrases, whenever used in this LEASE, shall have the meaning and significance attached to them in this Article unless otherwise apparent from context.

SECTION 1.01 AAAC

"AAAC" shall mean the JWA – Airport Airline Affairs Committee. The AAAC is composed of the airline properties representatives for the carriers serving JWA.

SECTION 1.02 AAAC CHAIR

"AAAC Chair" shall mean the Chairperson elected by the AAAC to act as the spokesperson for carriers serving JWA.

SECTION 1.03 ACCESS PLAN

"Access Plan" shall mean the Phase 2 Commercial Airline Access Plan and Regulation for John Wayne Airport, Orange County, as that plan existed when originally adopted and approved by the Orange County Board of Supervisors in 1990, as it has been amended by the Board of Supervisors from time to time, and as it may be amended by the Board of Supervisors at any time during the term of this LEASE.

SECTION 1.04 ADD

"ADD" shall mean Average Daily Departure, as defined in the Access Plan. Except as expressly provided in the Access Plan, all commercial air carrier departures at JWA are regulated departures and require an ADD allocation. ADD allocations are the exclusive property of the COUNTY.

SECTION 1.05 AIRLINE RATES AND CHARGES

"Airline Rates and Charges" shall mean all rates, fees, and charges payable to the COUNTY by the AIRLINE, as specified herein**.**

SECTION 1.06 AIRPORT

"Airport" shall mean the John Wayne Airport, Orange County, California.

SECTION 1.07 AIRPORT DIRECTOR

"Airport Director" shall mean the Director of JWA or his or her duly authorized designee.

SECTION 1.08 APRON AREA

"Apron Area" shall mean the land identified as Apron Area in Exhibit C attached hereto, and, except as otherwise provided herein, all facilities, equipment, and improvements now or hereafter located thereon.

SECTION 1.09 AUDITOR-CONTROLLER

"Auditor-Controller" shall mean the Auditor-Controller, County of Orange, or designee.

SECTION 1.10 BOARD OF SUPERVISORS

"Board of Supervisors" shall mean the COUNTY's governing body.

SECTION 1.11 CBP

"CBP" shall mean Customs and Border Protection, U.S. Department of Homeland Security.

SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT

"Certificated Maximum Landing Weight" shall mean the current maximum allowable gross landing weight of aircraft operated by the AIRLINE and certificated by the Federal Aviation Administration (FAA) for operation at the Airport.

SECTION 1.13 COMMON USE AREA

"Common Use Area" shall mean the nonexclusive use of space, in common with other airlines, located in the Terminal, as shown in Exhibit D.

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SECTION 1.14 COUNTY

"COUNTY" shall mean the County of Orange, a political subdivision of the State of California.

SECTION 1.15 CUPPS

"CUPPS" shall mean the Airport's Common Use Passenger Processing System.

SECTION 1.16 CUSS

"CUSS" shall mean Common Use Self Service.

SECTION 1.17 DOT

"DOT" shall mean the U.S. Department of Transportation.

SECTION 1.18 EMV

"EMV" shall mean Europay, Mastercard, or Visa.

SECTION 1.19 ENVIRONMENTAL LAWS

“Environmental Laws” shall mean any federal, State, or local laws, statutes, ordinances, codes, judgments, orders, rules, or regulations pertaining to the environment and/or human health, Hazardous Substances, Pollutants, occupational safety and health, industrial hygiene, or the environmental conditions on, at, under or about the Airport, and includes, without limitation, the following: (i) the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; (ii) Clean Water Act, 33 U.S.C. § 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 C.F.R. Parts 173 and 175; (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 U.S.C. § 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 (“Proposition 65”); (ix) California Health and Safety Code §§25100, 25395.7, 25915 *et seq.*; (x) the Porter-Cologne Water Quality Control Act (California Water Code); (xi) California Civil Code § 3479 *et seq.*; (xii) Stormwater Discharge Rules, 40 C.F.R. §§ 122.26, 122.30-37; (xiii) the Carpenter-Presley-Tanner Hazardous Substances Account Act; (xiv) the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; (xv) the Safe Drinking Water Act, 24 U.S.C. § 300f, *et seq.*; xvi) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Industrial Activities, Order No. 2014-0057-DWQ (or most current); xvii) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, Order No. 2009-0009-DWQ amended by 2010-0014-DWQ & 2012-0006-DWQ; xviii) The County of Orange, Orange County Flood Control District, and The

Incorporated Cities of Orange County within the Santa Ana Region Areawide Urban Stormwater Runoff Orange County Municipal Separate Storm Sewer System (MS4) Permit Order No. R8-2009-0030 (National Pollutant Discharge Elimination System No. CAS618030) as amended by Order No. R8-2010-0062; xix) South Coast Air Quality Management District Regulations and Rules; and (xx) all other federal, State, and local laws, rules, orders, directives, and codes, regulations, judgments, and orders relating to (a) emissions, discharges, releases, and/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 (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Substances, as such laws are amended, and the regulations and administrative codes applicable thereto.

SECTION 1.20 EXCLUSIVE USE AREA

"Exclusive Use Area" shall mean the areas of the Terminal and on the Terminal Apron that the COUNTY has granted the AIRLINE the right to use on an exclusive-use basis, subject to the Joint Use Requirement, during the term of this LEASE. The AIRLINE's Exclusive Use Area is described in Exhibit A and shown in Exhibits B and C.

SECTION 1.21 FAA

"FAA" shall mean the Federal Aviation Administration created under the FEDERAL AVIATION ACT OF 1958 or such successor agency as may have similar jurisdiction over the AIRLINE or its business and the Airport.

SECTION 1.22 GSE

"GSE" shall mean Ground Service Equipment and include any auxiliary power unit, mobile stairs, aircraft support equipment, machinery, spare parts, or other equipment used or stored by any qualified air carrier or ground service provider in support of operations at JWA.

SECTION 1.23 HAZARDOUS SUBSTANCES

“Hazardous Substances” shall mean any pollutant, contaminant, chemical, compound, substance, hazardous or toxic substance, material, waste, and/or any other matter, which is or shall become regulated by any governmental entity, including, but not limited to COUNTY acting in its governmental capacity, the State of California, and/or the United States Government. 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, nuisance, and/or is controlled or governed under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos-containing materials; (iv) flammable or explosive substances; (v) mold-containing materials; poly-chlorinated biphenyl compounds; and/or (vi) substances designated by any governmental entity to cause cancer and/or reproductive toxicity.

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SECTION 1.24 IAF

"IAF" shall mean the International Arrival Facility and include the areas of the Terminal that house U.S. Customs and Border Protection and are for the use of arriving international passengers.

SECTION 1.25 NON-STORMWATER DISCHARGE

"Non-Stormwater Discharge" shall mean any discharge to storm sewer systems that is not entirely composed of Stormwater. "Non-Stormwater Discharge" includes "Unauthorized Non-Stormwater Discharges" and "Authorized Non-Stormwater Discharges" as defined by the California Environmental Protection Agency State Water Resources Control Board's National Pollutant Discharge Elimination System General Permit for Discharges of Stormwater Associated with Industrial Activities and Construction Activities.

SECTION 1.26 PFC

"PFC" shall mean federally approved Passenger Facility Charges or passenger facility fees, as authorized by 49 U.S.C. §40117 and regulated by 14 C.F.R. Part 158, as such statute and regulation currently exist or as they may be amended during the term of this LEASE.

SECTION 1.27 POLLUTANT

“Pollutant” means any chemical, compound, substance, liquid, solid or semi-solid substance, or combination thereof, including but not limited to:

a. Artificial materials (such as floatable plastics, wood products or metal shavings);

b. Household waste (such as trash, paper, and plastics; cleaning chemicals, yard wastes, animal fecal materials, used oil and fluids from vehicles, lawnmowers, and other common household equipment);

c. Metals and nonmetals, including compounds of metals and nonmetals (such as cadmium, lead, zinc, copper, silver, nickel, chromium, cyanide, phosphorus, and arsenic) with characteristics that cause an adverse effect on living organisms;

d. Petroleum and related hydrocarbons (such as fuels, lubricants, surfactants, waste oils, solvents, coolants, and grease);

e. Substances having a pH less than 6.5 or greater than 8.6, or unusual coloration, turbidity, or odor;

f. Materials causing an increase in biochemical oxygen demand, chemical oxygen demand, or total organic carbon;

g. Materials that contain base/neutral or acid-extractable organic compounds;

h. Those pollutants defined in Section 1362(6) of the Federal Clean Water Act;

i. Any other constituent or material, including but not limited to pesticides, herbicides, fertilizers, fecal coliform, fecal streptococcus, or enterococcus, or eroded soils, sediment, and particulate materials in quantities that will interfere with or adversely affect the beneficial use of the receiving waters, flora or fauna of the State; and

j. Any substance listed under Health and Safety Code, §25316.

SECTION 1.28 RON

"RON" shall mean the remain overnight positions where the AIRLINE's aircraft are required to park when they "remain overnight" at JWA.

SECTION 1.29 STORMWATER

"Stormwater" shall mean stormwater runoff, snowmelt runoff, and stormwater surface runoff and drainage.

SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES

"Tenant Design and Construction Guidelines" shall mean the Tenant Criteria Manual, CAD Standards, BIM Standards Manual, and GIS Data Standard which can be found on the OCAIR.COM website.

SECTION 1.31 TERMINAL

"Terminal" shall mean the Thomas F. Riley commercial passenger terminal and concourses at JWA, as may be modified at any time during the term of this LEASE.

SECTION 1.32 TSA

"TSA" shall mean the Transportation Security Administration of the U.S. Department of Homeland Security, the federal agency responsible for regulation of airport security, or any such successor agency.

ARTICLE II – TERM OF LEASE

SECTION 2.01 TERM OF LEASE

The term of this LEASE shall commence on January 1, 2021, and expire on December 31, 2030.

SECTION 2.02 HOLDING OVER

In the event the AIRLINE shall continue in possession of the Leased Premises after the term of this LEASE, such possession shall not be considered an extension or renewal of this LEASE but

a tenancy from month-to-month and shall be governed by the conditions and covenants contained in this LEASE.

SECTION 2.03 TERMINATION FOR CONVENIENCE

This LEASE may be terminated for convenience by either Party for any reason and without cause upon ninety (90) days' written notice.

ARTICLE III – LEASED PREMISES

SECTION 3.01 LEASED PREMISES

The COUNTY leases to the AIRLINE that certain property hereinafter referred to as "Leased Premises." Said premises shall be leased to the AIRLINE in "as-is" condition and shall consist of the following:

A. **Exclusive Use Area**. Exclusive use of the space, subject to the requirements set forth in Section 9.01 of this LEASE entitled "JOINT USE REQUIREMENT," located in the Terminal and on the Apron and Airfield, as described on Exhibit A and shown in Exhibits B and C, which exhibits are attached hereto and by reference made a part hereof and hereinafter referred to as "Exclusive Use Area."

B. **Common Use Area**. Nonexclusive use, in common with other airlines, of space located in the Terminal as shown on Exhibit D, which exhibit is attached hereto and by reference made a part hereof, and hereinafter referred to as "Common Use Areas." Common Use Areas include:

(1) Baggage Claim and Baggage Make-up Areas;

(2) Hold rooms (departure lounges);

(3) Airside Concourses;

(4) Landside Concourses;

(5) Loading Bridges

(6) Baggage and Passenger Screening Areas;

(7) Security Areas.

The use of these Common Use Areas shall be subject to the reasonable control and regulation of the Airport Director.

SECTION 3.02 NATURE OF AIRLINE'S ESTATE

The AIRLINE acknowledges and agrees:

A. That the COUNTY has granted to the AIRLINE a leasehold interest in the Leased Premises only.

B. That the COUNTY retains a fee ownership for federal income tax purposes in and to the Leased Premises, as well as all other ownership burdens and benefits connected with such fee ownership.

C. That the AIRLINE has not been granted any direct or indirect right or option to purchase the Leased Premises from the COUNTY at any time during or after the termination of this LEASE.

SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES

The AIRLINE shall not install equipment of any kind outside the Leased Premises unless authorized in writing by the Airport Director and/or designee prior to installation.

ARTICLE IV - RENT, FEES AND CHARGES

SECTION 4.01 RENT, FEES AND CHARGES

The rents, fees, and charges contained in this LEASE are established in accordance with (i) Resolution 02-062 dated March 12, 2002 (or as subsequently amended), which reasserts and establishes the John Wayne Airport Revenue Planning Policy, and (ii) the Bond Indenture for the Airport Revenue Bonds, Series 1987, and the First Supplemental, Second Supplemental, Third Supplemental, Fourth Supplemental, Fifth Supplemental, and Sixth Supplemental Indenture Series 1993, 1997, 2003, 2009 and 2019, as well as any future bond indentures or supplemental indentures that may be issued or adopted from time to time. The Airport Director and the AAAC Chair shall present any modifications to the rents, fees, and charges to the AAAC prior to implementation.

A. The AIRLINE shall make payment of the following rents, fees, and charges, which shall be due and payable monthly in advance on the first day of each month with a 15-day grace period, and the AIRLINE agrees that the COUNTY will not invoice for such rents, fees, and charges:

(1) **Exclusive Use Areas**

(a) Terminal Building. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use terminal space.

Exclusive use terminal space consists of the airline ticket counter, airline ticket office, baggage service office, and operations/ramp office.

For the purpose of calculating terminal building rent, the AIRLINE's Exclusive Use Area(s) of the terminal building contains the square feet described in Exhibit A and shown in Exhibit B.

(b) Terminal Apron. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use of terminal apron space used for GSE. For purposes of calculating terminal apron rent, the AIRLINE's Exclusive Use Area(s) of the apron contains the square feet shown on Exhibit C. Exhibit C may be modified at any time by Airport Director.

(c) Airport Tenant Improvement Amortization Schedule. The AIRLINE shall reimburse the COUNTY for tenant improvement by the COUNTY based on the amortization schedule established by the Airport Director.

(2) **Common Use Areas**

(a) Arrival Level. The COUNTY shall establish fees for shared use of baggage claim and baggage make-up areas. Said fees shall be established on the basis of allocating the Airport's total costs and expenses associated with the baggage claim and baggage make-up areas to the commercial airlines in the terminal accordingly: twenty percent (20%) of the costs to be shared evenly among the commercial airlines and eighty percent (80%) of the costs to be shared based on each commercial airline's percentage of total deplaned passengers at the Airport, including their commuter affiliates.

(b) Departure Level. The COUNTY shall establish fees for shared use of departure level common areas, including hold-rooms, airside concourses, baggage/passenger screening areas, and security areas. Said fees shall be established by allocating the Airport's total costs and expenses associated with departure level common areas accordingly: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

The COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Modifications may include fee revisions, the establishment of new fee classifications, or such

other changes as needed to respond to the AIRLINE's use of the Airport. At the end of each modification period, the COUNTY shall establish monthly fees and issue credits for any overpayments by the AIRLINE or invoice the AIRLINE for any underpayments for the previous period.

In the event an obligation to pay fees begins or terminates on some day other than the first or last day of the month, the fees shall be prorated to reflect the actual period of use based on a thirty (30) day month. The fees for any partial calendar month during which this LEASE becomes effective will be payable on such effective date.

(c) IAF. Fees shall be established by the COUNTY for shared use of the IAF. Said fees shall be established based on the Airport's total costs and expenses associated with the IAF area. The IAF fees shall be allocated to commercial carriers operating international flights according to the carrier's ratio of international deplaned passengers and the fee schedule established by the COUNTY.

(d) CBP. Costs shall be passed through to commercial carriers operating international flights based on international deplaned passengers at JWA and the fee schedule established by the COUNTY.

(e) CUPPS. Fees shall be established by the COUNTY for the implementation, maintenance, support, services and supplies, and periodic upgrades of the Common Use Passenger Processing System (CUPPS). Said fees shall be established and allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

In the event of future CUPPS upgrade implementation due to technological requirements or regulatory compliance, the cost of CUPPS upgrade shall be amortized over three years, allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each airlines percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

(1) The JWA CUPPS has EMV credit card capability. JWA will not activate this capability until the JWA AAAC agrees to its activation, in whole or in part, using a processing system acceptable to the affected airlines and JWA.

(2) In the event AIRLINE does not use JWA's installed EMV credit card chip processing system, the COUNTY will not be liable for fraudulent credit card transactions by AIRLINE customers, and AIRLINE shall indemnify the COUNTY pursuant to Section 13.02 of this LEASE for such transactions.

(3) **Additional Fees**

The COUNTY shall establish additional fees including, but not limited to, utility expenses, janitorial expenses, and annual security expenses resulting from any security measures implemented after September 11, 2001. Such fees shall be established annually by allocating the Airport's total cost accordingly: ten percent (10%) of the cost to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the cost to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

B. The AIRLINE shall pay the following fees and charges payable monthly in arrears on or before the twentieth (20th) day of each month with no grace period. The AIRLINE agrees that the COUNTY will not invoice for the following fees and charges and may require the AIRLINE to submit future monthly reports electronically via JWA's portal and prescribed format. Airport will make reasonable efforts to develop an electronic format that allows AIRLINE to report requested information efficiently.

(1) Landing fees based on the latest schedule established by the COUNTY covering the operation of scheduled airlines and commercial operations at the Airport. Landing fees shall be expressed in terms of a rate per one thousand (1,000) pounds of maximum gross landing weight of aircraft certified by the FAA.

(2) Aircraft RON parking fees based on the latest schedule established by the COUNTY. Aircraft parking fees shall be expressed in dollars per night.

(3) Operations fees (gate use fees) based on the schedule established by the COUNTY. Operations fees shall be expressed in dollars per daily departure.

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Upon thirty (30) days' written notice from the Airport Director, the COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Changes may include fee revisions, establishment of new fee classifications, or such other changes as needed to respond to the AIRLINE's use of the Airport, the need for the COUNTY to receive fair and equitable rents, fees, and charges for all uses of the Airport, and to ensure the Airport is operated at no cost to the local taxpayer. With regard to any dispute as to what may constitute reasonable rents, fees, and charges, the AIRLINE shall first exhaust all remedies provided by applicable federal law and FAA regulations. At the end of each modification period, the COUNTY shall establish monthly fees and apply any underpayments or overpayments by the AIRLINE to the subsequent rates and charges period. At the discretion of the COUNTY, overpayments may be refunded via credit memo and underpayments may be invoiced.

C. Based upon prior written agreement between the AIRLINE and the COUNTY, the AIRLINE may pay for facilities repairs or modifications that would normally be the responsibility of the COUNTY. Costs for such repairs or modifications shall be deducted from the AIRLINE rent by the COUNTY upon submittal to the COUNTY of invoices, receipts, statements, or other documentation acceptable to the COUNTY for said repairs or modifications. All invoices, receipts, statements, or other documentation shall include a detailed description of the nature of the work performed and the associated costs. Upon completion of all repairs or modifications, the AIRLINE shall submit to the COUNTY a written request for rent credit and all documentation for the repairs or modifications.

Notwithstanding anything in this LEASE to the contrary, all amounts payable by the AIRLINE to or on behalf of the COUNTY under this LEASE, whether or not expressly denominated as rent, shall constitute rent for the purposes of the U.S. BANKRUPTCY CODE, 11 U.S.C. §502(b)(6).

The AIRLINE shall notify the Airport in writing within thirty (30) days of filing a petition for bankruptcy.

SECTION 4.02 PAYMENT PROCEDURE

A. **Place of Payment and Filing**. Payments and statements required by Sections 4.01, 4.08, and 5.06 in this LEASE shall be delivered to the County of Orange, Office of the Auditor-Controller, John Wayne Airport Accounting Services, 3160 Airway Avenue, Costa Mesa, California 92626. The designated place of payment and filing may be changed at any time by the COUNTY upon ten (10) days' written notice to the AIRLINE. Payments may be remitted by automated clearing house (ACH) deposit to the COUNTY's designated bank account or made by check payable to the County of Orange. The AIRLINE assumes all risk of loss if payments are made by mail.

B. **Form of Payment**. All sums due under this LEASE shall be paid in lawful money of the United States of America without offset, deduction, or prior notice or demand. No payment by the AIRLINE or receipt by the COUNTY of a lesser amount than the payment due shall

be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and the COUNTY shall accept such check or payment without prejudice to the COUNTY's right to recover the balance of the amount due or pursue any other remedy in this LEASE. All electronic payments must be remitted by Automated Clearing House (ACH) deposit to the COUNTY's designated bank account, or any future mode prescribed by the COUNTY. Any fees assessed to the COUNTY's bank account due to the use of another form of payment (e.g., wire transfer) not prescribed or approved by the COUNTY shall be passed through to AIRLINE plus a twenty-five dollars ($25.00) processing fee.

C. **Penalty for NSF Check** In the event a check submitted by AIRLINE is returned for non-sufficient funds ("NSF"), the AIRLINE agrees to pay the COUNTY a service charge in the amount of twenty-five dollars ($25) for the first returned check, and thirty-five dollars ($35) for each subsequent check. AIRLINE may also be liable for treble damages pursuant to California Civil Code Section 1719.

SECTION 4.03 CHARGE FOR LATE PAYMENT

The AIRLINE hereby acknowledges that the late payment of rent or any other sums due hereunder will cause the COUNTY to incur costs not contemplated by this LEASE, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices, increased accounting costs, or lost interest income.

Accordingly, if any payment of rent as specified in Section 4.01 in this LEASE or of any other sum due the COUNTY is not received by the COUNTY by the due date, a late charge of one and one-half percent (1.5%) of the payment due shall be added to the payment, and the total sum shall become immediately due and payable to the COUNTY. An additional charge of one and one-half percent (1.5%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

The AIRLINE and the COUNTY hereby agree that such late charges represent a fair and reasonable estimate of the costs that the COUNTY will incur by reason of the AIRLINE's late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by the COUNTY shall in no event constitute a waiver of the AIRLINE's default with respect to such overdue payment or prevent the COUNTY from exercising any of the other rights and remedies granted hereunder.

SECTION 4.04 PASSENGER FACILITY CHARGE

The COUNTY expressly reserves the right to impose PFCs on airline passengers for the use of the Airport in accordance with 49 U.S.C. §40117 and applicable implementing regulations adopted by

the FAA, including 14 C.F.R. Part 158, as they may be amended from time to time (the "PFC Regulations").

The AIRLINE shall hold in trust for the COUNTY the net principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY. For the purposes of Section 4.04, net principal amount shall mean the total principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY, reduced by any amount that the AIRLINE is permitted to retain pursuant to 49 U.S.C. §40117 and the PFC Regulations. Monthly PFCs collected by the AIRLINE shall be remitted to the COUNTY no later than the last day of the following calendar month or, if that date falls on a weekend or holiday, the first business day thereafter. In addition, PFCs collected by the AIRLINE shall be remitted to the COUNTY at the address specified in Section 4.02, Part A, "Place of Payment and Filing" or at such other place as designated by the COUNTY.

Should the AIRLINE fail to remit the net principal amount of all PFCs to the COUNTY within five (5) days following the remittance date specified above, the AIRLINE shall be deemed to be in default pursuant to Article XI hereof. In addition, any late payment of PFCs shall be subject to late fees computed at the rate of one and one-half percent (1.5%) per month of the payment due and/or the highest rate allowable under applicable state law from the due date until paid in accordance with Section 4.03 of this LEASE.

Nothing contained herein shall be construed to supersede the rights and obligations provided in 14 C.F.R. Part 158 regarding PFCs. In the event that a conflict exists between such federal regulation and this agreement, the federal regulation shall govern.

Reporting and Auditing Requirement: Airlines are required to comply with Part 158 Subpart D Reporting, Recordkeeping and Audits of PFC accounts maintained by the collecting carriers, specifically refer to Part §158.65, §158.69 and §158.71. The PFC report must be filed by the last day of the month following the calendar quarter by the collecting carrier to the County/Airport. The collecting air carrier's quarterly report must state:

(i) The collecting air carrier and airport involved
(ii) The total PFC revenue collected
(iii) The total PFC revenue refunded to passengers
(iv) The collected revenue withheld for reimbursement of expenses under §158.53
(v) The dates and amounts of each remittance for the quarter

SECTION 4.05 PROVISION AGAINST SET-OFFS

It is the obligation of the AIRLINE to pay all fees and charges, free of any set-offs or claims, in the amount and at the times specified in this LEASE. In the event that the AIRLINE desires to contest the validity or amount of any such fees and charges, the AIRLINE shall first pay the same to the COUNTY and may then seek a refund in any appropriate forum.

SECTION 4.06 SECURITY DEPOSIT

The AIRLINE, prior to the commencement of operations, shall deposit with the COUNTY a security deposit approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director ("Security Deposit").

Concurrently with each revision of the rent pursuant to Section 4.01 in this LEASE, the Security Deposit to be provided by the AIRLINE shall be adjusted to approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director to guarantee the faithful performance by the AIRLINE of its obligations under this LEASE and the payment of all rents, fees, and charges due hereunder. In no event shall the amount of the Security Deposit be less than the existing Security Deposit. The amount of the Security Deposit will not be increased unless the adjusted Security Deposit is equal to or more than one hundred twenty percent (120%) of the prevailing Security Deposit. PFCs shall be excluded from the rents, fees, and charges used to determine the AIRLINE's Security Deposit.

The Security Deposit shall take one of the forms set out below and shall guarantee the AIRLINE's full and faithful performance of all the terms, covenants, and conditions of this LEASE:

A. A Letter of Credit from one or more financial institutions, subject to regulation by the State of California or Federal government, pledging that funds necessary to secure performance of the terms, covenants, and conditions of this LEASE are on deposit and guaranteed for payment, and agreeing that said funds shall be trust funds securing AIRLINE'S performance and that all or any part shall be paid to COUNTY, or order upon demand by Airport Director. Both the financial institution(s) and the form of the instrument(s) must be approved by Airport Director, or designee. The financial institution shall have a minimum long-term credit rating by two of the three Nationally Recognized Statistical Rating Organizations (NRSROs): Moody's (AA3), S&P Global (AA-), and Fitch (AA-).

B. A Faithful Performance Bond executed by a surety company or financial institution qualified and admitted to do business in the State of California and issued in a form approved by the COUNTY. The surety company must have a minimum A. M. Best rating of A-/VIII as determined by the most current edition of ambest.com. Under the bond, the surety company shall guarantee to COUNTY full and complete performance of all the terms, conditions and covenants herein to be performed on the part of AIRLINE, including the payment of use fees as well as any and all other payments. Said bond shall be maintained at the cost of AIRLINE throughout the existence of this LEASE. Said Surety shall give Airport Director or designee a minimum thirty (30) days' prior written notice of cancellation or material change in said bond. Such cancellation or material change without Airport Director's or designee's prior written consent shall constitute a default under this LEASE.

Regardless of the form in which the AIRLINE elects to make said Security Deposit, all or any portion of the principal sum shall be available unconditionally to the COUNTY for correcting any

default or breach of this LEASE by the AIRLINE, its successors or assigns, or for payment of expenses incurred by the COUNTY as a result of the failure of the AIRLINE, its successors or assigns, to faithfully perform all terms, covenants, and conditions of this LEASE.

Should the AIRLINE elect to provide either a Letter of Credit or a Faithful Performance Bond to fulfill the Security Deposit requirements of this LEASE, said Letter of Credit or bond shall have the effect of releasing the depository or creditor therein from liability on account of the payment of any or all of the principal sum to the COUNTY, or order upon demand by the Airport Director.

In the event the Airport Director withdraws all or any portion of the Security Deposit as provided herein, the AIRLINE shall, within ten (10) days of any withdrawal by the Airport Director, replenish the Security Deposit to maintain it at amounts herein required throughout the term of this LEASE. Failure to do so shall be deemed a default and shall be grounds for immediate termination of this LEASE as per Article XI of this LEASE.

The AIRLINE shall be obligated to maintain the Security Deposit in effect until the expiration date or earlier termination of this LEASE.

The Security Deposit, after deduction of all amounts due the COUNTY, shall be rebated, reassigned, released or endorsed by the COUNTY to the AIRLINE or order, as applicable, after one hundred twenty (120) days have elapsed, or at an earlier time to be determined by the Airport Director, following the expiration date of the term of this LEASE, provided the AIRLINE has fully and faithfully performed each and every term, covenant, and condition of this LEASE.

SECTION 4.07 NEW ENTRANT DEPOSIT

A cash security deposit in the sum of FIVE HUNDRED THOUSAND DOLLARS ($500,000.00) shall be provided by a new entrant AIRLINE prior to the commencement of operations.

This deposit shall be returned to the new entrant AIRLINE after six (6) months of continuous operation.

SECTION 4.08 MARKETING FUND FEE

The COUNTY has established a marketing fund for the Airport to conduct sales promotions, Airport-wide advertising, and related activities intended to promote the Airport and its tenants. Commencing January 1 of each calendar year, AIRLINE shall be required to make an annual marketing fund payment in the amount of ten thousand dollars ($10,000.00). AIRLINE agrees to pay this amount on or before January 1 of each year. All monies received by the Airport for the marketing fund shall be used solely for the purpose of Airport tenants' promotions and directly related expenses. In the event any year of this LEASE contains less than 12 months, AIRLINE shall pay a pro-rata portion of the annual amount corresponding to the number of months remaining in that calendar year.

For example, if the LEASE commenced on November 1, AIRLINE would pay the monthly pro-rata portion ($833.33 per month) of the annual marketing fund amount for November and December (totaling $1,666.66). Then, commencing on January 1, AIRLINE would make the full annual marketing fund payment of $10,000.00. Should the LEASE expire on September 15, AIRLINE would pay a pro-rata portion of the annual amount for the months of January through September.

ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES

SECTION 5.01 USE

The AIRLINE's use of the Leased Premises and its operations shall be limited to conducting a scheduled commercial airline operation. Subject to the limitations set forth in this Section and Sections 5.03, 5.04, 5.05, and 9.01 in this LEASE, AIRLINE'S operations are subject to the following authorized uses:

A. Loading and unloading of passengers.

B. Loading and unloading of baggage.

C. Passenger processing operations.

D. Flight operations office.

E. The AIRLINE shall have the right to have its aircraft and other equipment serviced by suppliers of its choice. Such suppliers may provide materials and services, including, but not limited to, aviation fuel, ground vehicle fuel, lubricating oil, greases, parts, and all other materials and supplies and services required by AIRLINE in the conduct of its air transportation service.

F. Mail, freight, and cargo operations, but only when such activity is incidental to, and conducted in connection with, regularly scheduled commercial passenger operations. The AIRLINE shall not conduct any operations at the Airport with aircraft which are:

1) Used at the Airport exclusively or primarily for mail, freight, or cargo services; or

2) Which have been modified in any manner for the purpose or the primary effect of reducing the passenger carrying capacity and increasing the cargo or freight carrying capacity of the aircraft.

G. Air charter activities in compliance with Access Plan.

H. Commissary services for the AIRLINE's employees at the Airport and in-flight catering services in support of the AIRLINE's air operations at the Airport. This does not permit

the AIRLINE to conduct commissary or in-flight services for any other airline or other person at the Airport without first obtaining a separate license to allow commissary or in-flight services for other airlines.

I. Handling of other airlines' operations and ticketing pursuant to Section 9.01 in this LEASE.

J. Employee training incidental to the other uses permitted under this Section.

K. Areas identified on the attached "Exhibits A, B, and C" as the AIRLINE Ticket Counter, AIRLINE Ticket Office, Baggage Service Office, Ramp/Operations Office, and Apron Equipment Storage are strictly limited to their identified uses.

L. Other uses as authorized by the Airport Director.

SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES

The COUNTY grants the AIRLINE a license for the nonexclusive use of all public Airport facilities including, but not limited to, taxiways, runways, navigational aids, and facilities relating thereto for purposes of landings, takeoffs, and taxiing of the AIRLINE's aircraft. All such use shall be in accordance with the laws of the United States of America, State of California, and the rules and regulations promulgated by their authority with reference to aviation and air navigation, and in accordance with all reasonable and applicable rules, regulations, and ordinances of the COUNTY now in force or hereafter prescribed or promulgated by ordinance or by law, including the Access Plan. The use of these areas shall be subject to the control and regulation of the Airport Director.

This license for non-exclusive use is subject to all rights reserved by the COUNTY to license, permit, authorize, regulate, and relocate concessionaires and other Airport tenants, including but not limited to booths, counters, offices, lockers, and wall space.

SECTION 5.03 RULES AND REGULATIONS

The COUNTY may adopt and enforce “Airport Rules and Regulations” that the AIRLINE agrees to observe and obey with respect to the use of the Airport and its appurtenances, facilities, improvements, equipment, and services, provided that such rules and regulations shall not be inconsistent with safety, with applicable rules, regulations and orders including those of the FAA and TSA with respect to all operations of the Airport, and with the terms of and AIRLINE’s rights under this LEASE. Except in the case of emergency, the COUNTY shall give the AIRLINE written notice and opportunity to comment on any proposed changes or additions to the Airport Rules and Regulations that could impact the AIRLINE's operations at the Airport before such proposed rules and regulations are adopted by the COUNTY. If requested, the COUNTY shall promptly provide a copy of such Airport Rules and Regulations to the AIRLINE.

The AIRLINE's operations under this LEASE shall comply with all Airport Rules and Regulations and shall observe, obey, comply with, and not otherwise hinder or obstruct any and all rules, regulations, laws, ordinances, statutes, or orders of any governmental authority, whether federal, state, or local, lawfully exercising authority over the Airport or the activities thereon, including compliance with FAA, TSA, and Airport security rules, regulations and plans.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines, or penalties of any nature whatsoever that may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE's operation under this LEASE, including, but not limited to, the payment of any fines or penalties for any breach of security, arising from the unauthorized entry of any person or vehicle onto the Airport or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE's operation under this LEASE.

The COUNTY shall not be liable to the AIRLINE for any diminution or deprivation of possession, or of its rights hereunder, on account of the exercise of such right or authority provided in this LEASE, nor shall the AIRLINE be entitled to terminate the whole or any portion of the leasehold estate herein created by reason of the exercise of such right or authority, unless the exercise thereof shall so interfere with the AIRLINE's use and occupancy of the Leased Premises so as to constitute a termination in whole or in part of this LEASE by operation of law in accordance with the laws of the State of California.

SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE

The AIRLINE agrees that:

A. Notwithstanding any provision in this LEASE to the contrary, the AIRLINE shall conduct all of its operations and activities at the Airport in strict conformity with the Access Plan and each of its regulations and limitations on the AIRLINE's activities and operations at the Airport.

B. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are privileges that may be revoked or modified by the COUNTY at any time during the term of this LEASE, and that such privileges do not constitute property rights of the AIRLINE.

C. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are not transferable, assignable, or delegable by the AIRLINE to any other person or entity by operation of law or otherwise, and that such allocations and other operating privileges may not be pledged, hypothecated or encumbered by the AIRLINE at any time for any purpose.

D. The remedies specified in the Access Plan for any Access Plan violation by the AIRLINE are not the exclusive remedies of the COUNTY, but shall constitute additional nonexclusive remedies that the COUNTY may enforce separately or cumulatively with other remedies under the enforcement provisions of this LEASE.

E. The AIRLINE shall not at any time, or for any reason, make any assertion to any court, administrative agency, administrative tribunal, or other similar forum that is in any respect inconsistent with the terms and provisions of this Section, except that nothing in this Section shall prevent the AIRLINE from making any argument or asserting any position to the COUNTY, as applicable, in connection with any action by the COUNTY to revoke or modify allocations of operating privileges or any amendments to the Access Plan.

F. All provisions of Section 5.01 and Article XI in this LEASE are subject to the terms, provisions, and limitations of this Section.

SECTION 5.05 OPERATIONAL REQUIREMENTS

The AIRLINE agrees to abide by the following operational conditions and requirements:

A. **Flight Operations and Reallocations**. The number of allocated ADDs, including "regularly scheduled," "charter," "maintenance, and "cargo," shall not exceed the number of departures authorized and allocated to the AIRLINE under the Access Plan. In addition to any and all remedies available to the COUNTY under this LEASE and all provisions of the Access Plan, the COUNTY may reallocate ADDs or other operating privileges granted to the AIRLINE under the provisions of the Access Plan. The AIRLINE shall not operate at JWA unless it conducts its operations with ADDs, allocated seat capacity, or other Authorized Departures directly and formally allocated to the AIRLINE by action of the Board of Supervisors; the AIRLINE conducts all of its operations with aircraft that have been certified for operation at the Airport consistent with Access Plan requirements; and, the AIRLINE has met all other applicable COUNTY requirements.

B. **Hours of Operation**. Except as expressly authorized, the AIRLINE's aircraft shall not depart from the Airport between the hours of 10:00 p.m. and 7:00 a.m. (8:00 a.m. on Sundays) and shall not arrive at the Airport between the hours of 11:00 p.m. and 7:00 a.m. (8:00 a.m. Sundays), as measured at any JWA noise monitoring station. All times shown are Pacific Time.

The AIRLINE acknowledges that the COUNTY may, by regulation, permit some operations by general aviation (nonscheduled, noncommercial) users of the Airport during the nighttime hours with certain specific aircraft types that have noise characteristics similar to the noise characteristics of aircraft that can operate as "Class E" aircraft, as that term is defined in the Access Plan. The AIRLINE does now, or may during the term of this LEASE, operate Class E aircraft at the Airport; nevertheless, the AIRLINE agrees that

the limitations on hours of operations contained in this Section shall be applicable to all of its operations at the Airport, including its Class E operations.

The AIRLINE further acknowledges that there is a rational basis for the COUNTY to distinguish between general aviation operations and regularly scheduled operations by Class E (or noise equivalent) aircraft during the nighttime hours and that this distinction does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The COUNTY agrees that this provision is, and during the term of this LEASE shall be, included in all leases, operating agreements, or other service operating agreements between the COUNTY and any person conducting regularly scheduled commercial operations at the Airport.

C. **Aircraft Types**. The AIRLINE agrees that it will not operate any aircraft at the Airport unless and until that aircraft type has been certified and qualified for operation by the COUNTY in accordance with the provisions and procedures of the Access Plan. The AIRLINE further agrees that it will abide by all aircraft-type restrictions and limitations contained in the Access Plan, as amended, or as it may hereafter be amended, and any other restrictions on aircraft types which may hereafter be adopted by the Board of Supervisors of the County of Orange.

D. **Gate Management.** AIRLINE agrees to utilize gate management software, access/equipment provided by Airport, to upload and maintain current daily arrival and departure information for aircraft operations to jetbridge/hardstand gates and RONs utilized by AIRLINE. Airport will make reasonable efforts to develop gate management software that allows for efficient uploading and maintaining of current daily arrival and departure information by AIRLINE.

E. **Noninterference**. The AIRLINE shall cooperate with and not interfere with the COUNTY's and other airlines' use of and operations at the Airport. The AIRLINE shall not place any ropes, barricades, and/or stanchions on the public or Common Use Area without prior written approval of the Airport Director.

F. **Disposal of Refuse from International Operations**. Airlines operating international service shall contract with a CBP-approved vendor for the disposal of refuse from arriving international flights.

SECTION 5.06 RECORDS AND ACCOUNTS

A. **Records**. The AIRLINE shall at all times keep true and complete records of all transactions in the operation of all business activities, of whatever nature, conducted in pursuance of the rights granted by this LEASE. The AIRLINE shall maintain such records for a period of five (5) years beyond the expiration or earlier termination of this LEASE.

B. **Reports**. The AIRLINE shall provide to the Auditor-Controller and the Airport Director at the end of each calendar month, on forms to be supplied by the COUNTY, statistical information respecting the AIRLINE's operations at the Airport, including, but not limited to, the total number of all aircraft operations conducted by the AIRLINE; the total combined certificated gross landing weight of all such aircraft operations; the total number of enplaned, deplaned and through passengers; the total number of pounds of airmail, cargo and express mail enplaned and deplaned; and the total number of aircraft stored daily and monthly at the Airport. Such reports shall be submitted to the Airport Director no later than fifteen (15) calendar days following the last day of each month. The AIRLINE must attest that the list is an accurate representation of the AIRLINE's activity for the month.

The AIRLINE shall also provide to the Airport Director, for each day, a copy of the AIRLINE's flight dispatch logs or a listing made from such logs, certified as correct by a responsible station manager or dispatcher, showing the type of equipment used for each flight and the actual takeoff and landing times, and not gate times. Said copy of logs or listing shall be made available for each day's activities by noon (12:00 p.m., Pacific Time) of the following day.

C. **Audits**. All the AIRLINE's records and supporting source documents related to rates and fees in this LEASE or business operations conducted within or from the Leased Premises shall be kept and made available to the COUNTY at one location within the geographical limits of the COUNTY or shall be made available at offices in the COUNTY within ten (10) working days after written notice to produce said records and source documents. The COUNTY shall, through its duly authorized agents or representatives, have the right to examine and audit said records and supporting source documents at any and all reasonable times, as set out herein, for the purpose of determining the accuracy thereof and of the monthly statements to the COUNTY.

The COUNTY, upon request of the AIRLINE, may authorize the above-referenced records and supporting source documents to be kept in a single location outside the limits of the COUNTY provided the AIRLINE shall agree to pay all expenses including, but not limited to transportation, food and lodging necessary for the COUNTY to send a representative to audit said records. Said right shall not, unless determined necessary by the COUNTY, be exercised by the COUNTY more than once each accounting year.

The full cost of said audit, as determined by the COUNTY, shall be borne by the AIRLINE if either or both of the following conditions exist:

(1) The audit reveals an underpayment of more than two percent (2%) between the rents and fees due as reported and paid by the AIRLINE in accordance with this LEASE and the rent due as determined by said audit; and/or

(2) The AIRLINE has failed to maintain true and complete records and supporting source documents in accordance with paragraph A above. The adequacy of records shall be determined at the sole discretion of the COUNTY.

Otherwise, the COUNTY shall bear the cost of said audit, excluding the aforementioned expenses related to an audit of documents kept outside the limits of the COUNTY. The cost of said audit, if due from the AIRLINE, shall be included as rent for the first month following invoice to the AIRLINE.

Upon the request of the COUNTY, the AIRLINE shall promptly provide necessary data to enable the COUNTY to fully comply with the requirements of the State of California or the United States of America for information or reports directly relating to this LEASE and to the AIRLINE's use of the Leased Premises.

D. **Failure to Maintain Adequate Records**. In addition to any other remedies available to the COUNTY under this LEASE, at law or in equity, in the event that the AIRLINE fails to maintain and keep records and accounts from business operations conducted on or from the Leased Premises and/or source documents relating thereto, or to make the same available to the COUNTY for examination and audit as required by this LEASE, the COUNTY, at the COUNTY's option, may:

(1) Perform such examinations, audits, and/or investigations itself or through agents or employees as the COUNTY and/or its auditors may deem appropriate to confirm the amount of rents, fees, and charges payable by the AIRLINE under this LEASE; and any and all costs and/or expenses incurred by the COUNTY in connection therewith shall be promptly reimbursed to the COUNTY by the AIRLINE upon demand.

(2) Require that the AIRLINE pay rents and fees based on the COUNTY's best good faith estimate of the AIRLINE's activities from business operations conducted on or from the Leased Premises and Airport; and any such determination made by the COUNTY shall be conclusive and binding upon the AIRLINE.

Costs payable by the AIRLINE pursuant to this Section shall include reimbursement to the COUNTY of the services provided at such rates as the COUNTY may, from time to time, in good faith, establish for such services. In the case of services provided by the COUNTY's employees, such rates shall be sufficient to reimburse the COUNTY for employees' salaries, including employee taxes and benefits, and the COUNTY's overhead; or, at the COUNTY's option, may be at the rate for such services that would be charged by a qualified third party or parties, approved by the COUNTY, if engaged by the COUNTY to perform such services. Said costs payable by the AIRLINE shall be included as rent for the first month following invoice to the AIRLINE.

SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS

The AIRLINE agrees to maintain Exclusive Use Areas in a safe, clean, sanitary condition and in compliance with all applicable laws. The AIRLINE shall be responsible for making all necessary repairs required to maintain the Exclusive Use Areas and improvements in good condition. All repairs and improvements made by the AIRLINE to the Exclusive Use Areas shall be in compliance with all current federal, state, local laws, regulations, ordinances, and building codes, and all Airport regulations (collectively, "Codes") adopted consistent with Section 5.03. The Codes encompass all fire, life, and structural safety aspects and apply to the construction, alteration, moving, demolition, repair, and use of the Exclusive Use Areas. Any additions, alterations, repairs, and changes of use or occupancy in the Exclusive Use Areas shall comply with the provisions for new buildings and structures as set forth in the Codes. All devices or safeguards that are required by the Codes shall be maintained in conformance with the edition of the Codes under which it was installed. Maintenance obligations of the AIRLINE are shown on Exhibit E, which exhibit is attached hereto and by reference made a part hereof.

The AIRLINE shall immediately notify the Airport Director and the Airport Operations Center ("AOC") of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings.

The AIRLINE further agrees to provide approved containers for trash and recycling and to keep the Leased Premises free and clear of rubbish and litter. The Airport Director shall have the right to enter upon and inspect the AIRLINE's Leased Premises and other Airport facilities at any time for cleanliness, safety, and maintenance inspections as set out herein. The Airport Director shall attempt to provide reasonable notice prior to entering AIRLINE's Leased Premises.

The AIRLINE shall designate in writing to the Airport Director an on-site representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness, and general order.

If the AIRLINE fails to maintain or make repairs or replacements as required herein, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

If the AIRLINE fails to maintain or make repairs or replacements, including removal of all its GSE and/or any AIRLINE materials at its loading and unloading operations at the end of its approved hours of operation as required herein, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

The AIRLINE expressly waives any and all claims against the COUNTY for compensation for any and all loss or damage to the AIRLINE's property sustained by reason of any defect, deficiency, or impairment of any water supply system, drainage or sewer system, gas supply system, telephone system, electrical supply system or electrical apparatus or wires serving the Leased Premises, except to the extent caused by the COUNTY's negligence or willful misconduct.

SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES

The COUNTY will provide a means of access for aircraft between the terminal complex and the taxiway and runway system of the Airport, apron, airplane gate positions, and aircraft loading bridges in the area immediately adjacent to the passenger terminal building. No special possessory, exclusive, or vested right whatsoever, save and except the use in common with other airlines and other aircraft owners, shall vest in the AIRLINE by reason of the proximity of such facilities to the AIRLINE's gate loading positions.

The AIRLINE shall maintain, at its sole expense, apron, aircraft gate positions, and aircraft loading bridges in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum products, or grease that may result from activities of its passengers, employees, agents, or suppliers. AIRLINE shall promptly remove all oil and grease spillage attributable to AIRLINE’s aircraft or equipment.

If the AIRLINE fails to perform its obligations in such regard, to perform such as maintenance, cleaning, or repair as the COUNTY reasonably deems necessary, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES

All assignment of gate positions (*i.e.*, aircraft loading bridges and aircraft hardstand positions) shall be made in accordance with rules, regulations, and directives provided in the Access Plan

and made at the complete discretion of the Airport Director, as he/she may determine is appropriate. The Airport Director, in making gate assignment (*i.e.*, loading bridge and hardstand) positions to the airlines, may take into account the needs and requirements of the airlines, as well as the requirements of other Airport users, for use of gate positions adjacent to the passenger terminal building, and other factors that the Airport Director determines are appropriate. Without liability, cost, or obligation to the COUNTY, gate assignment positions and aircraft loading bridge and hardstand positions may be changed from time to time as determined necessary by the Airport Director. The Airport Director may consider passenger activity, number of aircraft operations,

type of aircraft used, scheduling needs, and any other factors they may deem appropriate when assigning gate positions, loading bridges, and hardstand positions.

SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON

The COUNTY reserves the right to regulate, by the adoption of an ordinance, rules, or other means, adopted consistent with Section 5.03, the use of vehicles and automotive equipment upon, over, and across the apron and around the passenger terminal building. Vehicles and equipment used upon, over, and across the apron and around the passenger terminal building should be in good working order and free of leaks. In the event of an emergency not specifically provided for in said rules and regulations, the Airport Director shall have the power to take charge of the direction of such vehicle and automotive traffic in the area affected and regulate the same until the cause of such emergency has been removed. The existence of an emergency other than an aircraft emergency, shall be determined by the Airport Director.

SECTION 5.11 AIRCRAFT PARKING

The AIRLINE shall make arrangements with the Airport Director for each aircraft parking space that may be made available to the AIRLINE subject to Section 3.01 in this LEASE.

If, in the judgment of the Airport Director, it becomes necessary to move the AIRLINE's aircraft in order to ensure public safety, improve ramp area efficiency or otherwise, then the AIRLINE shall immediately move said aircraft to the location designated by the Airport Director.

Should any aircraft owned or operated by the AIRLINE, through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the landing and field facilities at the Airport, the AIRLINE shall:

A. Immediately remove said aircraft to such location as shall be designated by the Airport Director, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

B. In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal

agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by the Airport Director.

Should the AIRLINE fail to remove said aircraft, or should aircraft owned or operated by the AIRLINE be abandoned at the Airport, the COUNTY shall have the right to remove such aircraft by any means the Airport Director deems necessary under the circumstances, and the AIRLINE shall keep and hold the COUNTY harmless from any and all costs, loss, liability, damage or expense incurred by the COUNTY or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal as well as moving and storage costs therefor. The AIRLINE agrees that the designation of any aircraft parking positions anywhere on the Airport, if any, made for the AIRLINE's use is presently regulated by the Access Plan and that nothing in this Section obligates the COUNTY to provide, make available, or consent to any aircraft parking spaces for the AIRLINE's use. The AIRLINE agrees that it may not independently make arrangements for aircraft parking space at the Airport without express written consent of the Airport Director, which may be withheld in their sole discretion.

SECTION 5.12 PORTER SERVICES

The AIRLINE may provide directly or indirectly adequate porter (skycap) and/or assistance service for the convenience of its passengers in areas designated by the Airport Director. Porter services include baggage check-in services, wheelchair services, and ticket screening services. The AIRLINE shall provide the Airport Director a plan that enumerates the salient features of its porter services arrangements and a copy of its agreement if service is provided by other than the AIRLINE’s employees. All podiums utilized for porter service shall be approved in writing by the Airport Director. The size, shape, and color shall be coordinated with and must be identical to all other airlines' podiums. The AIRLINE's plan shall also provide the details of any podiums and their proposed locations necessary to provide porter services.

ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT

SECTION 6.01 COMMON USE EQUIPMENT

The COUNTY agrees to supply and maintain all equipment for the CUPPS/CUSS, which shall be situated in areas such as, but not limited to ticket counters, ticket lobbies, skycap, and gate podiums. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY’s service desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with CUPPS. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve

the efficiency of the Airport, including but not limited gate assignment, scheduling and implementation of any software updates.

SECTION 6.02 COMMON USE EQUIPMENT STOCK

The AIRLINE may be asked to supply its own ticket (kiosk) stock in the use of the CUPPS at Common Use Area positions from time to time as it pertains to Radio Frequency Identification (RFID) or specialty stock not provided by the COUNTY. In the event that multiple airlines share kiosk space, all airlines will be required to remove their own stock and allow the other airlines to use the COUNTY-supplied stock, as further outlined herein. When utilizing the COUNTY Common Use Area, the AIRLINE may use either its own stock or the COUNTY's common stock. If the AIRLINE elects to use its own stock, it shall be responsible for removing all stock from the COUNTY's equipment at the end of the usage period. AIRLINE stock shall be subject to approval by the COUNTY. In the event that the COUNTY deems the AIRLINE stock to be injurious to CUPPS, the AIRLINE will immediately cease usage of the offending stock upon such notice by the COUNTY.

SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK

The COUNTY will not supply RFID bag tag stock for use in as part of the Baggage Handling System unless RFID becomes standard common-use stock at all locations within the Airport. AIRLINE shall be required to meet the IATA / ATA standards for the twenty-one-inch (21") bag tag (or as the standard may be amended by IATA / ATA) prior to the start-up of operations at the Airport. In the event that RFID is deployed Airport-wide, the AIRLINE shall provide to the COUNTY the necessary Baggage Service Messages (BSMs) that will be required to facilitate the AIRLINE's baggage through the Baggage Handling System that utilizes RFID technology to track and route baggage to the appropriate baggage carrousel. The COUNTY makes no express warranty as to the operability of the technology and/or baggage handling system equipment, and the sole extent of liability of the COUNTY with respect to the technology and/or baggage handling system equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably possible to technical difficulties with the BHS equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with the RFID, BHS, and BSMs systems. The AIRLINE will not be allowed to use its own bag tag stock, unless specifically permitted to do so in writing by the COUNTY, which must at the time meet any and all standards that may be set forth by the COUNTY for such stock. The COUNTY reserves the right to sell and collect applicable advertising revenues that may be generated from the reverse side of any the COUNTY-supplied bag tag stock.

SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT

The AIRLINE will not install, deploy, or otherwise engage in the use of any proprietary self-service check-in kiosks and/or device, applications, and/or technologies on its Leased Premises, or any portion of the Airport with the expectation to screen any checked bags at the Airport without prior approval from the Airport Director. At the request of the Airport Director, the AIRLINE will work with the COUNTY and other related parties in the development of a Common Use Self Service (CUSS) compliant kiosk application, or other similar applications, and/or devices as may be required to have the AIRLINE operational on all CUSS kiosks at the Airport. The COUNTY reserves the right to establish the locations for implementation of such CUSS kiosks to meet the needs of its customers and the Air Transportation Companies, as well as the operational needs of the Airport. The COUNTY agrees to supply and maintain, with its personnel and at its expense, all common-use self-service kiosk equipment, which shall be situated at designated ticket counters, at various areas of the terminal lobby and customer service areas, and other such locations, and using such passenger processing models as determined by the Airport Director to be most beneficial to meet the operational needs of the Airport. The COUNTY will supply all of the boarding pass stock necessary for the use of the CUSS equipment. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the Common Use Equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE's vendor issues relating to the AIRLINE's applications that run in conjunction with the CUSS systems. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve the efficiency of the Airport.

SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT

The AIRLINE shall not install at any gate hold room, gate counter, skycap, ticket counter, or kiosk, any AIRLINE-owned or proprietary computer equipment, kiosks, phones, other electronic equipment, or similar equipment without the prior express written permission of Airport Director. The AIRLINE shall not make any modification to the COUNTY's Common Use Equipment, including but not limited to modifying the keyboards, adding adhesive or other markings, or otherwise modifying the equipment physically and/or electronically. Any such modifications and/or damage that is willfully or negligently caused by the AIRLINE shall be remedied by the AIRLINE, to the sole satisfaction of the COUNTY, at the sole cost of the AIRLINE. In the event that the damage is repaired by the COUNTY, the AIRLINE will reimburse the COUNTY for both the fully allocated cost of time and materials pertaining to the repairs plus fifteen percent (15%) administrative fees.

SECTION 6.06 NETWORK USAGE

The AIRLINE will not install any proprietary cabling and/or similar infrastructure at the Airport without prior written approval of the COUNTY. As such, AIRLINE shall make use of the COUNTY's data communications backbone at the Airport for its communications needs to connect separate operating locations within the Airport campus (i.e., ticketing, baggage service, operations, maintenance, etc.). The AIRLINE shall be fully integrated into the COUNTY's infrastructure backbone prior to startup of operations and thereafter shall be responsible for removing all proprietary cabling and/or other similar infrastructure back to point of origin, at the AIRLINE's sole cost. Where authorized, at the discretion of the Airport Director, any and all data communication cabling installed by the AIRLINE shall be in accordance with the Airport's Tenant Design and Construction Guidelines and, upon installation, shall become the property of the COUNTY. Such improvements shall not be subject to any reimbursement or useful life clauses under Section 8.01 of this LEASE. The COUNTY may impose reasonable fees to AIRLINE for the use of such network, including but not limited to, any fees for unusual and/or excessive or non-standard usage, as reasonably determined by Airport Director.

A. The AIRLINE will assign a representative(s), hereinafter "Authorized Network Representative," to work with the COUNTY to determine user access and network connectivity information. The AIRLINE shall be solely responsible for ensuring that Authorized Network Representatives are not security risks and, upon the COUNTY's request, provide the COUNTY with any information reasonably necessary for the COUNTY to evaluate any security event or incident relating to any Authorized Network Representative or use of the COUNTY's network.

B. The AIRLINE shall be solely responsible for the selection, implementation, and maintenance of security procedures and policies that are sufficient to ensure that (i) the AIRLINE's use of the COUNTY's network is secure and is used only for authorized purposes stated herein, and (ii) the AIRLINE's business information and data are protected against improper access, use, loss, disclosure, alteration, or destruction. The AIRLINE agrees that it will not abuse or misuse the Network Connection, any of the components thereof, or any of the capabilities provided thereby. Unless otherwise explicitly provided herein, in no event shall the AIRLINE use the Network Connection as its internet service provider.

(1) The AIRLINE shall notify the COUNTY's Information Systems as soon as possible upon the discovery of any security breach or potential security breach that may affect the AIRLINE or the COUNTY's confidential information or the security of the Network or any Network Connection.

(2) The AIRLINE shall ensure adequate security protection for the COUNTY from any third-party connections established on the AIRLINE's network. Adequate security protection means (i) protection to preserve confidentiality, integrity, and

availability of the Network and information of the COUNTY and (ii) protection from malicious codes and/or unauthorized intrusions.

(3) The AIRLINE and the COUNTY shall be responsible for maintaining the highest industry standards for security best practices on computing devices that could affect the availability and health of the Network connection, the Network, systems, applications, or data of the AIRLINE and the COUNTY, respectively, specifically including, but not limited to, use of up-to-date antivirus protection, anti-SPAM, and establishment and use of a timely security patch management process.

SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES

The AIRLINE acknowledges that the COUNTY provides wireless capabilities for the AIRLINE's operational use in accordance with applicable Federal Communications Commission (FCC) regulations, rulings, and/or guidelines. The AIRLINE agrees that it will not install, deploy, or otherwise engage in the use of any transmitting wireless device, applications, and/or technologies in its Exclusive Use Areas, any portion of the Airport, or within the airport system (regardless of any Exclusive Use, Preferential Use, Common Use, and/or Joint Use assignments) without having first obtained the express written permission of the Airport Director. Such wireless applications shall only be for the AIRLINE's operational use. Use by any others or for the benefit of any other parties is specifically prohibited. At the request of the Airport Director, the AIRLINE will cease operation of a particular device due to interference with another transmitting device that is deemed necessary for operational and/or life-safety purposes.

SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES

A. The AIRLINE will have use of the In-Line Baggage Handling Systems (BHS) in a location as designated by the Director to meet the operational needs of the Airport. The AIRLINE will be responsible to verify that it has certified CUTE, CUSS, and Baggage Service Messages (BSM) applications to operate the BHS and RFID, where applicable, prior to the start-up of service at the Airport. The AIRLINE will actively work with the COUNTY staff and the AIRLINE's system provider(s) to expedite all information systems and/or technologies work that may be required to ensure such applications are properly certified by the COUNTY and its system provider(s), if applicable. The COUNTY shall have the right to charge the AIRLINE for any expenses incurred by the COUNTY, including staffing to manage passenger lines and/or additional maintenance staff if the AIRLINE fails to adhere to BHS system procedures and/or properly staff the baggage make-up areas to meet the demand and such failure results in an operational impact to the Airport and/or the BHS equipment.

B. Following the COUNTY's BHS training, provided by the COUNTY to the AIRLINE, the AIRLINE will be solely responsible for the proper operations, training, and supervision of

its staff for its portion of the operational responsibilities of the BHS system. The AIRLINE shall ensure that it maintains staffing levels during all operational hours, including irregular operations, that are sufficient to retrieve baggage from the baggage make-up carrousels and/or piers in order to prevent the inefficient use of the in-line baggage handling system in a fully automated mode and to prevent the system from initiating a "die-back" situation, which may require the COUNTY to intercede manually and/or cause additional staffing by the COUNTY, its contractors, or TSA staff to initiate baggage screening mitigation procedures as a result of baggage stacking up on the make-up carrousels and/or piers. The AIRLINE shall not initiate any procedures or work rules that, as determined by the Director, will negatively impact the in-line BHS without the prior written approval of the COUNTY and without concurrence from TSA. The COUNTY reserves the right to recover any costs from the AIRLINE that may result from the AIRLINE's failure to comply with this Section of the LEASE.

C. The AIRLINE will designate a representative as a Ground Security Coordinator ("GSC") to handle issues that may arise from time to time with the BHS. The GSC will be the point of contact with the TSA and the COUNTY for all issues concerning checked passenger baggage and/or BHS performance. The GSC must be available during the AIRLINE's operational hours.

D. The AIRLINE acknowledges that all oversized checked baggage must be delivered to a designated oversized area for screening.

E. The AIRLINE acknowledges it may have a more stringent screening requirement for checked passenger baggage than that of TSA. As such, the AIRLINE will be responsible for providing these additional screening services and associated staffing to meet such requirements, including, but not limited to, X-Ray screening, and any additional training for additional services, and/or any additional services at no additional cost to the COUNTY. The AIRLINE must provide evidence of proper training for such additional measures to the Director upon request. The COUNTY may, at its sole discretion, provide and maintain the X-ray screening device.

F. The AIRLINE shall be responsible for ordering, pick-up and maintaining an appropriate level of any and all consumables related to the Common Use Equipment and/or BHS, including, but not limited to, RFID embedded bag tag stock, boarding pass stock, toner cartridges for laser printers, or other similar items, in accordance with policies and procedures established by the COUNTY in the event AIRLINE uses propriety consumables.

ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE

The AIRLINE agrees that it shall abide with all applicable Hazardous Substances laws, rules and

regulations, relating to Hazardous Substances including, but not limited to, 49 C.F.R. Parts 171 *et seq*. The AIRLINE shall not cause any Hazardous Substances to be brought upon, kept, used, stored, generated, treated, managed or disposed of in, on or about or transferred to or from the Airport, except to the extent that such Hazardous Substances are (i) necessary for or useful to the AIRLINE's business and (ii) used, kept and stored in a manner that complies with all applicable Environmental Laws, the Airport Rules and Regulations, and all other applicable laws.

The AIRLINE shall comply with all applicable Environmental Laws and shall not engage in any activity on or about the Airport that violates any applicable Environmental Law. In conducting its operations and maintenance on the Airport under this LEASE, the AIRLINE shall comply with such regulations regarding the storage, distribution, processing, handling and/or disposal, including the Stormwater discharge requirements, of Hazardous Substances including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

The AIRLINE shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental agency having jurisdiction or any applicable Environmental Law for clean-up and removal of any contamination involving any Hazardous Substances caused by the AIRLINE. In conducting a clean-up of a Hazardous Substance release under this LEASE, the AIRLINE shall comply with applicable Environmental Laws. Hazardous waste generated by the AIRLINE or its contractors shall be disposed properly and under the AIRLINE's EPA ID number.

The AIRLINE shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Stormwater drainage system unless authorized by applicable Environmental Law and the Airport's Stormwater Discharge Permit. The AIRLINE shall not allow or cause the entry of any Unauthorized Non Stormwater Discharge that is under its control into the Stormwater drainage system of the Airport or into the Stormwater drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the COUNTY for that purpose, and the AIRLINE complies with recommendations made by the state and/or federal Environmental Protection Agency and the Airport's Stormwater Discharge Permit requirements. The AIRLINE shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by any applicable Environmental Law.

The AIRLINE shall provide all notices required pursuant to the SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986, CAL. HEALTH & SAF. CODE § 25249 *et seq*. The AIRLINE shall provide prompt written notice to the COUNTY within three (3) days of receipt of all written notices of violation of any applicable Environmental Law received by the AIRLINE.

SECTION 7.02 SPILL RESPONSE PLAN

Airlines and fueling companies are required to provide (separately or collectively) a Local Spill Response Action Plan to address specific spill response management. Airlines are encouraged to

coordinate response efforts between the airlines and fueling contractors. At a minimum, the plan should address the following:

a) Response team organization, members, and responsibilities;
b) Spill response procedures (including notifications);
c) Personnel training;
d) Personal protective equipment; and
e) Spill kit inventory and management

The AIRLINE shall immediately notify the Airport Director and the AOC of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings. The AIRLINE is responsible to mitigate such spills and perform any remediation necessary to satisfy the applicable federal, state, or local oversight agencies. If the COUNTY personnel, equipment, or third party services are needed to support mitigation, the COUNTY will be reimbursed by the AIRLINE for labor, equipment, and third party costs for all services provided. In addition to reimbursing the COUNTY for the costs of all services provided by third parties to mitigate such spills, the AIRLINE shall pay to County administrative costs in the amount of one thousand dollars ($1,000) per incident. Said costs shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the COUNTY.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE’s operation under this LEASE, including, but not limited to, the payment of any fines or penalties arising from any breach of security, fire, emergency, accident, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, Non-Stormwater Discharge, or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE’s operation under this LEASE.

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION

Federal regulations for Stormwater discharges were issued by the U.S. Environmental Protection Agency (U.S. EPA) (40 CFR Parts 122, 123, and 124). The U.S. EPA, through the NPDES permitting program, regulates discharges of potentially contaminated wastewater and Stormwater into waters of the United States. California has been delegated NPDES general permitting authority by the U.S. EPA. California's State Water Board has issued NPDES permits to regulate municipal, industrial, and construction Stormwater discharges under the NPDES permitting program.

Section 402(p) of the Clean Water Act (CWA) requires NPDES permits for Stormwater discharges from municipal separate storm sewer systems (MS4s). The County of Orange is the principal permittee for Orange County's MS4 Permit Order No. R8-2009-0030 (or currently effective permit) No. CAS 618030 (MS4 Permit). As a facility owned and operated by the County of Orange, the Airport implements requirements in the MS4 permit and is responsible for discharges into the system. One of the MS4 Permit requirements is to establish the legal authority to control discharges. The County's Water Quality Ordinance (OCCO Title 4, Division 13, Sections 4-13-10 et. seq.) regulates non-stormwater discharges into the MS4 to reduce the discharge of pollutants into the waters of the State. The CWA and the resulting MS4 permit require the County to take steps to reduce pollutants leaving its systems to the maximum extent practicable. The MS4 permit requires the County to develop and implement a Local Implementation Plan (LIP) describing the programs and procedures required by the MS4 permit. The Airport will enforce these Stormwater requirements on municipal areas of the Airport

AIRLINE shall not have prohibited discharge to the MS4 system or on-site storm drains. Some non-stormwater discharges (i.e., fire sprinkler tests) require additional permits with the Regional Water Quality Control Board (RWQCB). AIRLINE is responsible for obtaining and implementing monitoring requirements associated with any non-stormwater discharge permits. AIRLINE shall notify COUNTY prior to any non-stormwater discharge.

In the furtherance of these regulations and Section 402 of the Clean Water Act (CWA), the State of California has adopted a General Permit for discharges of Stormwater associated with industrial activities: “State Water Resources Control Board (State Water Board) Water Quality Order No. 2014-0057-DWQ, NPDES General Permit No. CAS 000001 (Industrial General Permit or IGP).” JWA has applied for and received coverage to discharge Stormwater and authorized non-stormwater discharges pursuant to the general permit for industrial activities and is subject to the permit’s requirements, conditions, and penalties. The permit requires the development and implementation of an effective Industrial Stormwater Pollution Prevention Plan (SWPPP) and Monitoring Implementation Plan (MIP). This plan is developed by COUNTY and covers AIRLINE. The airside portion of JWA where industrial activities take place is covered by the IGP. Industrial activities include maintenance, fueling, equipment cleaning, storage areas, and material handling activities. AIRLINE shall comply with applicable Stormwater discharge requirements and Best Management Practices for industrial facilities described in the SWPPP. COUNTY will provide the required annual training for AIRLINE as part of the SWPPP training requirements. AIRLINE shall have all personnel working within the airside portion of John Wayne Airport to attend annual training or AIRLINE shall provide annual training to personnel using JWA-approved training materials.

SECTION 7.04 ENVIRONMENTAL STEWARDSHIP

AIRLINE shall support the COUNTY’s Environmental Compliance and Stewardship program through participation in various efforts or implementation of Airport plans. COUNTY shall

provide AIRLINE advance notice of any proposed changes to the following plans that may affect AIRLINE operations:

A. Air Quality Improvement Plan (AQIP) and Memorandum of Understanding (MOU) with the South Coast Air Quality Management District
B. Climate Action Plan.
C. Waste Management Plan.
D. Stormwater Pollution Prevention Plan.
E. Green Concessions Program.

AIRLINE shall implement and support the following environmental policies and provide reports and documents as required:

A. Adopt and adhere to the following GSE requirement: GSE associated with commercial operations shall achieve fleet average oxides of nitrogen (NOx) emission factor of 1.7 grams per brake horsepower per hour (g/bhp-hr)upon lease initiation through 2030 and 0.9 g/bhp-hr by January 1, 2031, respectively, as calculated in accordance with the Airport's AQIP and MOU with SCAQMD. Within 30 days of lease execution the AIRLINE shall develop and provide to JWA a GSE improvement plan to demonstrate how the GSE requirement will be met. Annually AIRLINE shall provide GSE data as required by the MOU by March 30.
B. AIRLINE has been provided a copy of the COUNTY's Environmentally Preferable Purchasing Policy (2022) and shall consider developing a similar policy that addresses the AIRLINE's procurement of goods and services as applicable.
C. AIRLINE shall affirm its commitment to Environmental Sustainability at the Airport. The Policy commitment shall be submitted to the JWA within 30 days of LEASE execution.
D. Upon request, AIRLINE shall provide reports necessary for environmental compliance, regulatory requirements and Airport mitigation measure obligations including but not limited to GSE data, fuel usage, spills, and business emergency plans.

Conservation: All AIRLINE facilities and improvements shall meet the Airport's Tenant Design and Construction Guidelines, as may be amended from time to time. All improvements shall meet the California Green Building Code (Title 24) CALGreen Tier 1. In particular, the AIRLINE shall implement the following conservation measures and policies as applicable:

A. Use equipment and appliances that are ENERGY STAR rated or equivalent and EPA Water Sense or equivalent, as applicable, when replacing existing equipment and appliances.
B. Use high-efficiency light fixtures and bulbs (including compact fluorescents) when replacing or installing new fixtures and bulbs.
C. Install sensors in office areas to turn off lights when unoccupied when these areas are being renovated or updated.
D. Install energy-efficient heating and cooling equipment when replacing or upgrading.
E. Use energy-efficient computers and servers when replacing this equipment.
F. Select equipment with variable-speed motors and fan drives when possible.

G. Use paperless receipt technology when possible.

Waste Minimization and Diversion: AIRLINE is expected to meet all recycling and organics (food waste) reduction requirements to facilitate JWA's solid waste reduction program per the requirements of California Public Resources Code Section 42648. To the fullest extent possible, AIRLINE shall cooperate with COUNTY to reduce and divert waste from landfills. AIRLINE shall participate in COUNTY's waste diversion program, which may include waste reduction practices, including recycling, compostable containers (no Styrofoam), composting of food waste, and reuse/recycling of fats, oils, and grease.

SECTION 7.05 RESERVED

SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION

To the fullest extent authorized by law, the AIRLINE shall indemnify, defend, and hold the COUNTY, its officers, and employees harmless from and against any and all applicable Environmental Law claims, judgments, damages, penalties, fines, costs, liabilities, losses, orders, and lawsuits arising out of any actions or inaction by the AIRLINE, the AIRLINE's operations at the Airport or any action arising from and which involve the AIRLINE's officers, agents, subcontractors, and employees, including the cost of defense arising therefrom, including but not limited to the following:

(1) The AIRLINE'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 the AIRLINE's release of Hazardous Substances on the Airport since the time the AIRLINE first occupied the Airport.

(2) The AIRLINE's release of Hazardous Substances upon or within the Airport.

(3) The AIRLINE's violation of any applicable Environmental Law, except that the AIRLINE's obligations under this paragraph shall not extend to known and pre-existing conditions that are, as of the date of this LEASE, the subject of investigation and remediation by the COUNTY or others, or remediation conditions that arise from operations of third parties that are not affiliated with the AIRLINE that take place off of the Airport. For purposes of this provision, a party shall be deemed to be affiliated with the AIRLINE if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of the AIRLINE or if it is controlled by or under common control with the AIRLINE.

(4) The AIRLINE's causing or allowing any discharge into the Airport Drainage System that is prohibited by Section 7.01 of this LEASE.

This indemnification includes, without limitation, reasonable attorney's fees/costs and other costs incurred by the COUNTY in connection with any investigation of site conditions or any cleanup,

remedial, removal or restoration work required by any federal, state or local governmental entity because of any Hazardous Substances being present in the soil or groundwater under the Airport. However, the AIRLINE'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 the COUNTY or its agents, servants or independent contractors who are directly responsible to the COUNTY.

In the event the indemnitees described hereinabove are named as defendants or respondents in any lawsuit or administrative proceeding, the AIRLINE shall, at the request of the COUNTY, represent the indemnitee with qualified counsel approved in writing by the COUNTY.

In the event that a monetary judgment is awarded against the COUNTY and the AIRLINE because of the concurrent negligence of the COUNTY and the AIRLINE or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Both the COUNTY and the AIRLINE agree that neither party shall request a jury apportionment. Nothing stated in this LEASE and in this indemnity obligation shall be construed as authorizing any award of attorney's fees/costs in any action to enforce the terms of this LEASE.

The rights and obligations set forth in this indemnification shall survive the termination of this LEASE.

SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS

In the event that any of the terms of the environmental requirements codified in this Article conflict with any other terms of this LEASE, the environmental requirements contained in this Article shall apply.

SECTION 7.08 ANTI-IDLING POLICY

Within six months of LEASE execution, AIRLINE must develop, implement, and submit to the Airport Director or designee for approval a fleet-wide anti-idling policy. At a minimum, the anti-idling policy shall include the requirement that vehicle engines shall be turned off when vehicles are not occupied and that occupied vehicles be turned off after no more than a five-minute idling period. AIRLINE’s policy shall also include all sublicensee and third-party vehicles that enter Airport property at the direction of the AIRLINE.

ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS

SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY

The COUNTY may alter, repair, maintain, remodel, expand, remove, or improve any of the facilities at the Airport or any of its appurtenances.

In addition, the COUNTY may reassign or relocate the AIRLINE's Exclusive Use Area. The COUNTY shall provide the AIRLINE advance notice of such action and shall make every reasonable effort to provide the AIRLINE alternative space that is reasonably comparable to the AIRLINE's operations at the same rates and charges that the AIRLINE would have paid for the space being surrendered. In the event no alternative space is available, the AIRLINE shall surrender its space promptly to the COUNTY, provided that the AIRLINE shall be reimbursed for the reasonable cost of any such reassignment, reallocation, or relocation and the cost of the AIRLINE's unamortized investment, if any, as documented by the AIRLINE to the satisfaction of the COUNTY and mutually agreed to by the Airport Director and AIRLINE. All of such costs, as well as the COUNTY's cost of providing the alternative space aforementioned, shall be included in the cost of the particular project requiring such reassignment, reallocation or relocation.

SECTION 8.02 IMPROVEMENTS BY THE AIRLINE

The AIRLINE shall not perform any construction upon the Leased Premises, nor shall the AIRLINE modify, alter, or remove any permanent improvements lying within the Leased Premises without prior written approval of the COUNTY. Any construction, modifications, alterations, or removal of any permanent improvements by the AIRLINE shall be at the AIRLINE's expense.

A. **Consent Required From the COUNTY**. No structures, improvements, or facilities shall be constructed, erected, altered, removed, or made within the Leased Premises without prior written consent of the COUNTY, which consent may be withheld or conditioned in the COUNTY's discretion. Minor repairs, replacement, and maintenance proposed for the Leased Premises, the cost of which does not exceed one hundred seventy-five thousand dollars ($175,000) annually, shall be approved by the Airport Director. All other structures, improvements, facilities, repairs, replacement, removal, and maintenance items shall be approved by the Board of Supervisors.

B. **Compliance with Plans and Construction Standards**. All improvements constructed by the AIRLINE within the Leased Premises shall be constructed in strict compliance with detailed plans and specifications approved by the Airport Director. All construction shall be conducted in a good and workmanlike manner and shall conform to applicable building codes, rules, regulations, and the Airport's architectural standards as contained in reference document "John Wayne Airport, Architect and Engineer Guide," which can be provided by Airport upon request. All work shall be done in conformity with Airport-approved plans, valid building, and other necessary permits and shall be acceptable to the COUNTY and the appropriate governmental entity inspecting such work. The AIRLINE shall be responsible for filing Form 7460 for any construction and/or height of construction equipment with the FAA if required.

All improvements constructed by the AIRLINE, including the plans and specifications therefor, shall conform in all respects to the applicable statutes, ordinances, building codes, rules, and regulations of the COUNTY and such other governmental authority as may have jurisdiction. The Airport Director's approval shall not constitute a representation or

warranty as to such conformity, which shall remain the AIRLINE's responsibility. The AIRLINE, at its own cost and expense, shall procure all permits necessary for such construction.

C. **Insurance Requirements**. The AIRLINE shall obtain aviation commercial general liability insurance during construction. If the construction is done by an independent contractor, insurance shall be procured by the contractor in the name of the AIRLINE and the COUNTY. All insurance shall be within the limits and coverages acceptable to the COUNTY's Risk Management Services.

D. **Noninterference**. The AIRLINE warrants that it or its contractor shall in no way delay, cause delays to or interfere with any Airport operations or other contractors working in the terminal or on the Airport, except with the prior written approval of the Airport Director, as set out herein. The AIRLINE agrees to hold the COUNTY harmless from the cost of any time lost by the COUNTY or any damages to the COUNTY due to the actions or failure to act of the AIRLINE or its contractor.

E. **Trailers and Modular Structures**. All improvements constructed by the AIRLINE shall be of a permanent nature. Trailers and modular buildings are prohibited on the Leased Premises. This provision shall not apply to the use of the COUNTY-approved temporary modular buildings or trailers during construction. Upon completion of construction, all trailers or modulars must be immediately removed from the Leased Premises.

F. **The AIRLINE's Cost and Expense**. All renovation or construction by the AIRLINE pursuant to this Section shall be at the AIRLINE's sole cost and expense. The AIRLINE shall keep its existing or future Exclusive Use Area, and the improvements constructed thereon free and clear of all liens and, shall pay all costs for labor and material arising out of such construction, and shall hold the COUNTY harmless from any liability in respect thereto. The AIRLINE shall have the right to contest any and all liens filed against its existing or future Exclusive Use Area. The AIRLINE further agrees that the COUNTY shall have the right to post notices of non-responsibility as provided by Sections 3094 and 3129 of the California Civil Code.

G. **Ownership of Improvements**. All improvements and facilities, exclusive of trade fixtures, constructed or placed within the Leased Premises by the AIRLINE must, upon completion, be free and clear of all liens, claims, or liability for labor or material and at the COUNTY's option shall become the property of the COUNTY at the expiration of this LEASE or upon earlier termination hereof. The COUNTY retains the right to require the AIRLINE, at the AIRLINE's cost, to remove any or all improvements located within the Leased Premises at the expiration or termination hereof.

SECTION 8.03 AIRLINE REIMBURSEMENT

In the event the COUNTY should require the Leased Premises, or any portion thereof, for any Airport purpose and removes any portion of the AIRLINE's Leased Premises from this LEASE or terminates the LEASE for convenience pursuant to Section 2.03, the COUNTY shall reimburse the AIRLINE for improvements completed during the term of this LEASE.

Compensation for improvements located on the Leased Premises shall be calculated by means of the following formula:

$$\text{COMPENSATION} = A \times \frac{B}{C}$$

A = The AIRLINE's actual leasehold improvement construction costs submitted in accordance with Section 8.07 in this LEASE.

B = Number of full months remaining in the term of the LEASE.

C = Number of full months between the date the AIRLINE completed construction of leasehold improvements and the date the LEASE would expire by its terms if the COUNTY did not exercise its right to early termination.

The AIRLINE shall submit to the COUNTY within sixty (60) days of completion of construction of any leasehold improvement notifications of completion of construction and submit detailed supporting documentation of construction costs together with "As-Built Documents" and “Record Documents” as required by Section 8.07 of this LEASE. The AIRLINE acknowledges and agrees if the AIRLINE fails to submit notifications and supporting documentation for any such leasehold improvements in a timely manner, the AIRLINE waives its right to compensation for such improvements.

SECTION 8.04 EXCLUSIVE REMEDY

The compensation provided pursuant to Section 8.03 in this LEASE shall be the AIRLINE's sole and exclusive remedy and form of compensation, costs or damages, including but not limited to, the eminent domain law and inverse condemnation (CAL. CODE CIV. PROC. §§1230.010 *et seq.*), and Relocation Assistance benefits (CAL. GOV. CODE §§7260 *et seq.*), due to termination, re-entry or acquisition of the leasehold by the COUNTY.

The AIRLINE agrees that exercise by the COUNTY of its termination rights hereunder shall not be construed as a taking by the COUNTY of any part of the Leased Premises, nor of the AIRLINE's rights under this LEASE, nor shall the AIRLINE, except as provided herein, be entitled to payment for any loss of goodwill, income, moving expenses or other amount because of partial or full termination of this LEASE.

SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION

Prior to commencement of construction of approved facilities, the AIRLINE shall furnish to the COUNTY evidence that assures the COUNTY that sufficient monies will be available to the AIRLINE and the COUNTY to complete the proposed construction. The amount of money available shall be at least the total estimated construction cost. Such evidence may take one of the following forms:

A. Completion Bond issued to the COUNTY as obligee.

B. Irrevocable Letter of Credit issued to the COUNTY that will remain in effect until the COUNTY acknowledges satisfactory completion of construction.

C. Any combination of the above.

All bonds and letters of credit must be issued by a surety company, financial institution or advising bank qualified and admitted to conduct business in the State of California and issued in an approved form approved by the COUNTY. All bonds and letters of credit shall ensure faithful and full observance and performance by the AIRLINE of all terms, conditions, covenants, and agreements relating to the construction of improvements within the Leased Premises.

It is not the intent of the contracting Parties herein to create a third-party beneficiary, and nothing in this Section shall be construed to do so.

SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES

The AIRLINE shall at all times indemnify and hold the COUNTY harmless from all Mechanics Liens, Stop-Notices, claims, losses, demands, damages, costs, expenses or liability costs for labor or materials in connection with construction, repair, alteration, or installation of structures, improvements, equipment, or facilities within the Leased Premises undertaken by the AIRLINE, and from the cost of defending against such claims, including attorneys' fees and costs.

In the event a mechanics lien or stop-notice is imposed upon the Leased Premises, the AIRLINE shall either:

A. Record a valid Release of Lien; or

B. Procure and record a bond in accordance with Section 8424 of the California Civil Code, which frees the Leased Premises from the claim of the lien or stop notice and from any action brought to foreclose the lien.

Should the AIRLINE fail to accomplish either of the two (2) optional actions above within fifteen (15) days after the filing of such a lien or stop notice, the LEASE shall be in default and shall be subject to immediate termination.

SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS

Within sixty (60) days following completion of any improvement within the Leased Premises, the AIRLINE shall furnish the Airport Director a complete package of "As-Built Documents" and "Record Documents," which include but are not limited to construction documents, specifications, cost estimates, engineering studies, and calculations. The aforementioned information shall be submitted on two (2) thumb drives containing digital copies of the "As-Built Documents" and "Record Documents," organized in a detailed, logical, and comprehensible folder structure, which is in a form that is usable and accepted by the COUNTY, to the COUNTY's satisfaction, as described below, unless otherwise allowed by the Airport Director.

A. Drawings and Models:

1. All 2-D and 3-D architectural, engineering, design, and/or construction drawing and/or modeling files for the project shall be completed using AutoCAD 2019 and REVIT 2019 or a newer version of either software if approved by John Wayne Airport.
2. All geographic data, spatial analysis, geographic information system (GIS) mappings, drawings, exhibits, and/or figures for the project shall be completed using Environmental Systems Research Institute (ESRI) ArcGIS.
3. All 2-D and 3-D drawing and/or modeling files created via computer-aided design and drafting (CADD), building information modeling (BIM), and/or GIS for the project shall conform to the John Wayne Airport CADD/BIM/GIS standards and specifications.
4. In addition to the 2-D and 3-D drawing and/or modeling files indicated above, a PDF format (scaled to ARCH E1 format where applicable) of those drawings, exhibits, figures, etc. shall be generated and submitted digitally.

B. Documents and Reports:

1. All specifications, reports, and/or studies (e.g., geotechnical report, etc.), calculations, and other project information (e.g., construction submittals, operations, and maintenance (O&M) manuals, warranties, etc.) for the project shall be completed using MS Office suite applications and also generated and submitted digitally in a PDF format.

Note: "Record Documents," e.g., record drawings, specifications, calculations, etc., shall be prepared, stamped, and signed by the Architect and/or Engineer of Record for the project and shall reflect all updates and/or modifications that were approved during design and construction, i.e., separate from the as-built documents, which include contractor redlines, contract changes, etc. Refer to the "John Wayne Airport Construction Standards" for additional information.

In addition, two (2) sets of hard prints of the stamped and signed record drawings for the project, as described above, must be furnished by the AIRLINE with the thumb drives containing the "As-Built Documents" and "Record Documents." Basic specifications, standards, and requirements for BIM, CAD, and/or GIS produced information at the Airport can be located on the www.ocair.com website or provided by the Airport upon request.

Furthermore, the AIRLINE shall furnish the Airport Director with an itemized statement of the actual, direct construction costs of such improvement. The construction costs may include actual, direct fees paid to contractors, architects, engineers, surveyors, laborers, and suppliers, or permit fees required by governmental agencies to allow construction. Construction costs shall not include indirect costs such as financing costs, holding costs, legal fees, interest, administrative and overhead expenses, bond premiums, or developer fees. The statement of cost shall be sworn to and signed by the AIRLINE or its responsible agent under penalty of perjury. The AIRLINE must obtain the Airport Director's approval of acceptance of the "As-Built Documents" and "Record Documents" and the form and content of the itemized statement.

SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS

The AIRLINE shall be responsible for any damage caused by the AIRLINE, or the AIRLINE's aircraft, equipment, employees, agents, visitors, or suppliers, to common use areas of the Terminal or Airport facilities, including but not limited to runways, taxiways, access roads, navigational aids, apron areas and loading bridges. Should such damage require immediate repairs or replacement, and the AIRLINE is unable to respond immediately to complete said repairs or replacement, the Airport Director may cause to be made or make any necessary repairs or replacements, and the cost thereof shall be paid by the AIRLINE. Said cost shall include all labor, materials, equipment costs, and an administrative fee equal to fifteen percent (15%) of the sum of those items. Said cost shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the Airport Director.

In the event of damage to or destruction of the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises or in the event the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises are declared unsafe or unfit for use or occupancy by the COUNTY or any other public entity with jurisdiction to make and enforce such a declaration, the AIRLINE shall, within thirty (30) days, commence and diligently pursue completion of the repair, replacement or reconstruction of improvements to the same size and floor area as they existed immediately prior to the event causing the damage or destruction, as necessary to permit full use and occupancy of the Leased Premises for the purposes required by the LEASE. Repair, replacement, or reconstruction or improvements within the Leased Premises shall be accomplished in a manner and according to plans approved by the Airport Director. Except as otherwise provided herein, termination of this LEASE shall not reduce or nullify the AIRLINE's obligation under this paragraph. With respect to damage or destruction to be repaired by the COUNTY or which the COUNTY elects to repair, the AIRLINE waives and releases its rights under California Civil Code Sections 1932(2) and 1933(4).

SECTION 8.09 HEALTH AND SAFETY

The AIRLINE shall comply with all applicable California Occupational Safety & Health Administration (Cal/OSHA) requirements and all federal, state, or local safety orders. The AIRLINE shall post on the Lease Premises and at all construction sites a copy of "Construction Safety Orders" and "General Industry Safety Orders" issued by the California State Division of Industrial Safety.

The AIRLINE shall, within thirty (30) days after the execution of this LEASE, submit to the COUNTY a comprehensive Safety Plan outlining the code of safe work practices and procedures. The plan must include emergency response procedures, notification procedures, and personnel training procedures. The AIRLINE shall convene safety meetings at regularly scheduled times as described in its Safety Plan and as required by Cal/OSHA. The AIRLINE and/or AIRLINE's contractor shall submit, prior to the start of any tenant improvements, the AIRLINE or AIRLINE's contractor required Cal/OSHA Safety Plan for approval by the Airport.

The AIRLINE shall submit to the COUNTY an annual report detailing the status of all permits required and issued to the AIRLINE by CAL OSHA or any other federal, state, or local government agency. Said report shall be due on or before January 31 of each calendar year.

ARTICLE IX - ACCOMMODATION

SECTION 9.01 JOINT USE REQUIREMENT

The AIRLINE and/or other airlines may be provided the opportunity by the COUNTY to initiate or expand service at the Airport and may have a need or requirement for certain types of Airport space and facilities. Such initiation or expansion of service may be reasonably implemented by the Airport Director based upon provisions of the Access Plan.

The AIRLINE agrees to make every reasonable effort to offer to any airline initiating service at the Airport the opportunity to share use of its Exclusive Use Area. In determining whether the use of another incoming airline initiating service at the Airport is reasonable and possible, the AIRLINE will have the right to consider the compatibility of the proposed operations of those with whom the AIRLINE has subleases or handling arrangements, the AIRLINE's existing and future flight schedules, the need for labor cooperation, the adverse competitive impacts resulting from the presence of the other aircraft operator on the AIRLINE's Exclusive Use Area and the availability of other such space at the Airport. Should the AIRLINE deny another airline initiating service at the Airport the opportunity to use the AIRLINE's Exclusive Use Area, the COUNTY may review the AIRLINE's space usage, and should it reasonably determine, considering all the factors noted herein (including the AIRLINE's reasons for such refusal), that the AIRLINE unreasonably refused usage by such other airline, it may require the AIRLINE to permit the other airline to use the AIRLINE's Exclusive Use Area, subject to the initiating airline executing an agreement with the AIRLINE acceptable to the COUNTY that complies with the material terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE shall, by separate agreement with such certificated and/or commuter airline as the COUNTY may designate, or by other arrangement as provided by the Airport Director, provide space and/or services within Leased Premises to accommodate said airlines' operation. Any said agreement for joint use shall be subject to the Airport Director's approval and subject to the terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE agrees that in the event it subleases its Leased Premises to another airline, any sublease rental rate shall be calculated on a per-square-foot basis.

Sublease per square foot rental rates for sublet space shall reflect a reasonable pro-rata allocation of the AIRLINE's actual and direct costs related to said space and shall be based upon the following factors:

A. The square foot per annum rental rate currently paid by the AIRLINE to the COUNTY for space to be sublet; and

B. A reasonable square foot charge to compensate the AIRLINE for the pro-rata costs per square foot applicable to the AIRLINE improvement costs, maintenance costs, and a reasonable administrative fee.

The annual sublease rental rate shall not exceed two (2) times the square foot per annum rental rate currently paid by the AIRLINE to the COUNTY unless the AIRLINE can demonstrate to the satisfaction of the Airport Director that its costs for the subleased premises, exclusive of the administrative fee, justify a higher rate.

ARTICLE X - ASSIGNMENT AND SUBLEASE

SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING

The provisions of this Section are subject and subordinate to the limitations of Section 5.04 of this LEASE.

A. **Transfers**. The AIRLINE shall not transfer, assign, sublet, or hypothecate (hereinafter referred to as "Transfer") any interest of the AIRLINE in the Leased Premises without the prior written approval of the COUNTY. The AIRLINE shall give the COUNTY thirty (30) days' prior written notice of all proposed Transfers. The AIRLINE shall not make any such Transfers for a period longer than the remaining term of the LEASE.

If the COUNTY approves such Transfers, such approval does not constitute a waiver of any of the terms of the LEASE. All Transfer documents shall be consistent with the terms, covenants, and conditions of the LEASE, and in the event of any inconsistency, the provisions of this LEASE shall govern.

If the AIRLINE is a corporation, an unincorporated association, or a partnership, Transfers include the acquisition by any person other than the AIRLINE of any stock or interest in said corporation, unincorporated association, or partnership in the aggregate amount of fifty-one percent (51%) or more.

The failure by the AIRLINE to obtain the prior written approval by the COUNTY of any Transfer of the LEASE or any interest in the Leased Premises shall constitute a material breach of this LEASE and shall not confer any leasehold rights upon the transferee. Such failure shall be grounds for termination of this LEASE for default pursuant to Section 11.02.

B. **Conditions of the COUNTY Approval**. The COUNTY agrees that it will not arbitrarily withhold consent to any Transfer, but the COUNTY may withhold consent at its sole discretion if any of the following conditions exist:

(1) The AIRLINE, its successors, or assigns are in default of any term, covenant, or condition of this LEASE, whether notice of default has or has not been given by the COUNTY.

(2) The prospective subtenant, assignee, or transferee has not agreed in writing to keep, perform, and be bound by all the terms, covenants, and conditions of this LEASE.

(3) The prospective subtenant, assignee, or transferee is not financially capable or experienced in performing the LEASE obligations, as determined by the Airport Director.

(4) Subtenant's use is in conflict with the terms of this LEASE.

(5) All the terms, covenants, and conditions of Transfer, including the consideration therefore, of any and every kind, have not been revealed in writing to the Airport Director.

(6) Any construction required of the AIRLINE as a condition of this LEASE has not been completed to the satisfaction of the COUNTY.

(7) The AIRLINE has not provided the Airport Director with a copy of all documents relating to the Transfer, including, but not limited to, appraisals, notes, trust deeds, title reports, escrow instructions, *etc*.

(8) The AIRLINE attempts to hypothecate the leasehold for an amount greater than the cost of new improvements to be constructed on the Leased Premises. Hypothecation of the leasehold shall not be permitted for any reason other than to obtain loan proceeds necessary to construct new improvements on the Leased Premises.

C. **Affiliate Transactions**. The COUNTY has adopted in the Access Plan policies and regulations regarding transactions and aircraft operations at the Airport involving affiliations of commercial airlines operating, or desiring to operate, at the Airport ("the affiliate policy"). The AIRLINE acknowledges that the COUNTY considers the affiliate policy to be an important and significant policy in support of the COUNTY's regulation of the Airport.

The AIRLINE acknowledges that there is a rational basis for this policy under the operational and historical circumstances affecting the Airport, that under such circumstances, this policy maintains appropriate equity between the rights and privileges of competing commercial operators using the Airport, and that the affiliate policy does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The AIRLINE agrees to comply fully and completely with the affiliate policy and all related regulations that appear in the Access Plan and/or this LEASE.

Any affiliate transaction described and defined in the Access Plan, and any affiliate transaction between the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, shall constitute a Transfer within the meaning of Paragraph A, above. In the event an affiliate transaction involving the AIRLINE is initiated, then not later than the time when the affiliate transaction is publicly announced:

(1) The AIRLINE shall notify the Airport Director of the fact of the initiation of the affiliate transaction.

(2) If the affiliate transaction is initiated by the AIRLINE, the AIRLINE shall promptly provide to the Airport Director copies of all agreements, or written offers or proposals, made with respect to the transaction and copies of all documents filed with federal authorities with respect to the transaction. If the affiliate transaction is initiated by some other person in respect of the AIRLINE, the AIRLINE shall promptly and continuously provide such documentation or other information regarding the transaction as may be available to the AIRLINE.

(3) In addition to all other obligations of the AIRLINE, if the affiliate transaction involves the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, the AIRLINE shall promptly arrange to negotiate with the Airport Director regarding the terms and conditions upon which the Director would recommend consent by the Board of Supervisors to a Transfer of this LEASE, or Transfer of the written agreement(s) between the other person or entity involved in the affiliate transaction and the COUNTY.

Notwithstanding any other provision of this LEASE, the LEASE may be terminated by the COUNTY on thirty (30) days' notice to the AIRLINE without further obligation of the COUNTY, and without any liability of the COUNTY to the AIRLINE whatsoever, if:

(4) The AIRLINE fails to comply with Paragraph C of this Section; or if

(5) The Airport Director fails to make a favorable recommendation to the Board of Supervisors regarding the Transfer within sixty (60) days after initiation and public announcement of the affiliate transaction, which contains terms and conditions agreed to by the AIRLINE and its affiliate(s); or if

(6) The Board of Supervisors fails to consent to the Transfer on terms and conditions which have been accepted by the AIRLINE within thirty (30) days after receipt of the recommendations of the Airport Director.

D. **Bankruptcy Transaction**. If the AIRLINE assumes this LEASE or proposes to assign the same pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, then notice of such proposed assignment shall be given to the COUNTY. The following information shall be provided to the COUNTY:

(1) The name and address of proposed assignee;

(2) All of the terms and conditions of such offer; and

(3) Adequate assurance to the COUNTY of the proposed assignee's future performance under the LEASE, including, without limitation, the assurance referred to in the U.S. BANKRUPTCY CODE, 11 U.S.C. §365(b)(3).

Any person or entity to which this LEASE is assigned pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, shall be deemed without further act or deed to have assumed all of the obligations arising under this LEASE on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to the COUNTY an instrument confirming such assumption.

E. **Non-Transferable Privileges.** Aircraft operations and ADDs authorized by Section 5.05 in this LEASE and the Access Plan are not property interests of the AIRLINE and are non-transferable in any form, and as such, are not subject to sale, assignment, hypothecation, and transfer by the AIRLINE under the terms of this Section. Any such attempted hypothecation, assignment, encumbrance, sale, or other such attempted transfer of operations, privileges, or ADDs is in violation of the public policy of the COUNTY and shall be void and shall constitute a breach and default of this LEASE.

SECTION 10.02 SUCCESSORS IN INTEREST

Unless otherwise provided in this LEASE, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all Parties hereto, all of whom shall be jointly and severally liable hereunder.

ARTICLE XI - TERMINATION AND DEFAULT

SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS

It is mutually agreed that this LEASE shall terminate and supersede any prior leases or agreements between the Parties hereto for the purpose of commercial air transportation and all related activities of the AIRLINE at the Airport.

SECTION 11.02 TERMINATION FOR DEFAULT

The COUNTY may terminate this LEASE and all of its obligations hereunder with prior written notice to the AIRLINE and may exercise all rights of entry for default and breach if the AIRLINE fails to perform any of its obligations under this LEASE, including, but not limited to:

A. Payment of rents, fees, charges and PFCs;

B. A general assignment for the benefit of creditors and any Transfer without the prior written approval by the COUNTY;

C. The issuance of any execution or attachment against the AIRLINE at the Airport that is undischarged within sixty (60) days of levy or seizure or if the Leased Premises are occupied by someone other than the AIRLINE;

D. The voluntary vacation or abandonment by the AIRLINE of the conduct of air transportation business at the Airport;

E. The violation by the AIRLINE of any of the terms of any insurance policy referred to in the LEASE;

F. If the AIRLINE is found by the FAA, TSA, or other government regulatory or successor agency to have violated specified safety standards in the conduct of the AIRLINE's business;

G. The violation or breach of any provision of the Access Plan;

H. The violation of any written directions of the Airport Director;

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I. The appointment of a receiver to take possession of all or substantially all, the assets of the AIRLINE located at the Leased Premises or of the AIRLINE's leasehold interest in the Leased Premises.

Where applicable, and unless otherwise stated in this LEASE, or by written notice, the AIRLINE shall have fifteen (15) calendar days to cure any default prior to termination of this LEASE, or such longer period as may be reasonably necessary to cure such default considering the nature thereof, at the Airport Director's discretion.

SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION

Except as otherwise agreed to herein, upon termination of this LEASE, the AIRLINE shall redeliver possession of said Leased Premises to the COUNTY in substantially the same condition that existed immediately prior to the AIRLINE's entry thereon, reasonable wear and tear, flood, earthquakes, war and any act of war, excepted. References to the termination of the LEASE in this LEASE shall include termination by reason of expiration.

SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY

If the AIRLINE abandons or quits the Leased Premises or is dispossessed thereof by process of law or otherwise, title to any personal property belonging to the AIRLINE and left on the Leased Premises fifteen (15) days after such event shall be deemed to have been transferred to the COUNTY. The COUNTY shall have the right to remove and to dispose of such property without liability therefor to the AIRLINE or to any person claiming under the AIRLINE and shall have no need to account therefor. Personal property left on the Leased Premises after termination, expiration, or abandonment of the LEASE shall not be construed as giving the AIRLINE possession of the Leased Premises during the fifteen (15) days after termination, expiration, or abandonment of the LEASE.

SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER

The AIRLINE agrees to yield and peaceably deliver possession of the Leased Premises to the COUNTY on the date of termination of this LEASE, whatsoever the reason for such termination.

Upon giving written notice of termination to the AIRLINE, the COUNTY shall have the right to re-enter and take possession of the Leased Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the LEASE and re-entry of the Leased Premises by the COUNTY shall in no way alter or diminish any obligation of the AIRLINE under the LEASE terms and shall not constitute an acceptance or surrender.

The AIRLINE waives any and all rights of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Leased Premises for any lawful reason or in the event the COUNTY re-enters and takes possession of the Leased Premises in a lawful manner.

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

ARTICLE XII - SECURITY

SECTION 12.01 AIRPORT SECURITY

The AIRLINE shall comply with all current and applicable Airport, FAA, TSA, CBP, security-related rules, regulations, plans, and procedures. The AIRLINE is responsible for fines imposed by any regulatory agency as a result of the AIRLINE's failure to comply with applicable rules, regulations, orders, plans, and procedures regarding airport security.

The AIRLINE employees, subtenants/contractors shall be required to obtain airport security clearance in order to perform work under this LEASE. The AIRLINE must maintain a current, updated list of Authorized Signatories responsible for the Airport-Issued Identification Credential ("Airport ID/Security Credential") process, a list of current Airport ID/Security Credentialed AIRLINE employees and subtenants/contractors, and respond to scheduled and unscheduled audits at the request of the Airport. The AIRLINE employees and subtenants/contractors applying for an Airport ID/Security Credential must successfully complete a Criminal History Records Check ("CHRC") and a Security Threat Assessment ("STA") in accordance with current regulations. The AIRLINE employees and subtenants/contractors must also attend and successfully pass all related Security Identification Display Area ("SIDA") classes and tests for access to secure areas and a driver's permit with an appropriate and valid California Driver's License to drive on the airfield. The AIRLINE must attend all mandatory security-related exercises, and monthly security consortium meetings hosted by the Airport.

A. **Local Security**. The AIRLINE shall be responsible for the security of gates or doors that are located on the Leased Premises. Said gates and/or doors on the Leased Premises permitting entry to the restricted areas of the Airport shall be locked when not in use and/or under the AIRLINE's constant surveillance. The AIRLINE shall install such security equipment, including, but not limited to, video monitoring equipment, as may be required by the Airport Director to ensure compliance with all regulations of the FAA, TSA, or other governmental agencies having jurisdiction over Airport security. The AIRLINE shall exercise control over any person or vehicle escorted by the AIRLINE onto restricted or secure areas of the Airport, or to whom an Airport ID/Security Credential was issued by or at the request of the AIRLINE and ensure that such person or vehicle shall comply with all Airport security regulations.

B. **Federal Security**. As of the date of this LEASE, the TSA provides for all passenger and baggage screening conducted at the Airport. The AIRLINE may be required to provide assistance to TSA in its efforts to carry out its federal mandates. At some point during the term of this LEASE, the Airport or another entity may be authorized to provide these security services in lieu of the TSA.

C. **Penalties and Fines.** The AIRLINE shall promptly pay any penalties for which the AIRLINE is responsible. These penalties include, but are not limited to, civil penalties or

fines assessed against the Airport or the AIRLINE by the FAA, TSA, or any other governmental agency for the violation of any security-related laws, rules, policies, or regulations at the Airport.

D. **Airport ID/Security Credential Application and Lifecycle.** Prior to issuance of an Airport ID/Security Credential(s), designated AIRLINE Authorized Signatories who will be working onsite and engaged in the performance of work under this LEASE must pass the Airport's background check requirements, which includes an F.B.I. Criminal History Records Check ("CHRC") and a TSA Security Threat Assessment ("STA"), and the AIRLINE shall pay the applicable fees. Upon successful completion of the background checks, the AIRLINE's designated personnel will be required to attend a SIDA class and pass a written test. Those personnel who may be permitted by the Airport to drive on the Airport Operations Area ("AOA") perimeter road must also complete a Driver's Training class and written test. Airport ID/Security Credentials are not issued until designated AIRLINE personnel have: 1) completed appropriate application forms and submitted proof of identity and employment eligibility, 2) passed both background checks, 3) completed and passed appropriate training, and 4) paid an Airport ID/Security credential fee for each applicant. The AIRLINE should anticipate a minimum of fourteen (14) business days to complete the Airport ID/Security Credential process if all requirements listed above are fulfilled by individual Airport ID/Security Credential applicants in a timely manner, but factors outside the Airport's control can contribute to longer durations. If an applicant is applying for a CBP Seal due to their operational need to work international air service operations, this process may take longer. Authorized Signatories must be in constant contact with the Airport's ID/Access Control Office. The AIRLINE's designated personnel must successfully complete the Airport ID/Security Credential acquisition process unless other arrangements have been approved by the Airport. The AIRLINE shall be responsible for all applicable fees and costs associated with the background checks and badging process. The amount of such fees is subject to change without notice.

E. **Airport ID/Security Credential Applicant Requirements and Responsibilities.** The Airport Security Plan (ASP) requires that each person issued an Airport ID/Security Credential be made aware of their responsibilities regarding the privilege of access to restricted areas of the Airport.

The AIRLINE and all AIRLINE personnel within an access-controlled area (AOA, SIDA, secured area, or sterile area) are required to display on their person an Airport ID/Security Credential, unless they are escorted by an appropriately credentialed Airport individual with escort privileges. When working in a secure area, each Airport-credentialed person is responsible for challenging any individual who is not properly displaying an Airport-issued or approved and valid Airport ID/Security Credential. AIRLINE personnel and their subtenants/contractors must also validate Airport ID/Security Credential employees as described in security training. Any person who is not properly displaying or who cannot produce a valid Airport ID/Security Credential, unless they are being escorted, must

immediately be referred to the Sheriff's Department – Airport Police Services Office for proper handling.

The Airport ID/Security Credential is the property of the County of Orange and must be returned upon termination of AIRLINE personnel employment and/or termination of the Lease. The loss of an Airport ID/Security Credential shall be reported within twenty-four (24) hours to the Sheriff's Department–Airport Police Services by calling (949) 252-5000. The AIRLINE or AIRLINE personnel who lose their Airport ID/Security Credential shall be required to pay a fee before receiving a replacement Airport ID/Security Credential. The charge for lost Airport ID/Security Credential replacement will be posted in the Airport Administration Office and is subject to change without notice. A report shall be made before a replacement Airport ID/Security Credential will be issued.

The Airport ID/Security Credential is nontransferable.

In the event that the AIRLINE's employee's or contractor's Airport ID/Security Credential is not returned within three (3) business days to the Airport upon: 1) termination of AIRLINE personnel or contractor, 2) Airport ID badge expiration, or 3) upon termination of the LEASE, the AIRLINE shall be liable to the Airport for a fine in the amount of $250.00 per unreturned Airport ID/Security Credential. The amount of the fine is subject to change without notice. The AIRLINE's Security Deposit may be applied to cover the cost of the fine.

ARTICLE XIII - INSURANCE AND INDEMNITY

SECTION 13.01 INSURANCE

The AIRLINE agrees to carry all required insurance at the AIRLINE's expense and to provide the COUNTY current Certificates of Insurance, including all endorsements required herein, necessary to satisfy the COUNTY that the insurance provisions of this LEASE have been complied with. AIRLINE shall keep such insurance coverage current, provide Certificate of Insurance, and endorsements to the COUNTY during the entire term of this LEASE.

The AIRLINE agrees that the AIRLINE shall not operate on the Airport Premises at any time the required insurance is not in full force and effect as evidenced by a Certificate of Insurance and necessary endorsements or, in the interim, an official binder being in the possession of Airport Director. In no cases shall assurances by the AIRLINE, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. Airport Director will only accept valid Certificates of Insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. The AIRLINE also agrees that upon cancellation, termination, or expiration of the AIRLINE's insurance, the COUNTY may take whatever steps are necessary to interrupt any operation from or on the Airport Premises until such time as the Airport Director reinstates the LEASE.

If the AIRLINE fails to provide Airport Director with a valid Certificate of Insurance and endorsements, or binder at any time during the term of the LEASE, the COUNTY and the AIRLINE agree that this shall constitute a material breach of the LEASE. Whether or not a notice of default has or has not been sent to the AIRLINE, said material breach shall permit the COUNTY to take whatever steps necessary to interrupt any operation from or on the Airport Premises, and to prevent any persons, including, but not limited to, members of the general public, and the AIRLINE'S employees and agents, from entering the Premises until such time as Airport Director is provided with adequate evidence of insurance required herein. The AIRLINE further agrees to hold the COUNTY harmless for any damages resulting from such interruption of business and possession, including, but not limited to, damages resulting from any loss of income or business resulting from the COUNTY's action.

The AIRLINE may occupy the Airport Premises only upon providing to the COUNTY, the required insurance stated herein and maintain such insurance for the entire term of this LEASE. The COUNTY reserves the right to terminate this LEASE at any time the AIRLINE's insurance is canceled or terminated and not reinstated within ten (10) days of said cancellation or termination. The AIRLINE shall pay the COUNTY a fee of $300.00 for processing the reinstatement of the LEASE. The AIRLINE shall provide to the COUNTY immediate notice of said insurance cancellation or termination.

All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the same terms and conditions as set forth herein for the AIRLINE; excluding General Aviation Liability. All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the following required minimum limits: Commercial General Liability $1,000,000 per occurrence with a $2,000,000 aggregate; Commercial Auto Liability $1,000,000 combined single limit each accident for non-air operations area (AOA); and, $5,000,000 combined single limit each accident for air operations area. Pollution Liability will be required when hazardous materials or waste are involved with limits commensurate with the exposure. The AIRLINE shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by the COUNTY from the AIRLINE under this LEASE. It is the obligation of the AIRLINE to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Airport Premises. Such proof of insurance must be maintained by the AIRLINE through the entirety of this LEASE and be available for inspection by a COUNTY representative at any reasonable time.

All self-insured retentions (SIRs) shall be clearly stated on the Certificate of Insurance. Any self-insured retention (SIR) in excess of Fifty Thousand Dollars ($50,000) shall specifically be approved by the County's Risk Manager. The COUNTY reserves the right to require current audited financial reports from the AIRLINE. If the AIRLINE is self-insured, AIRLINE will indemnify and defend the COUNTY for any and all claims resulting or arising from AIRLINE's use of the Airport Premises, services or other performance in accordance with the indemnity provision states in this LEASE.

If the AIRLINE fails to maintain insurance acceptable to the COUNTY for the full term of this LEASE, the COUNTY may terminate this LEASE.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com**).

If the insurance carrier does not have an A.M. Best Rating of A-VIII, the CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the AIRLINE shall provide the minimum limits and coverage as set forth below:

Coverages	Minimum Limits
Aviation Commercial General Liability (Including but not limited to General Liability, Passenger Legal Liability, War/Extended Perils Liability, Personal Injury, Contractual Liability, Premises, Products and Completed Operations, Ground Hangarkeepers and liability for vehicles and mobile equipment operated on restricted airport premises.)	$250,000,000 per occurrence $250,000,000 aggregate
Workers' Compensation	Statutory
Employers' Liability Insurance	$1,000,000 per accident or disease
Pollution Liability Insurance	$1,000,000 per claims made or per occurrence
Commercial Property Insurance on an "All Risk" or "Special Causes of Loss" basis covering all contents and any tenant improvements including Business Interruption/Loss of Rents with a 12-month limit.	100% of the Replacement Cost Value and no coinsurance provision

Increased insurance limits may be satisfied with Excess/Umbrella policies. Excess/Umbrella policies when required must provide Follow Form coverage.

Required Endorsements

The Aviation Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees, agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by County of Orange shall be excess and non-contributing.

The Pollution Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

Pollution Liability insurance must include coverage for bodily injury and property damage, including coverage for loss of use and/or diminution in property value, and for clean-up costs arising out of, pertaining to, or in any way related to the actual or alleged discharge, dispersal, seepage, migration, release or escape of contaminants or pollutants resulting from any services or work performed by, or behalf of, AIRLINE, including the transportation of hazardous waste, hazardous materials, or contaminants.

If AIRLINE's Pollution Liability policy is a claims-made policy, AIRLINE shall agree to the following:

1. The retroactive date must be shown and must be before the date of the contract or the beginning of the LEASE.

2. Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after expiration or earlier termination of LEASE.

3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the contract services, AIRLINE must purchase an extended reporting period for a minimum of three (3) years after expiration of earlier termination of the LEASE.

The Workers' Compensation policy shall contain a Waiver of Subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees. Blanket coverage may also be provided which will state – **As Required by Written Agreement.**

All insurance policies required by this LEASE shall waive all rights of subrogation against County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

The Commercial Property policy shall contain a Loss Payee endorsement naming the County of Orange as respects the COUNTY's financial interest when applicable.

Insurance certificates should be forwarded to the COUNTY address provided in the Clause (NOTICES) below or to an address provided by Airport Director. AIRLINE has ten (10) business days to provide adequate evidence of insurance, or this LEASE may be cancelled.

AIRLINE shall provide thirty (30) days prior written notice of any policy cancellation or non-renewal and ten (10) days prior written notice where cancellation is due to non-payment of premium and provide a copy of the cancellation notice to COUNTY. Failure to provide written notice of cancellation may constitute a material breach of the LEASE, upon which the COUNTY may suspend or terminate this Contract

The COUNTY expressly retains the right to require AIRLINE to increase or decrease insurance of any of the above insurance types throughout the term of this LEASE. Any increase or decrease in insurance will be as deemed by the County of Orange Risk Manager as appropriate to adequately protect the COUNTY.

The COUNTY shall notify AIRLINE in writing of changes in the insurance requirements. If the AIRLINE does not deposit copies of acceptable certificates of insurance and endorsements with the COUNTY incorporating such changes within thirty (30) days of receipt of such notice, this LEASE may be in breach without further notice to the AIRLINE, and the COUNTY shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit the AIRLINE's liability hereunder nor to fulfill the indemnification provisions and requirements of this LEASE, nor in any way to reduce the policy coverage and limits available from the insurer.

SECTION 13.02 INDEMNITY

The AIRLINE agrees to indemnify, defend with counsel approved in writing by the COUNTY, and hold the COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies which the COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related

to the services, products or other performance provided by the AIRLINE pursuant to this LEASE. If judgment is entered against the AIRLINE and the COUNTY by a court of competent jurisdiction because of the concurrent active negligence of the COUNTY or the COUNTY INDEMNITEES, the AIRLINE and the COUNTY agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS

SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION

A. In all its activities within the scope of its airport program, AIRLINE 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 (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance

If AIRLINE transfers its obligation to another, the transferee is obligated in the same manner as AIRLINE.

B. During the performance of this LEASE, AIRLINE, for itself, its assignees, and successors in interest, agrees as follows::

1) **Compliance with Regulations:** AIRLINE 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 LEASE.

2) **Nondiscrimination:** AIRLINE, with regard to the work performed by it during the LEASE, will not discriminate on the grounds of race, color, or national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The AIRLINE 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.

3) **Solicitations for Subcontracts, including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding or negotiation made by AIRLINE for work to be performed under a subcontract, including procurement of materials or leases of equipment, each potential subcontractor or supplier will be notified by AIRLINE of the AIRLINE's obligations under this LEASE and the

Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.

4) **Information and Reports:** AIRLINE 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 COUNTY or the FAA to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, AIRLINE will so certify to the COUNTY or the FAA, as appropriate, and will set forth what efforts it has made to obtain this information.

5) **Sanctions for Noncompliance:** In the event of the AIRLINE's noncompliance with the non-discrimination provisions of this LEASE, the COUNTY will impose such sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

a. Withholding payments under the LEASE until the AIRLINE complies, and/or

b. cancelling, terminating, or suspending the LEASE, in whole or in part.

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

C. AIRLINE, for itself, 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 Leased Premises for a purpose for which an FAA activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, AIRLINE 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 said facilities.

2) 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.

3) In the construction of any improvements on, over, or under the Leased Premises 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.

4) AIRLINE will use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title VI List of Pertinent Nondiscrimination Acts and Authorities.

D. AIRLINE shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service.

E. AIRLINE, for itself, its assignees, and successors in interest, agrees to comply with the following nondiscrimination 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);

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, subrecipients and contractors, 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) The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex)

10) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations); [rescinded January 21, 2025];

11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)][rescinded March 1, 2025]; and

12) 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).

F. In the event of a breach of any of the above Nondiscrimination covenants, the COUNTY shall have the right to terminate the LEASE and to re-enter and repossess said lands and facilities thereon and hold the same as if said LEASE had never been made or issued.

SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT

The COUNTY reserves the right to develop further or improve the Airport as it sees fit, regardless of the desires or views of the AIRLINE, and without interference or hindrance.

The COUNTY reserves the right, but shall not be obligated to the AIRLINE, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of the AIRLINE in this regard.

SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A.

This LEASE shall be subordinate to the provisions and requirements of any existing or future agreement between the COUNTY and the United States or any lawful requirement of the United States relative to the development, operation, or maintenance of the Airport.

SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS

The AIRLINE agrees that the AIRLINE's use of the Leased Premises, including all construction thereon, shall conform to applicable FEDERAL AVIATION REGULATIONS.

The AIRLINE agrees to comply with the applicable notification and review requirements covered in Part 77 of the FEDERAL AVIATION REGULATIONS (as same may be amended from time to time or such other regulation replacing Part 77 as may be adopted by Federal authority) prior to the construction of the improvements described herein and prior to the construction of any future structure or building upon the Leased Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

SECTION 14.05 FEDERAL LAW PREEMPTION

Notwithstanding any provisions of this LEASE, to the contrary and notwithstanding any provision of any other agreements, laws, or ordinances to the contrary, any requirement that is imposed on the AIRLINE in this LEASE, or any local authorities, shall not apply to the AIRLINE to the extent that such requirement is or would otherwise be preempted by federal law, including but not limited to the Airline Deregulation Act (49 U.S.C. § 41713).

SECTION 14.06 NONEXCLUSIVE RIGHT

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to conduct aeronautical activities or provide aeronautical services to the public as prohibited by 49 U.S.C. § 40103(e) and 47107(a)(4), as amended from time to time, and the COUNTY reserves the right to grant others the privilege and right of conducting any or all activities of an aeronautical nature.

SECTION 14.07 WAR OR NATIONAL EMERGENCY

This LEASE 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.

SECTION 14.08 RESERVED

SECTION 14.09 AMERICANS WITH DISABILITIES ACT

The AIRLINE shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 ("ADA") in connection with: (a) the Leased Premises or any portion thereof and its operations thereon, the AIRLINE's furnishings, trade fixtures, and equipment; (b) removing physical barriers; (c) providing auxiliary aids and services for use of the AIRLINE's furnishings, trade fixtures and equipment, where necessary or required; and (d) modifying its policies, practices and procedures to comply with the ADA. The AIRLINE shall develop a work plan to correct or avoid any violations or non-compliance with the ADA and to address the processing of disability complaints. The AIRLINE shall deliver to the COUNTY, upon the COUNTY's request, a copy of each report and work plan. The COUNTY's approval of or acceptance of any aspect of the AIRLINE's activities under this LEASE shall not be deemed or construed in any way as a representation that such item or activity of practice complies with the ADA. The AIRLINE agrees to indemnify, defend, and hold the COUNTY harmless from and against any and all costs incurred by the COUNTY with respect to the AIRLINE's failure to comply with the ADA.

SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT

In accordance with 49 C.F.R. § 27.72, the AIRLINE shall ensure the provision of boarding equipment for passengers with mobility impairment, including, but not limited to, aircraft boarding chairs used to transfer passengers from their wheelchair or other apparatus to their seat in the aircraft cabin. The AIRLINE shall provide all related passenger assistance with this equipment. The equipment shall be provided and maintained in accordance with 49 C.F.R. § 27.72 and the applicable FAA Advisory Circulars, including AC 150/5220-21C.

The COUNTY owns and maintains ramps for utilization by the AIRLINE on the Airport apron in the event a ramp is needed for boarding or deplaning of the aircraft. The AIRLINE shall promptly notify the COUNTY if COUNTY-owned ramps require maintenance. If the AIRLINE owns and operates additional ramps, the AIRLINE shall maintain those ramps in proper working condition. The AIRLINE shall provide assistance to passengers with mobility impairment when ramps are used for boarding or deplaning of the aircraft.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

ARTICLE XV - MISCELLANEOUS PROVISIONS

SECTION 15.01 TIME

Time is of the essence in this LEASE.

SECTION 15.02 LEASE ORGANIZATION

The various headings and numbers herein, the grouping of provisions of this LEASE into separate sections and paragraphs, and the organization hereof, are for the purpose of convenience only and shall not be considered otherwise.

SECTION 15.03 AMENDMENTS

This LEASE sets forth all of the agreements and understandings of the Parties with regard to its subject matter, and any modification must be written and properly executed by both Parties.

SECTION 15.04 SIGNS

The AIRLINE agrees not to construct, maintain, or allow any sign upon the Leased Premises except as approved by the COUNTY. The AIRLINE shall submit for approval all new signage to be placed in the ticketing lobby, including baggage sizers, and pylon signs. Illustrative drawings and design dimensions must accompany all requests for approval. Unapproved signs, banners, flags, etc., may be removed by the COUNTY without prior notice to the AIRLINE.

The AIRLINE will not place any promotional signs or advertising materials in any location within the Leased Premises or within any Common Use Area of the Terminal without the prior consent of the COUNTY. All requests for the approval of temporary promotional signs for the AIRLINE shall be accompanied by illustrative drawings and design dimensions along with information about the type of signs proposed and proposed locations. All approved promotional signs shall be allowed to remain in the terminal for ninety (90) days. At the end of ninety (90) days, all temporary signage must be removed, or the AIRLINE may resubmit a request to COUNTY to extend past ninety (90) days.

The AIRLINE shall keep all ticket counter space used by the AIRLINE and any associated ticket lifts and podiums free of all signs, advertising materials, credit card application dispensing units, posters, and banners. The COUNTY may, without notice, remove any unauthorized signs or advertising materials, and may store them at the AIRLINE's expense; the COUNTY may dispose of items if they are not promptly claimed by the AIRLINE after notice from the COUNTY.

SECTION 15.05 PERMITS AND LICENSES

The AIRLINE shall be required to obtain any and all approvals, permits, and/or licenses that may be required in connection with the operation of the Leased Premises as set out herein. No permit,

approval, or consent given hereunder by the COUNTY in its governmental capacity shall affect or limit the AIRLINE's obligations hereunder, nor shall any approvals or consents given by the COUNTY as a Party to this LEASE be deemed approval as to compliance or conformance with applicable governmental codes, laws, ordinances, rules, or regulations.

SECTION 15.06 RESERVED

SECTION 15.07 TAXES AND ASSESSMENTS

This LEASE may create a possessory interest that is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) that become due and payable upon the Leased Premises or upon fixtures, equipment, or other property installed or constructed thereon shall be the full responsibility of the AIRLINE, and the AIRLINE shall cause said taxes and assessments to be paid promptly.

SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If either Party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental laws or regulations, or other cause without fault and beyond the control of the Party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse the AIRLINE from the prompt payment of any rental or other charge required of the AIRLINE except as may be expressly provided elsewhere in this LEASE.

SECTION 15.09 PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this LEASE is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 15.10 WAIVER OF RIGHTS

The failure of the COUNTY or the AIRLINE to insist upon strict performance of any of the terms, covenants, or conditions of this LEASE shall not be deemed a waiver of any right or remedy that the COUNTY or the AIRLINE may have and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of the LEASE thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this LEASE. Any waiver, in order to be effective, must be signed by the Party whose right or remedy is being waived.

SECTION 15.11 RESERVATIONS TO THE COUNTY

The Leased Premises are accepted "AS IS," and the AIRLINE is subject to any and all existing easements and encumbrances. The COUNTY reserves the right to install, lay, construct, maintain, repair, and operate sanitary sewers, drains, Stormwater sewers, pipelines, manholes and connections; water, oil and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, under and along the Leased Premises or any part thereof; and to enter the Leased Premises for any and all such purposes. The COUNTY also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, under, and along any and all portions of the Leased Premises. No right reserved by the COUNTY in this Section shall be so exercised as to interfere unreasonably with the AIRLINE's operations hereunder or to impair the security of any secured creditor of the AIRLINE.

The COUNTY agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The COUNTY further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Leased Premises by the AIRLINE.\, the AIRLINE shall only be entitled to a reduction in the rent payable to the COUNTY during the period of interference, which shall be reduced in proportion to the interference with the AIRLINE's use of the Leased Premises. The AIRLINE shall not be entitled to any other form of compensation.

SECTION 15.12 AUTHORITY OF THE AIRLINE

If the AIRLINE is a corporation, each individual executing this LEASE on behalf of said corporation represents and warrants that they are duly authorized to execute and deliver this LEASE on behalf of said corporation, in accordance with the by-laws of said corporation, and that this LEASE is binding upon said corporation.

SECTION 15.13 PUBLIC RECORDS

The AIRLINE understands that written information submitted to and/or obtained by the COUNTY from the AIRLINE related to this LEASE and/or the Leased Premises, either pursuant to this LEASE or otherwise, may be open to inspection by the public pursuant to the California Public Records Act (Cal. Gov. Code §§7920.000 *et seq.*) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public.

SECTION 15.14 RELATIONSHIP OF PARTIES

The relationship of the Parties hereto is that of lessor and lessee, and it is expressly understood and agreed that the COUNTY does not in any way or for any purpose become a partner of the AIRLINE in the conduct of the AIRLINE's business or otherwise or a joint venturer with the AIRLINE; and the provisions of this LEASE and the agreements relating to rent payable hereunder are included

solely for the purpose of providing a method by which rental payments are to be measured and ascertained. This LEASE is intended for the sole benefit of the Parties hereto and their successors, and unless otherwise provided herein or by law, no rights are created, or are intended to be created, for the benefit of, or enforceable by, any third parties.

SECTION 15.15 GOVERNING LAW AND VENUE

This LEASE has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this LEASE, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

SECTION 15.16 ATTORNEY'S FEES

In any action or proceeding to enforce or interpret any provision of this LEASE, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorney's fees, costs, and expenses.

SECTION 15.17 EMERGENCY SERVICES

The Airport Director has the right to request that the AIRLINE'S employees aid in and use AIRLINE's inventory of goods in an emergency to assist in maintaining the welfare of persons at or near the Airport. The AIRLINE shall be reimbursed by the COUNTY for the cost of goods as soon as practicable at a rate not to exceed costs as existed immediately prior to the emergency.

SECTION 15.18 NOTICES

All notices pursuant to this LEASE shall be addressed to either Party as set forth below and shall be sent through the United States mail, duly registered or certified, return receipt requested with postage prepaid, or by an overnight carrier service. If any notice is sent by an overnight carrier service, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof. Notwithstanding the above, the COUNTY may also provide notices to the AIRLINE by personal delivery or by regular mail postage prepaid, and any such notice so given shall be deemed to have been given upon the date of personal delivery or three (3) days after the date of deposit in the United States Mail, respectively.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

To:	COUNTY John Wayne Airport 3160 Airway Avenue Costa Mesa, CA 92626 Attention: Airport Director	To:	AIRLINE Delta Air Lines 1030 Delta Blvd., Dept 877 Atlanta, GA 30320

Either Party hereto may, from time to time, by written notice to the other in the method described above, designate a different address, which shall be substituted for the one above specified.

[Signatures continue on following page]

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first above written.

AIRLINE: Delta Air Lines

Signed by:
By: Melissa White
1A4187C6D6BB4DA...
Its: Managing Director
Name: Melissa White

APPROVED AS TO FORM:
County Counsel

DocuSigned by:
By: Mark Sanchez
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APPROVED AS TO AUDIT AND ACCOUNTING:
Auditor-Controller

Signed by:
By: Vivian Luz C. Grzeszczak
98187C051B2C443...

RECOMMENDED FOR APPROVAL:
John Wayne Airport

Signed by:
By: Charlene Reynolds
A1A526A921AF49F...
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this
document has been delivered to the Chair
of the Board per G.C. Sec. 25103, Reso 79-1535

Attest:

COUNTY:
COUNTY OF ORANGE

By: _____
Chairman, Board of Supervisors

_____
Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT A
LEASED PREMISES DESCRIPTION

Project Management Number: PM 1121-0300-0082

Airline: Delta Air Lines

The Leased Premises referred to in this Lease shall mean all the premises shown on a floor plan marked "Exhibit B," attached hereto and made a part hereof, being those certain Exclusive Use Areas designated as follows:

Airline Ticket Office, and Airline Ticket Counter, containing 921 square feet and 482 square feet, respectively, located on the Terminal A concourse of the Departure Level.

Ramp/Operations Office containing 1,695 square feet of space located on the Terminal A ramp on the Arrival Level.

Baggage Service Office containing 235 square feet of space located on the Terminal A concourse of the Arrival Level.

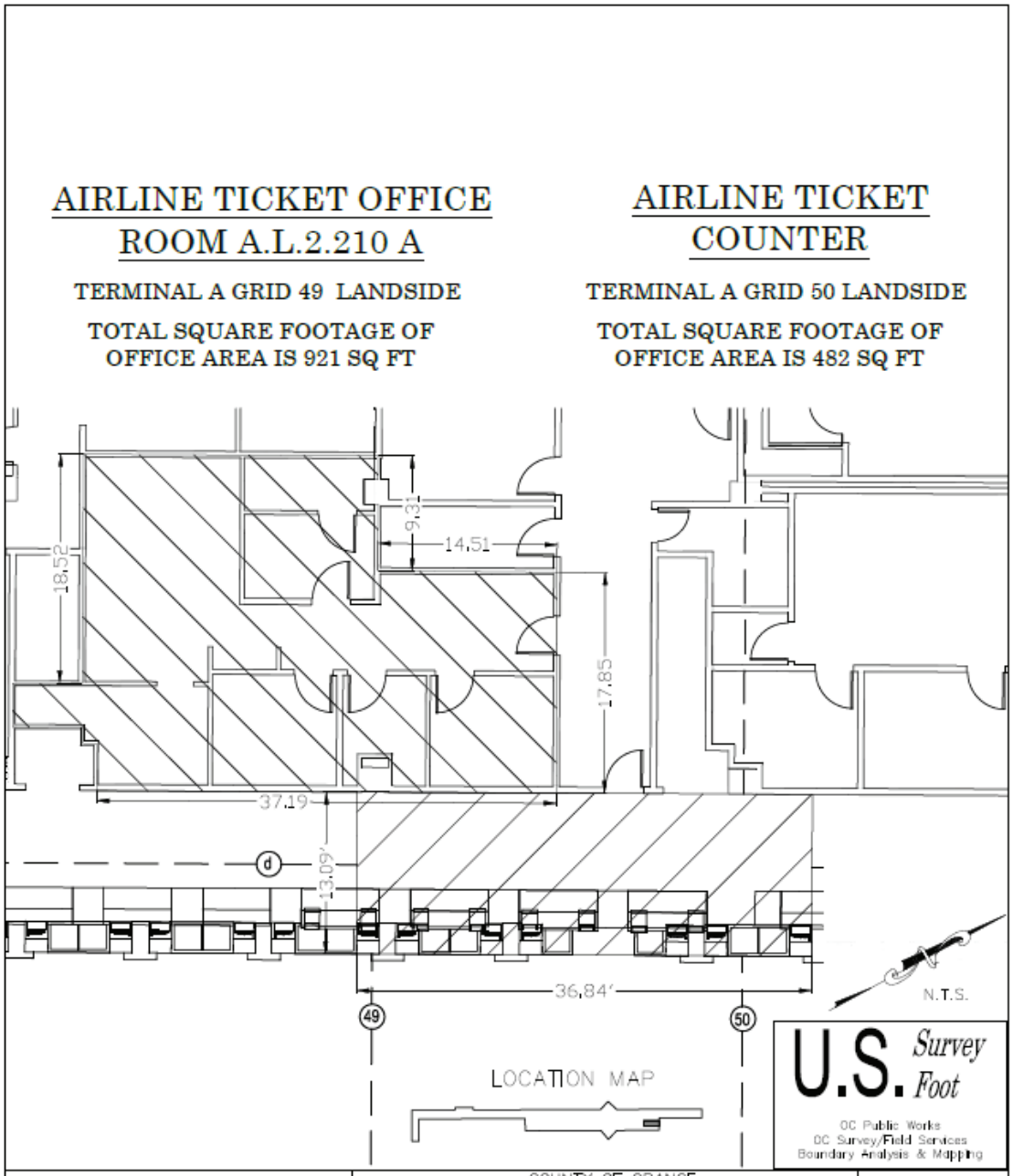
Said Exclusive Use Areas shall also include the premises shown on a map marked "Exhibit C," attached hereto and made a part hereof, being Apron Area. Said "Exhibit C" may be revised at any time by Airport Director.

The Leased Premises shall also include the premises shown on a map marked "Exhibit D," being those certain Common Use Areas designated as Baggage Claim/Baggage Make-up Areas, Holdrooms, Airside Concourses, Security Areas, and Loading Bridges,

Said Exclusive Use and Common Use Areas are situated at the Thomas F. Riley Terminal Building, John Wayne Airport, 18601 Airport Way, in the City of Santa Ana, County of Orange, State of California, and located on Lots 132 and 135 of Block 7 of the Irvine Subdivision, per map recorded in Book 1, Page 88 of Miscellaneous Maps in the Office of the County Recorder of Orange County, together with the right of ingress and egress thereto.

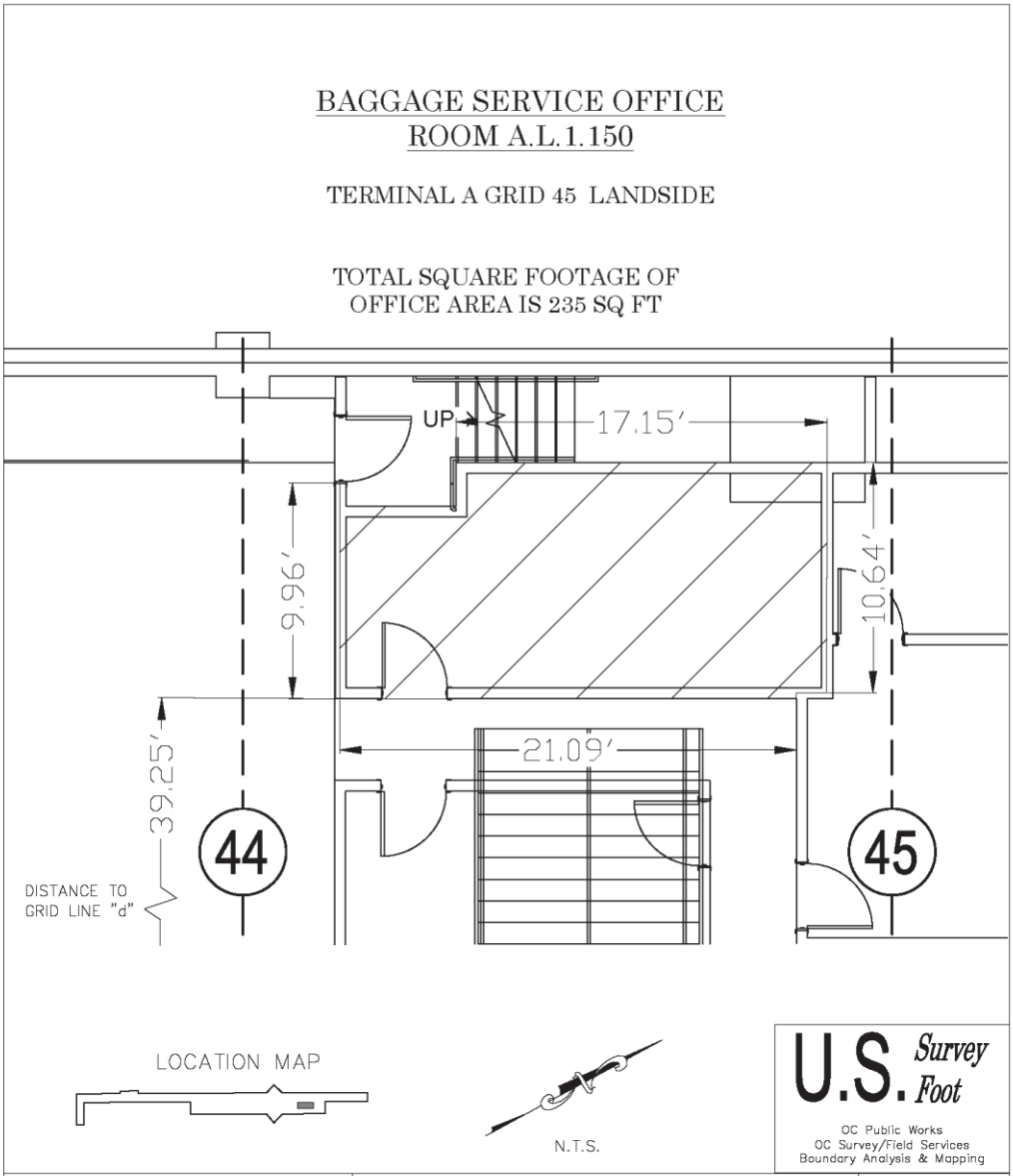
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES – EXCLUSIVE TERMINAL USE AREA



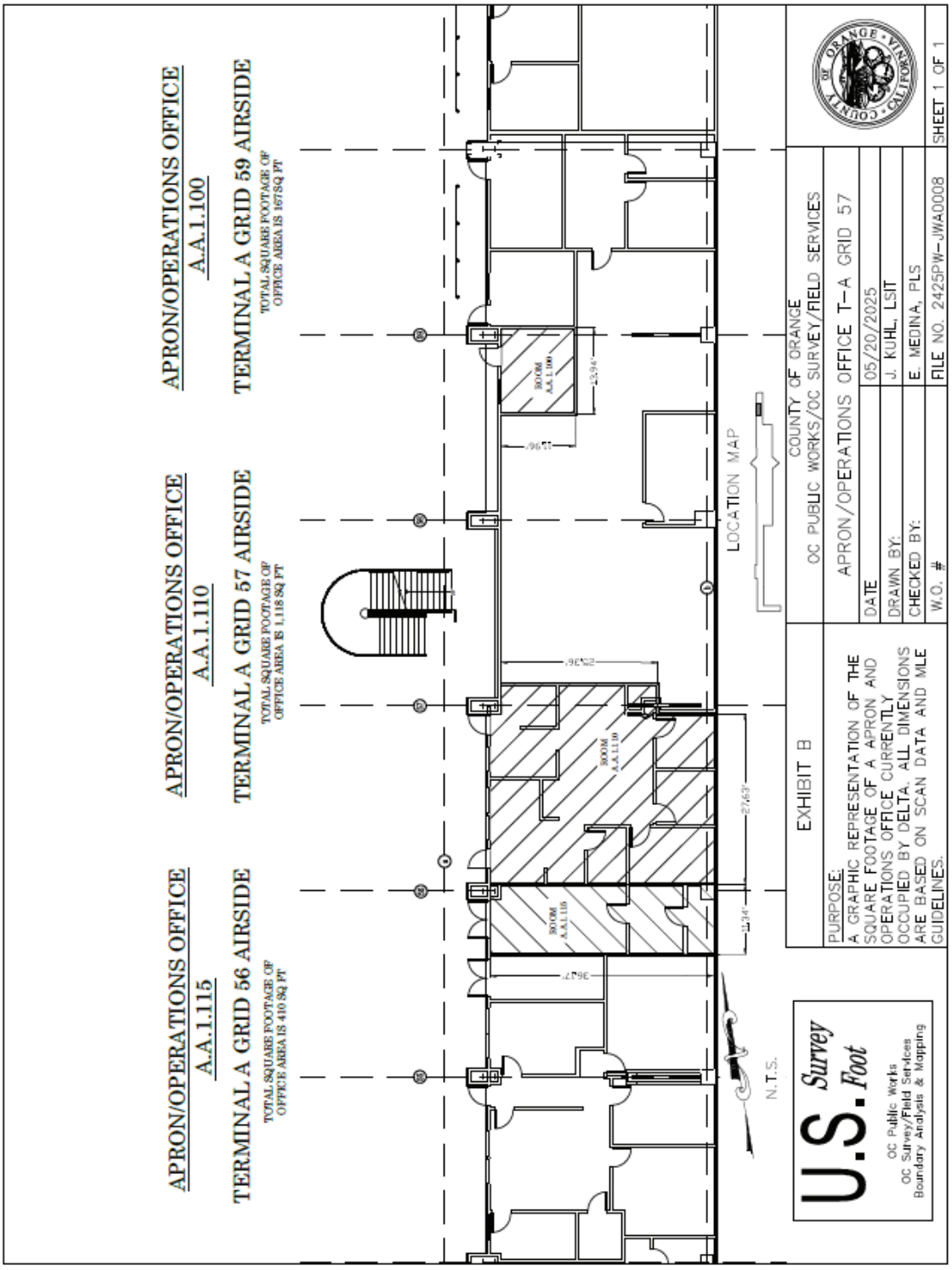
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES – EXCLUSIVE TERMINAL USE AREA



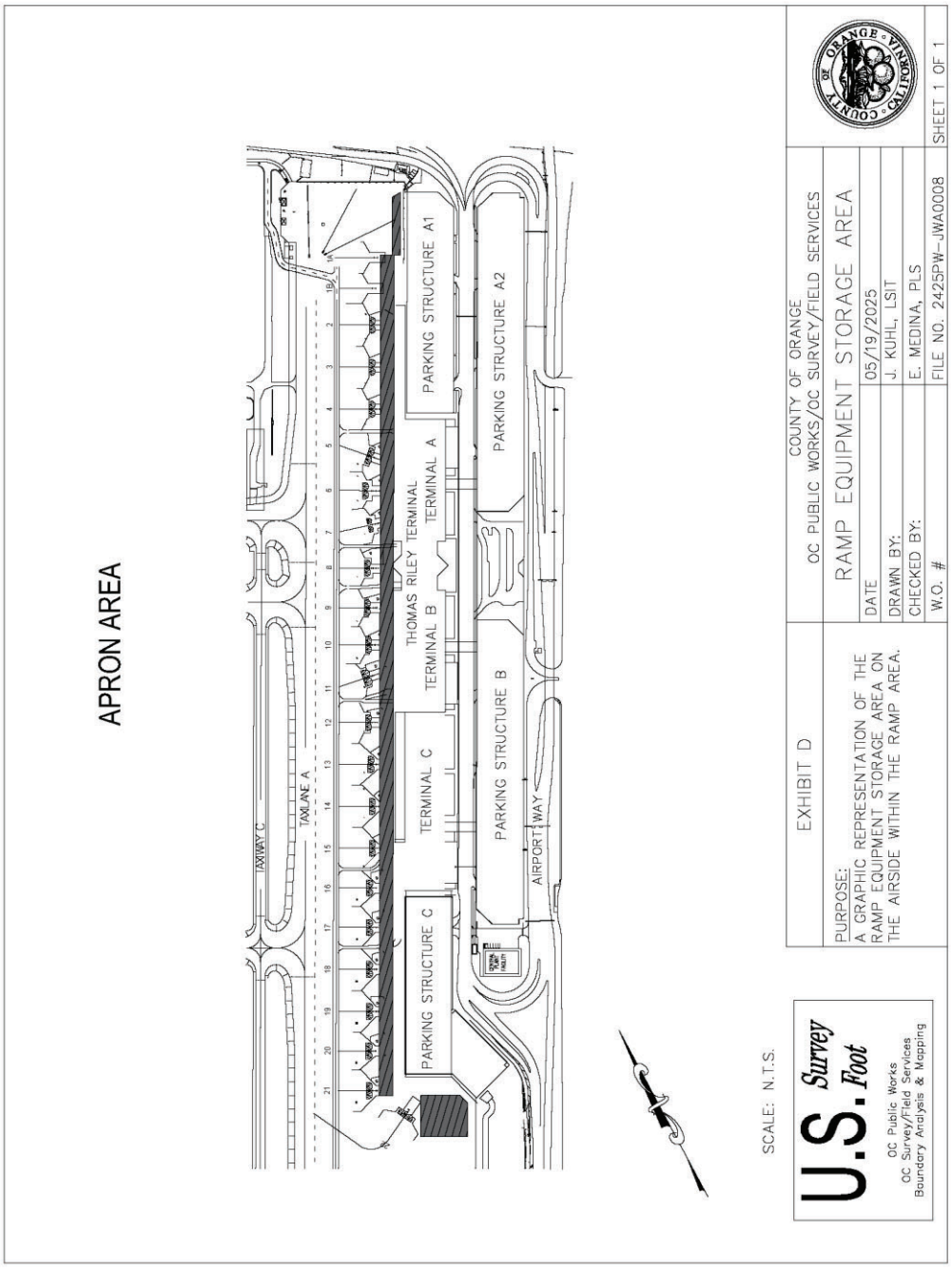
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES – EXCLUSIVE TERMINAL USE AREA



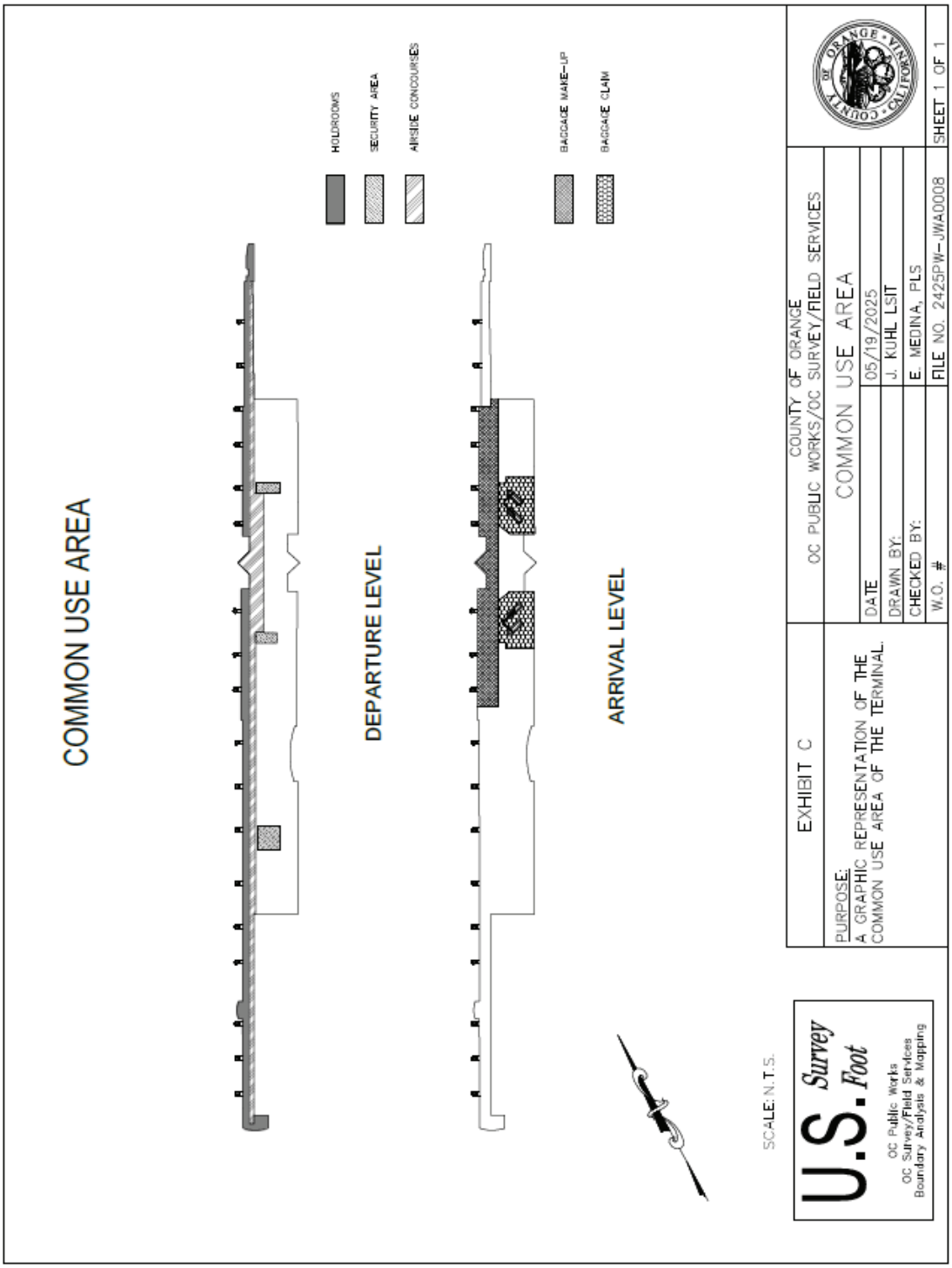
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT C
APRON AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT D
COMMON USE AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT E
JOHN WAYNE AIRPORT
SUMMARY OF OPERATION AND MAINTENANCE RESPONSIBILITIES

	Exclusive Use Areas	Common Use Areas	SIDA - Non Public Areas	Public Areas Sidewalks and Roadways	Airfield
Building Exteriors	C	C	C	C	C
Doors	A (1)	C (1)	C	C	-
Loading Bridges	C	C	C	-	C
Landscaping	-	C	C	C	C
Roadways	-	C	C	C	C
Law Enforcement, Fire Protection, Emergency Medical Services	C	C	C	C	C
Plumbing	C (1,2)	C	C	C	C
Electrical and Lighting	C (1,2)	C	C	C	C
HVAC	C (1)	C	C	C	C
Glass Breakage	C (1)	C	C	C	C
Communications Systems CU P PS	C (1)	C(1)	C	C	C
Custodial Service/Window Cleaning	A	C	C	C	C
Baggage Handling Systems	C	C	C	C	-
Bag-Claim Carousel Equipment	-	C	C	C	-
Baggage Scales (ticket counters)	C	C	-	-	-
People Movers (elevators, escalators)	C	C	C	C	-
Signage	A	C	C	C	C
Ramp	A	C (3)	C (3)	-	-

Key: A = Airline
C = County

1. Airline is responsible for maintenance, repair and replacement of Airline-installed devices and equipment.
2. Airline is responsible for routine maintenance, including relamping and ballast replacement.
3. Airline is responsible for cleaning ramp areas of trash and spills (from building to VSR).

If Airline fails to perform its maintenance and repair obligations as stated in the Lease, the County may perform the work after providing the Airline written notice and recover its entire cost plus a 15% charge from Airline as additional costs. Said cos ts shall be due and payable by the Airline to the County as stated in Article V, Section 5.07 of the Lease.

In the event the Airline makes any repairs or modifications to an area or equipment, at the request of the County, as per Section 4.01 subsection C of this Lease, and those areas or equipment are currently maintained by the County, the County will continue the maintenance responsibilities for those areas or equipment.

JOHN WAYNE AIRPORT
ORANGE COUNTY

AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

Dated _____

Between

County of Orange

and

Frontier Airlines, Inc.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

RECITALS 1
ARTICLE I - DEFINITIONS 2
SECTION 1.01 AAAC 2
SECTION 1.02 AAAC CHAIR 2
SECTION 1.03 ACCESS PLAN 2
SECTION 1.04 ADD 2
SECTION 1.05 AIRLINE RATES AND CHARGES 3
SECTION 1.06 AIRPORT 3
SECTION 1.07 AIRPORT DIRECTOR 3
SECTION 1.08 APRON AREA 3
SECTION 1.09 AUDITOR-CONTROLLER 3
SECTION 1.10 BOARD OF SUPERVISORS 3
SECTION 1.11 CBP 3
SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT 3
SECTION 1.13 COMMON USE AREA 3
SECTION 1.14 COUNTY 4
SECTION 1.15 CUPPS 4
SECTION 1.16 CUSS 4
SECTION 1.17 DOT 4
SECTION 1.18 EMV 4
SECTION 1.19 ENVIRONMENTAL LAWS 4
SECTION 1.20 EXCLUSIVE USE AREA 5
SECTION 1.21 FAA 5
SECTION 1.22 GSE 5
SECTION 1.23 HAZARDOUS SUBSTANCES 5
SECTION 1.24 IAF 6
SECTION 1.25 NON-STORMWATER DISCHARGE 6
SECTION 1.26 PFC 6
SECTION 1.27 POLLUTANT 6
SECTION 1.28 RON 7
SECTION 1.29 STORMWATER 7
SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES 7
SECTION 1.31 TERMINAL 7
SECTION 1.32 TSA 7
ARTICLE II – TERM OF LEASE 7
SECTION 2.01 TERM OF LEASE 7
SECTION 2.02 HOLDING OVER 7
SECTION 2.03 TERMINATION FOR CONVENIENCE 8
ARTICLE III – LEASED PREMISES 8
SECTION 3.01 LEASED PREMISES 8

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 3.02 NATURE OF AIRLINE'S ESTATE 9
SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES 9
ARTICLE IV - RENT, FEES AND CHARGES 9
SECTION 4.01 RENT, FEES AND CHARGES 9
SECTION 4.02 PAYMENT PROCEDURE 13
SECTION 4.03 CHARGE FOR LATE PAYMENT 14
SECTION 4.04 PASSENGER FACILITY CHARGE 14
SECTION 4.05 PROVISION AGAINST SET-OFFS 15
SECTION 4.06 SECURITY DEPOSIT 16
SECTION 4.07 NEW ENTRANT DEPOSIT 17
SECTION 4.08 MARKETING FUND FEE 17
ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES 18
SECTION 5.01 USE 18
SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES 19
SECTION 5.03 RULES AND REGULATIONS 19
SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE 20
SECTION 5.05 OPERATIONAL REQUIREMENTS 21
SECTION 5.06 RECORDS AND ACCOUNTS 22
SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS 25
SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON 27
SECTION 5.11 AIRCRAFT PARKING 27
SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT 30
SECTION 5.12 PORTER SERVICES 28
ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT 28
SECTION 6.01 COMMON USE EQUIPMENT 28
SECTION 6.02 COMMON USE EQUIPMENT STOCK 29
SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK 29
SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT 29
SECTION 6.06 NETWORK USAGE 30
SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES 32
SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES 32
ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION 33
SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE 33
SECTION 7.02 SPILL RESPONSE PLAN 34

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION 35
SECTION 7.04 ENVIRONMENTAL STEWARDSHIP 36
SECTION 7.05 RESERVED 38
SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION 38
SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS 39
SECTION 7.08 ANTI-IDLING POLICY 39
ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS 39
SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY 39
SECTION 8.02 IMPROVEMENTS BY THE AIRLINE 40
SECTION 8.03 AIRLINE REIMBURSEMENT 41
SECTION 8.04 EXCLUSIVE REMEDY 42
SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION 42
SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES 43
SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS 43
SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS 45
SECTION 8.09 HEALTH AND SAFETY 45
ARTICLE IX - ACCOMMODATION 46
SECTION 9.01 JOINT USE REQUIREMENT 46
ARTICLE X - ASSIGNMENT AND SUBLEASE 47
SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING 47
SECTION 10.02 SUCCESSORS IN INTEREST 50
ARTICLE XI - TERMINATION AND DEFAULT 50
SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS 51
SECTION 11.02 TERMINATION FOR DEFAULT 51
SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION 52
SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY 52
SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER 52
ARTICLE XII - SECURITY 52
SECTION 12.01 AIRPORT SECURITY 52
ARTICLE XIII - INSURANCE AND INDEMNITY 55
SECTION 13.01 INSURANCE 55
SECTION 13.02 INDEMNITY 59
ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS 59
SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION 60
SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT 63
SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A. 63
SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS . 64

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 14.05 FEDERAL LAW PREEMPTION 64
SECTION 14.06 NONEXCLUSIVE RIGHT 64
SECTION 14.07 WAR OR NATIONAL EMERGENCY 64
SECTION 14.08 RESERVED 64
SECTION 14.09 AMERICANS WITH DISABILITIES ACT 65
SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT 65
ARTICLE XV - MISCELLANEOUS PROVISIONS 65
SECTION 15.01 TIME 65
SECTION 15.02 LEASE ORGANIZATION 65
SECTION 15.03 AMENDMENTS 66
SECTION 15.04 SIGNS 66
SECTION 15.05 PERMITS AND LICENSES 66
SECTION 15.06 RESERVED 66
SECTION 15.07 TAXES AND ASSESSMENTS 66
SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE 67
SECTION 15.09 PARTIAL INVALIDITY 67
SECTION 15.10 WAIVER OF RIGHTS 67
SECTION 15.11 RESERVATIONS TO THE COUNTY 67
SECTION 15.12 AUTHORITY OF THE AIRLINE 68
SECTION 15.13 PUBLIC RECORDS 68
SECTION 15.14 RELATIONSHIP OF PARTIES 68
SECTION 15.15 GOVERNING LAW AND VENUE 69
SECTION 15.16 ATTORNEY'S FEES 69
SECTION 15.17 EMERGENCY SERVICES 69
SECTION 15.18 NOTICES 69

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

LIST OF EXHIBITS

EXHIBIT A LEASED PREMISES DESCRIPTION – TERMINAL EXCLUSIVE USE AREA

EXHIBIT B FLOOR PLAN OF LEASED PREMISES – TERMINAL EXCLUSIVE USE AREA

EXHIBIT C MAP OF APRON AREA

EXHIBIT D MAP COMMON USE AREA

EXHIBIT E AIRLINE MAINTENANCE OBLIGATIONS

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

THIS AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE ("LEASE") is made and entered into this ___ day of _____, 2025, by and between the COUNTY OF ORANGE, a political subdivision of the State of California ("COUNTY"), and Frontier Airlines, Inc. ("AIRLINE"), with COUNTY and AIRLINE sometimes individually referred to as "Party" or collectively referred to as "Parties."

RECITALS

WHEREAS, the COUNTY, through its Board of Supervisors, is the owner and proprietor of John Wayne Airport ("JWA" or "Airport"), located in the County of Orange, State of California, and operates and maintains the Airport as a governmental function for the primary purpose of providing air transportation to the public; and

WHEREAS, COUNTY and AIRLINE entered into a Certificated Passenger Airline Lease dated November 3, 2020, with a term effective January 1, 2021, through December 31, 2025 ("Existing Lease"); and

WHEREAS, the AIRLINE is engaged in the business of commercial air transportation of persons, property, cargo, and mail as a scheduled air carrier and is certificated or otherwise authorized by the United States of America to engage in such business; and

WHEREAS, the AIRLINE desires to enter into an agreement addressing certain premises, facilities, rights, licenses, services, and privileges at the Airport; and

WHEREAS, as part of its ongoing effort to operate the Airport in a manner sensitive to the residents who live under the Airport's approach and departure corridors, the COUNTY has developed one of the most stringent access and noise abatement programs in the country. The Airport monitors all aircraft operations, both commercial and private, for compliance with the program. These noise abatement and access restrictions derive from the 1985 Settlement Agreement between the COUNTY, City of Newport Beach, and other parties and are implemented through ordinances, resolutions (including Resolutions No. 85-255, 85-256, 85-259, 85-1231, 85-1232, and 85-1233), regulations (including the Phase 2 Commercial Airline Access Plan and Regulation) and policies of the COUNTY, as they may be amended from time to time; and

WHEREAS, the 1985 Settlement Agreement has been periodically amended by its parties to, among other things, increase the authorized passenger levels at the Airport; and

WHEREAS, the amendments to the 1985 Settlement Agreement preserve and continue to implement important restrictions on the use of JWA, "grandfathered" under the AIRPORT NOISE AND CAPACITY ACT OF 1990 ("ANCA"), which reflect and accommodate historical policy decisions of the Board of Supervisors regarding the appropriate point of balance between the competing interests of the air transportation and aviation community and local residents living in the vicinity of the Airport. These policy decisions address, among other issues, nighttime operational restrictions and maximum permitted single-event noise levels; and

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

WHEREAS, the COUNTY and the AIRLINE mutually desire to enter into this LEASE, which amends and restates the Existing Lease, in order to provide air transportation services to the community and its visitors through December 31, 2030; and

WHEREAS, the COUNTY has the right to permit and grant the use of its property at the Airport to the AIRLINE for the operation of the AIRLINE's air transportation services; and

WHEREAS, the AIRLINE acknowledges that this LEASE is being entered into under the provisions of CAL. PUBLIC UTIL. CODE §§21690.5 *et seq.*, and, in particular, §21690.9.

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained to be observed and performed by the respective Parties hereto:

THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I - DEFINITIONS

The following words, terms, and phrases, whenever used in this LEASE, shall have the meaning and significance attached to them in this Article unless otherwise apparent from context.

SECTION 1.01 AAAC

"AAAC" shall mean the JWA – Airport Airline Affairs Committee. The AAAC is composed of the airline properties representatives for the carriers serving JWA.

SECTION 1.02 AAAC CHAIR

"AAAC Chair" shall mean the Chairperson elected by the AAAC to act as the spokesperson for carriers serving JWA.

SECTION 1.03 ACCESS PLAN

"Access Plan" shall mean the Phase 2 Commercial Airline Access Plan and Regulation for John Wayne Airport, Orange County, as that plan existed when originally adopted and approved by the Orange County Board of Supervisors in 1990, as it has been amended by the Board of Supervisors from time to time, and as it may be amended by the Board of Supervisors at any time during the term of this LEASE.

SECTION 1.04 ADD

"ADD" shall mean Average Daily Departure, as defined in the Access Plan. Except as expressly provided in the Access Plan, all commercial air carrier departures at JWA are regulated departures and require an ADD allocation. ADD allocations are the exclusive property of the COUNTY.

SECTION 1.05 AIRLINE RATES AND CHARGES

"Airline Rates and Charges" shall mean all rates, fees, and charges payable to the COUNTY by the AIRLINE, as specified herein**.**

SECTION 1.06 AIRPORT

"Airport" shall mean the John Wayne Airport, Orange County, California.

SECTION 1.07 AIRPORT DIRECTOR

"Airport Director" shall mean the Director of JWA or his or her duly authorized designee.

SECTION 1.08 APRON AREA

"Apron Area" shall mean the land identified as Apron Area in Exhibit C attached hereto, and, except as otherwise provided herein, all facilities, equipment, and improvements now or hereafter located thereon.

SECTION 1.09 AUDITOR-CONTROLLER

"Auditor-Controller" shall mean the Auditor-Controller, County of Orange, or designee.

SECTION 1.10 BOARD OF SUPERVISORS

"Board of Supervisors" shall mean the COUNTY's governing body.

SECTION 1.11 CBP

"CBP" shall mean Customs and Border Protection, U.S. Department of Homeland Security.

SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT

"Certificated Maximum Landing Weight" shall mean the current maximum allowable gross landing weight of aircraft operated by the AIRLINE and certificated by the Federal Aviation Administration (FAA) for operation at the Airport.

SECTION 1.13 COMMON USE AREA

"Common Use Area" shall mean the nonexclusive use of space, in common with other airlines, located in the Terminal, as shown in Exhibit D.

SECTION 1.14 COUNTY

"COUNTY" shall mean the County of Orange, a political subdivision of the State of California.

SECTION 1.15 CUPPS

"CUPPS" shall mean the Airport's Common Use Passenger Processing System.

SECTION 1.16 CUSS

"CUSS" shall mean Common Use Self Service.

SECTION 1.17 DOT

"DOT" shall mean the U.S. Department of Transportation.

SECTION 1.18 EMV

"EMV" shall mean Europay, Mastercard, or Visa.

SECTION 1.19 ENVIRONMENTAL LAWS

“Environmental Laws” shall mean any federal, State, or local laws, statutes, ordinances, codes, judgments, orders, rules, or regulations pertaining to the environment and/or human health, Hazardous Substances, Pollutants, occupational safety and health, industrial hygiene, or the environmental conditions on, at, under or about the Airport, and includes, without limitation, the following: (i) the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; (ii) Clean Water Act, 33 U.S.C. § 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 C.F.R. Parts 173 and 175; (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 U.S.C. § 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 (“Proposition 65”); (ix) California Health and Safety Code §§25100, 25395.7, 25915 *et seq.*; (x) the Porter-Cologne Water Quality Control Act (California Water Code); (xi) California Civil Code § 3479 *et seq.*; (xii) Stormwater Discharge Rules, 40 C.F.R. §§ 122.26, 122.30-37; (xiii) the Carpenter-Presley-Tanner Hazardous Substances Account Act; (xiv) the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; (xv) the Safe Drinking Water Act, 24 U.S.C. § 300f, *et seq.*; xvi) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Industrial Activities, Order No. 2014-0057-DWQ (or most current); xvii) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, Order No. 2009-0009-DWQ amended by 2010-0014-DWQ & 2012-0006-DWQ; xviii) The County of Orange, Orange County Flood Control District, and The

Incorporated Cities of Orange County within the Santa Ana Region Areawide Urban Stormwater Runoff Orange County Municipal Separate Storm Sewer System (MS4) Permit Order No. R8-2009-0030 (National Pollutant Discharge Elimination System No. CAS618030) as amended by Order No. R8-2010-0062; xix) South Coast Air Quality Management District Regulations and Rules; and (xx) all other federal, State, and local laws, rules, orders, directives, and codes, regulations, judgments, and orders relating to (a) emissions, discharges, releases, and/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 (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Substances, as such laws are amended, and the regulations and administrative codes applicable thereto.

SECTION 1.20 EXCLUSIVE USE AREA

"Exclusive Use Area" shall mean the areas of the Terminal and on the Terminal Apron that the COUNTY has granted the AIRLINE the right to use on an exclusive-use basis, subject to the Joint Use Requirement, during the term of this LEASE. The AIRLINE's Exclusive Use Area is described in Exhibit A and shown in Exhibits B and C.

SECTION 1.21 FAA

"FAA" shall mean the Federal Aviation Administration created under the FEDERAL AVIATION ACT OF 1958 or such successor agency as may have similar jurisdiction over the AIRLINE or its business and the Airport.

SECTION 1.22 GSE

"GSE" shall mean Ground Service Equipment and include any auxiliary power unit, mobile stairs, aircraft support equipment, machinery, spare parts, or other equipment used or stored by any qualified air carrier or ground service provider in support of operations at JWA.

SECTION 1.23 HAZARDOUS SUBSTANCES

“Hazardous Substances” shall mean any pollutant, contaminant, chemical, compound, substance, hazardous or toxic substance, material, waste, and/or any other matter, which is or shall become regulated by any governmental entity, including, but not limited to COUNTY acting in its governmental capacity, the State of California, and/or the United States Government. 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, nuisance, and/or is controlled or governed under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos-containing materials; (iv) flammable or explosive substances; (v) mold-containing materials; poly-chlorinated biphenyl compounds; and/or (vi) substances designated by any governmental entity to cause cancer and/or reproductive toxicity.

SECTION 1.24 IAF

"IAF" shall mean the International Arrival Facility and include the areas of the Terminal that house U.S. Customs and Border Protection and are for the use of arriving international passengers.

SECTION 1.25 NON-STORMWATER DISCHARGE

"Non-Stormwater Discharge" shall mean any discharge to storm sewer systems that is not entirely composed of Stormwater. "Non-Stormwater Discharge" includes "Unauthorized Non-Stormwater Discharges" and "Authorized Non-Stormwater Discharges" as defined by the California Environmental Protection Agency State Water Resources Control Board's National Pollutant Discharge Elimination System General Permit for Discharges of Stormwater Associated with Industrial Activities and Construction Activities.

SECTION 1.26 PFC

"PFC" shall mean federally approved Passenger Facility Charges or passenger facility fees, as authorized by 49 U.S.C. §40117 and regulated by 14 C.F.R. Part 158, as such statute and regulation currently exist or as they may be amended during the term of this LEASE.

SECTION 1.27 POLLUTANT

“Pollutant” means any chemical, compound, substance, liquid, solid or semi-solid substance, or combination thereof, including but not limited to:

a. Artificial materials (such as floatable plastics, wood products or metal shavings);

b. Household waste (such as trash, paper, and plastics; cleaning chemicals, yard wastes, animal fecal materials, used oil and fluids from vehicles, lawnmowers, and other common household equipment);

c. Metals and nonmetals, including compounds of metals and nonmetals (such as cadmium, lead, zinc, copper, silver, nickel, chromium, cyanide, phosphorus, and arsenic) with characteristics that cause an adverse effect on living organisms;

d. Petroleum and related hydrocarbons (such as fuels, lubricants, surfactants, waste oils, solvents, coolants, and grease);

e. Substances having a pH less than 6.5 or greater than 8.6, or unusual coloration, turbidity, or odor;

f. Materials causing an increase in biochemical oxygen demand, chemical oxygen demand, or total organic carbon;

g. Materials that contain base/neutral or acid-extractable organic compounds;

h. Those pollutants defined in Section 1362(6) of the Federal Clean Water Act;

i. Any other constituent or material, including but not limited to pesticides, herbicides, fertilizers, fecal coliform, fecal streptococcus, or enterococcus, or eroded soils, sediment, and particulate materials in quantities that will interfere with or adversely affect the beneficial use of the receiving waters, flora or fauna of the State; and

j. Any substance listed under Health and Safety Code, §25316.

SECTION 1.28 RON

"RON" shall mean the remain overnight positions where the AIRLINE's aircraft are required to park when they "remain overnight" at JWA.

SECTION 1.29 STORMWATER

"Stormwater" shall mean stormwater runoff, snowmelt runoff, and stormwater surface runoff and drainage.

SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES

"Tenant Design and Construction Guidelines" shall mean the Tenant Criteria Manual, CAD Standards, BIM Standards Manual, and GIS Data Standard which can be found on the OCAIR.COM website.

SECTION 1.31 TERMINAL

"Terminal" shall mean the Thomas F. Riley commercial passenger terminal and concourses at JWA, as may be modified at any time during the term of this LEASE.

SECTION 1.32 TSA

"TSA" shall mean the Transportation Security Administration of the U.S. Department of Homeland Security, the federal agency responsible for regulation of airport security, or any such successor agency.

ARTICLE II – TERM OF LEASE

SECTION 2.01 TERM OF LEASE

The term of this LEASE shall commence on January 1, 2021, and expire on December 31, 2030.

SECTION 2.02 HOLDING OVER

In the event the AIRLINE shall continue in possession of the Leased Premises after the term of this LEASE, such possession shall not be considered an extension or renewal of this LEASE but

a tenancy from month-to-month and shall be governed by the conditions and covenants contained in this LEASE.

SECTION 2.03 TERMINATION FOR CONVENIENCE

This LEASE may be terminated for convenience by either Party for any reason and without cause upon ninety (90) days' written notice.

ARTICLE III – LEASED PREMISES

SECTION 3.01 LEASED PREMISES

The COUNTY leases to the AIRLINE that certain property hereinafter referred to as "Leased Premises." Said premises shall be leased to the AIRLINE in "as-is" condition and shall consist of the following:

A. **Exclusive Use Area**. Exclusive use of the space, subject to the requirements set forth in Section 9.01 of this LEASE entitled "JOINT USE REQUIREMENT," located in the Terminal and on the Apron and Airfield, as described on Exhibit A and shown in Exhibits B and C, which exhibits are attached hereto and by reference made a part hereof and hereinafter referred to as "Exclusive Use Area."

B. **Common Use Area**. Nonexclusive use, in common with other airlines, of space located in the Terminal as shown on Exhibit D, which exhibit is attached hereto and by reference made a part hereof, and hereinafter referred to as "Common Use Areas." Common Use Areas include:

(1) Baggage Claim and Baggage Make-up Areas;

(2) Hold rooms (departure lounges);

(3) Airside Concourses;

(4) Landside Concourses;

(5) Loading Bridges

(6) Baggage and Passenger Screening Areas;

(7) Security Areas.

The use of these Common Use Areas shall be subject to the reasonable control and regulation of the Airport Director.

SECTION 3.02 NATURE OF AIRLINE'S ESTATE

The AIRLINE acknowledges and agrees:

A. That the COUNTY has granted to the AIRLINE a leasehold interest in the Leased Premises only.

B. That the COUNTY retains a fee ownership for federal income tax purposes in and to the Leased Premises, as well as all other ownership burdens and benefits connected with such fee ownership.

C. That the AIRLINE has not been granted any direct or indirect right or option to purchase the Leased Premises from the COUNTY at any time during or after the termination of this LEASE.

SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES

The AIRLINE shall not install equipment of any kind outside the Leased Premises unless authorized in writing by the Airport Director and/or designee prior to installation.

ARTICLE IV - RENT, FEES AND CHARGES

SECTION 4.01 RENT, FEES AND CHARGES

The rents, fees, and charges contained in this LEASE are established in accordance with (i) Resolution 02-062 dated March 12, 2002 (or as subsequently amended), which reasserts and establishes the John Wayne Airport Revenue Planning Policy, and (ii) the Bond Indenture for the Airport Revenue Bonds, Series 1987, and the First Supplemental, Second Supplemental, Third Supplemental, Fourth Supplemental, Fifth Supplemental, and Sixth Supplemental Indenture Series 1993, 1997, 2003, 2009 and 2019, as well as any future bond indentures or supplemental indentures that may be issued or adopted from time to time. The Airport Director and the AAAC Chair shall present any modifications to the rents, fees, and charges to the AAAC prior to implementation.

A. The AIRLINE shall make payment of the following rents, fees, and charges, which shall be due and payable monthly in advance on the first day of each month with a 15-day grace period, and the AIRLINE agrees that the COUNTY will not invoice for such rents, fees, and charges:

(1) **Exclusive Use Areas**

(a) Terminal Building. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use terminal space.

Exclusive use terminal space consists of the airline ticket counter, airline ticket office, baggage service office, and operations/ramp office.

For the purpose of calculating terminal building rent, the AIRLINE's Exclusive Use Area(s) of the terminal building contains the square feet described in Exhibit A and shown in Exhibit B.

(b) Terminal Apron. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use of terminal apron space used for GSE. For purposes of calculating terminal apron rent, the AIRLINE's Exclusive Use Area(s) of the apron contains the square feet shown on Exhibit C. Exhibit C may be modified at any time by Airport Director.

(c) Airport Tenant Improvement Amortization Schedule. The AIRLINE shall reimburse the COUNTY for tenant improvement by the COUNTY based on the amortization schedule established by the Airport Director.

(2) **Common Use Areas**

(a) Arrival Level. The COUNTY shall establish fees for shared use of baggage claim and baggage make-up areas. Said fees shall be established on the basis of allocating the Airport's total costs and expenses associated with the baggage claim and baggage make-up areas to the commercial airlines in the terminal accordingly: twenty percent (20%) of the costs to be shared evenly among the commercial airlines and eighty percent (80%) of the costs to be shared based on each commercial airline's percentage of total deplaned passengers at the Airport, including their commuter affiliates.

(b) Departure Level. The COUNTY shall establish fees for shared use of departure level common areas, including hold-rooms, airside concourses, baggage/passenger screening areas, and security areas. Said fees shall be established by allocating the Airport's total costs and expenses associated with departure level common areas accordingly: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

The COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Modifications may include fee revisions, the establishment of new fee classifications, or such

other changes as needed to respond to the AIRLINE's use of the Airport. At the end of each modification period, the COUNTY shall establish monthly fees and issue credits for any overpayments by the AIRLINE or invoice the AIRLINE for any underpayments for the previous period.

In the event an obligation to pay fees begins or terminates on some day other than the first or last day of the month, the fees shall be prorated to reflect the actual period of use based on a thirty (30) day month. The fees for any partial calendar month during which this LEASE becomes effective will be payable on such effective date.

(c) IAF. Fees shall be established by the COUNTY for shared use of the IAF. Said fees shall be established based on the Airport's total costs and expenses associated with the IAF area. The IAF fees shall be allocated to commercial carriers operating international flights according to the carrier's ratio of international deplaned passengers and the fee schedule established by the COUNTY.

(d) CBP. Costs shall be passed through to commercial carriers operating international flights based on international deplaned passengers at JWA and the fee schedule established by the COUNTY.

(e) CUPPS. Fees shall be established by the COUNTY for the implementation, maintenance, support, services and supplies, and periodic upgrades of the Common Use Passenger Processing System (CUPPS). Said fees shall be established and allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

In the event of future CUPPS upgrade implementation due to technological requirements or regulatory compliance, the cost of CUPPS upgrade shall be amortized over three years, allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each airlines percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

(1) The JWA CUPPS has EMV credit card capability. JWA will not activate this capability until the JWA AAAC agrees to its activation, in whole or in part, using a processing system acceptable to the affected airlines and JWA.

(2) In the event AIRLINE does not use JWA's installed EMV credit card chip processing system, the COUNTY will not be liable for fraudulent credit card transactions by AIRLINE customers, and AIRLINE shall indemnify the COUNTY pursuant to Section 13.02 of this LEASE for such transactions.

(3) **Additional Fees**

The COUNTY shall establish additional fees including, but not limited to, utility expenses, janitorial expenses, and annual security expenses resulting from any security measures implemented after September 11, 2001. Such fees shall be established annually by allocating the Airport's total cost accordingly: ten percent (10%) of the cost to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the cost to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

B. The AIRLINE shall pay the following fees and charges payable monthly in arrears on or before the twentieth (20th) day of each month with no grace period. The AIRLINE agrees that the COUNTY will not invoice for the following fees and charges and may require the AIRLINE to submit future monthly reports electronically via JWA's portal and prescribed format. Airport will make reasonable efforts to develop an electronic format that allows AIRLINE to report requested information efficiently.

(1) Landing fees based on the latest schedule established by the COUNTY covering the operation of scheduled airlines and commercial operations at the Airport. Landing fees shall be expressed in terms of a rate per one thousand (1,000) pounds of maximum gross landing weight of aircraft certified by the FAA.

(2) Aircraft RON parking fees based on the latest schedule established by the COUNTY. Aircraft parking fees shall be expressed in dollars per night.

(3) Operations fees (gate use fees) based on the schedule established by the COUNTY. Operations fees shall be expressed in dollars per daily departure.

Upon thirty (30) days' written notice from the Airport Director, the COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Changes may include fee revisions, establishment of new fee classifications, or such other changes as needed to respond to the AIRLINE's use of the Airport, the need for the COUNTY to receive fair and equitable rents, fees, and charges for all uses of the Airport, and to ensure the Airport is operated at no cost to the local taxpayer. With regard to any dispute as to what may constitute reasonable rents, fees, and charges, the AIRLINE shall first exhaust all remedies provided by applicable federal law and FAA regulations. At the end of each modification period, the COUNTY shall establish monthly fees and apply any underpayments or overpayments by the AIRLINE to the subsequent rates and charges period. At the discretion of the COUNTY, overpayments may be refunded via credit memo and underpayments may be invoiced.

C. Based upon prior written agreement between the AIRLINE and the COUNTY, the AIRLINE may pay for facilities repairs or modifications that would normally be the responsibility of the COUNTY. Costs for such repairs or modifications shall be deducted from the AIRLINE rent by the COUNTY upon submittal to the COUNTY of invoices, receipts, statements, or other documentation acceptable to the COUNTY for said repairs or modifications. All invoices, receipts, statements, or other documentation shall include a detailed description of the nature of the work performed and the associated costs. Upon completion of all repairs or modifications, the AIRLINE shall submit to the COUNTY a written request for rent credit and all documentation for the repairs or modifications.

Notwithstanding anything in this LEASE to the contrary, all amounts payable by the AIRLINE to or on behalf of the COUNTY under this LEASE, whether or not expressly denominated as rent, shall constitute rent for the purposes of the U.S. BANKRUPTCY CODE, 11 U.S.C. §502(b)(6).

The AIRLINE shall notify the Airport in writing within thirty (30) days of filing a petition for bankruptcy.

SECTION 4.02 PAYMENT PROCEDURE

A. **Place of Payment and Filing**. Payments and statements required by Sections 4.01, 4.08, and 5.06 in this LEASE shall be delivered to the County of Orange, Office of the Auditor-Controller, John Wayne Airport Accounting Services, 3160 Airway Avenue, Costa Mesa, California 92626. The designated place of payment and filing may be changed at any time by the COUNTY upon ten (10) days' written notice to the AIRLINE. Payments may be remitted by automated clearing house (ACH) deposit to the COUNTY's designated bank account or made by check payable to the County of Orange. The AIRLINE assumes all risk of loss if payments are made by mail.

B. **Form of Payment**. All sums due under this LEASE shall be paid in lawful money of the United States of America without offset, deduction, or prior notice or demand. No payment by the AIRLINE or receipt by the COUNTY of a lesser amount than the payment due shall

be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and the COUNTY shall accept such check or payment without prejudice to the COUNTY's right to recover the balance of the amount due or pursue any other remedy in this LEASE. All electronic payments must be remitted by Automated Clearing House (ACH) deposit to the COUNTY's designated bank account, or any future mode prescribed by the COUNTY. Any fees assessed to the COUNTY's bank account due to the use of another form of payment (e.g., wire transfer) not prescribed or approved by the COUNTY shall be passed through to AIRLINE plus a twenty-five dollars ($25.00) processing fee.

C. **Penalty for NSF Check** In the event a check submitted by AIRLINE is returned for non-sufficient funds ("NSF"), the AIRLINE agrees to pay the COUNTY a service charge in the amount of twenty-five dollars ($25) for the first returned check, and thirty-five dollars ($35) for each subsequent check. AIRLINE may also be liable for treble damages pursuant to California Civil Code Section 1719.

SECTION 4.03 CHARGE FOR LATE PAYMENT

The AIRLINE hereby acknowledges that the late payment of rent or any other sums due hereunder will cause the COUNTY to incur costs not contemplated by this LEASE, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices, increased accounting costs, or lost interest income.

Accordingly, if any payment of rent as specified in Section 4.01 in this LEASE or of any other sum due the COUNTY is not received by the COUNTY by the due date, a late charge of one and one-half percent (1.5%) of the payment due shall be added to the payment, and the total sum shall become immediately due and payable to the COUNTY. An additional charge of one and one-half percent (1.5%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

The AIRLINE and the COUNTY hereby agree that such late charges represent a fair and reasonable estimate of the costs that the COUNTY will incur by reason of the AIRLINE's late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by the COUNTY shall in no event constitute a waiver of the AIRLINE's default with respect to such overdue payment or prevent the COUNTY from exercising any of the other rights and remedies granted hereunder.

SECTION 4.04 PASSENGER FACILITY CHARGE

The COUNTY expressly reserves the right to impose PFCs on airline passengers for the use of the Airport in accordance with 49 U.S.C. §40117 and applicable implementing regulations adopted by

the FAA, including 14 C.F.R. Part 158, as they may be amended from time to time (the "PFC Regulations").

The AIRLINE shall hold in trust for the COUNTY the net principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY. For the purposes of Section 4.04, net principal amount shall mean the total principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY, reduced by any amount that the AIRLINE is permitted to retain pursuant to 49 U.S.C. §40117 and the PFC Regulations. Monthly PFCs collected by the AIRLINE shall be remitted to the COUNTY no later than the last day of the following calendar month or, if that date falls on a weekend or holiday, the first business day thereafter. In addition, PFCs collected by the AIRLINE shall be remitted to the COUNTY at the address specified in Section 4.02, Part A, "Place of Payment and Filing" or at such other place as designated by the COUNTY.

Should the AIRLINE fail to remit the net principal amount of all PFCs to the COUNTY within five (5) days following the remittance date specified above, the AIRLINE shall be deemed to be in default pursuant to Article XI hereof. In addition, any late payment of PFCs shall be subject to late fees computed at the rate of one and one-half percent (1.5%) per month of the payment due and/or the highest rate allowable under applicable state law from the due date until paid in accordance with Section 4.03 of this LEASE.

Nothing contained herein shall be construed to supersede the rights and obligations provided in 14 C.F.R. Part 158 regarding PFCs. In the event that a conflict exists between such federal regulation and this agreement, the federal regulation shall govern.

Reporting and Auditing Requirement: Airlines are required to comply with Part 158 Subpart D Reporting, Recordkeeping and Audits of PFC accounts maintained by the collecting carriers, specifically refer to Part §158.65, §158.69 and §158.71. The PFC report must be filed by the last day of the month following the calendar quarter by the collecting carrier to the County/Airport. The collecting air carrier's quarterly report must state:

(i) The collecting air carrier and airport involved
(ii) The total PFC revenue collected
(iii) The total PFC revenue refunded to passengers
(iv) The collected revenue withheld for reimbursement of expenses under §158.53
(v) The dates and amounts of each remittance for the quarter

SECTION 4.05 PROVISION AGAINST SET-OFFS

It is the obligation of the AIRLINE to pay all fees and charges, free of any set-offs or claims, in the amount and at the times specified in this LEASE. In the event that the AIRLINE desires to contest the validity or amount of any such fees and charges, the AIRLINE shall first pay the same to the COUNTY and may then seek a refund in any appropriate forum.

SECTION 4.06 SECURITY DEPOSIT

The AIRLINE, prior to the commencement of operations, shall deposit with the COUNTY a security deposit approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director ("Security Deposit").

Concurrently with each revision of the rent pursuant to Section 4.01 in this LEASE, the Security Deposit to be provided by the AIRLINE shall be adjusted to approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director to guarantee the faithful performance by the AIRLINE of its obligations under this LEASE and the payment of all rents, fees, and charges due hereunder. In no event shall the amount of the Security Deposit be less than the existing Security Deposit. The amount of the Security Deposit will not be increased unless the adjusted Security Deposit is equal to or more than one hundred twenty percent (120%) of the prevailing Security Deposit. PFCs shall be excluded from the rents, fees, and charges used to determine the AIRLINE's Security Deposit.

The Security Deposit shall take one of the forms set out below and shall guarantee the AIRLINE's full and faithful performance of all the terms, covenants, and conditions of this LEASE:

A. A Letter of Credit from one or more financial institutions, subject to regulation by the State of California or Federal government, pledging that funds necessary to secure performance of the terms, covenants, and conditions of this LEASE are on deposit and guaranteed for payment, and agreeing that said funds shall be trust funds securing AIRLINE'S performance and that all or any part shall be paid to COUNTY, or order upon demand by Airport Director. Both the financial institution(s) and the form of the instrument(s) must be approved by Airport Director, or designee. The financial institution shall have a minimum long-term credit rating by two of the three Nationally Recognized Statistical Rating Organizations (NRSROs): Moody's (AA3), S&P Global (AA-), and Fitch (AA-).

B. A Faithful Performance Bond executed by a surety company or financial institution qualified and admitted to do business in the State of California and issued in a form approved by the COUNTY. The surety company must have a minimum A. M. Best rating of A-/VIII as determined by the most current edition of ambest.com. Under the bond, the surety company shall guarantee to COUNTY full and complete performance of all the terms, conditions and covenants herein to be performed on the part of AIRLINE, including the payment of use fees as well as any and all other payments. Said bond shall be maintained at the cost of AIRLINE throughout the existence of this LEASE. Said Surety shall give Airport Director or designee a minimum thirty (30) days' prior written notice of cancellation or material change in said bond. Such cancellation or material change without Airport Director's or designee's prior written consent shall constitute a default under this LEASE.

Regardless of the form in which the AIRLINE elects to make said Security Deposit, all or any portion of the principal sum shall be available unconditionally to the COUNTY for correcting any

default or breach of this LEASE by the AIRLINE, its successors or assigns, or for payment of expenses incurred by the COUNTY as a result of the failure of the AIRLINE, its successors or assigns, to faithfully perform all terms, covenants, and conditions of this LEASE.

Should the AIRLINE elect to provide either a Letter of Credit or a Faithful Performance Bond to fulfill the Security Deposit requirements of this LEASE, said Letter of Credit or bond shall have the effect of releasing the depository or creditor therein from liability on account of the payment of any or all of the principal sum to the COUNTY, or order upon demand by the Airport Director.

In the event the Airport Director withdraws all or any portion of the Security Deposit as provided herein, the AIRLINE shall, within ten (10) days of any withdrawal by the Airport Director, replenish the Security Deposit to maintain it at amounts herein required throughout the term of this LEASE. Failure to do so shall be deemed a default and shall be grounds for immediate termination of this LEASE as per Article XI of this LEASE.

The AIRLINE shall be obligated to maintain the Security Deposit in effect until the expiration date or earlier termination of this LEASE.

The Security Deposit, after deduction of all amounts due the COUNTY, shall be rebated, reassigned, released or endorsed by the COUNTY to the AIRLINE or order, as applicable, after one hundred twenty (120) days have elapsed, or at an earlier time to be determined by the Airport Director, following the expiration date of the term of this LEASE, provided the AIRLINE has fully and faithfully performed each and every term, covenant, and condition of this LEASE.

SECTION 4.07 NEW ENTRANT DEPOSIT

A cash security deposit in the sum of FIVE HUNDRED THOUSAND DOLLARS ($500,000.00) shall be provided by a new entrant AIRLINE prior to the commencement of operations.

This deposit shall be returned to the new entrant AIRLINE after six (6) months of continuous operation.

SECTION 4.08 MARKETING FUND FEE

The COUNTY has established a marketing fund for the Airport to conduct sales promotions, Airport-wide advertising, and related activities intended to promote the Airport and its tenants. Commencing January 1 of each calendar year, AIRLINE shall be required to make an annual marketing fund payment in the amount of ten thousand dollars ($10,000.00). AIRLINE agrees to pay this amount on or before January 1 of each year. All monies received by the Airport for the marketing fund shall be used solely for the purpose of Airport tenants' promotions and directly related expenses. In the event any year of this LEASE contains less than 12 months, AIRLINE shall pay a pro-rata portion of the annual amount corresponding to the number of months remaining in that calendar year.

For example, if the LEASE commenced on November 1, AIRLINE would pay the monthly pro-rata portion ($833.33 per month) of the annual marketing fund amount for November and December (totaling $1,666.66). Then, commencing on January 1, AIRLINE would make the full annual marketing fund payment of $10,000.00. Should the LEASE expire on September 15, AIRLINE would pay a pro-rata portion of the annual amount for the months of January through September.

ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES

SECTION 5.01 USE

The AIRLINE's use of the Leased Premises and its operations shall be limited to conducting a scheduled commercial airline operation. Subject to the limitations set forth in this Section and Sections 5.03, 5.04, 5.05, and 9.01 in this LEASE, AIRLINE'S operations are subject to the following authorized uses:

A. Loading and unloading of passengers.

B. Loading and unloading of baggage.

C. Passenger processing operations.

D. Flight operations office.

E. The AIRLINE shall have the right to have its aircraft and other equipment serviced by suppliers of its choice. Such suppliers may provide materials and services, including, but not limited to, aviation fuel, ground vehicle fuel, lubricating oil, greases, parts, and all other materials and supplies and services required by AIRLINE in the conduct of its air transportation service.

F. Mail, freight, and cargo operations, but only when such activity is incidental to, and conducted in connection with, regularly scheduled commercial passenger operations. The AIRLINE shall not conduct any operations at the Airport with aircraft which are:

   1) Used at the Airport exclusively or primarily for mail, freight, or cargo services; or

   2) Which have been modified in any manner for the purpose or the primary effect of reducing the passenger carrying capacity and increasing the cargo or freight carrying capacity of the aircraft.

G. Air charter activities in compliance with Access Plan.

H. Commissary services for the AIRLINE's employees at the Airport and in-flight catering services in support of the AIRLINE's air operations at the Airport. This does not permit

the AIRLINE to conduct commissary or in-flight services for any other airline or other person at the Airport without first obtaining a separate license to allow commissary or in-flight services for other airlines.

I. Handling of other airlines' operations and ticketing pursuant to Section 9.01 in this LEASE.

J. Employee training incidental to the other uses permitted under this Section.

K. Areas identified on the attached "Exhibits A, B, and C" as the AIRLINE Ticket Counter, AIRLINE Ticket Office, Baggage Service Office, Ramp/Operations Office, and Apron Equipment Storage are strictly limited to their identified uses.

L. Other uses as authorized by the Airport Director.

SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES

The COUNTY grants the AIRLINE a license for the nonexclusive use of all public Airport facilities including, but not limited to, taxiways, runways, navigational aids, and facilities relating thereto for purposes of landings, takeoffs, and taxiing of the AIRLINE's aircraft. All such use shall be in accordance with the laws of the United States of America, State of California, and the rules and regulations promulgated by their authority with reference to aviation and air navigation, and in accordance with all reasonable and applicable rules, regulations, and ordinances of the COUNTY now in force or hereafter prescribed or promulgated by ordinance or by law, including the Access Plan. The use of these areas shall be subject to the control and regulation of the Airport Director.

This license for non-exclusive use is subject to all rights reserved by the COUNTY to license, permit, authorize, regulate, and relocate concessionaires and other Airport tenants, including but not limited to booths, counters, offices, lockers, and wall space.

SECTION 5.03 RULES AND REGULATIONS

The COUNTY may adopt and enforce “Airport Rules and Regulations” that the AIRLINE agrees to observe and obey with respect to the use of the Airport and its appurtenances, facilities, improvements, equipment, and services, provided that such rules and regulations shall not be inconsistent with safety, with applicable rules, regulations and orders including those of the FAA and TSA with respect to all operations of the Airport, and with the terms of and AIRLINE’s rights under this LEASE. Except in the case of emergency, the COUNTY shall give the AIRLINE written notice and opportunity to comment on any proposed changes or additions to the Airport Rules and Regulations that could impact the AIRLINE's operations at the Airport before such proposed rules and regulations are adopted by the COUNTY. If requested, the COUNTY shall promptly provide a copy of such Airport Rules and Regulations to the AIRLINE.

The AIRLINE's operations under this LEASE shall comply with all Airport Rules and Regulations and shall observe, obey, comply with, and not otherwise hinder or obstruct any and all rules, regulations, laws, ordinances, statutes, or orders of any governmental authority, whether federal, state, or local, lawfully exercising authority over the Airport or the activities thereon, including compliance with FAA, TSA, and Airport security rules, regulations and plans.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines, or penalties of any nature whatsoever that may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE's operation under this LEASE, including, but not limited to, the payment of any fines or penalties for any breach of security, arising from the unauthorized entry of any person or vehicle onto the Airport or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE's operation under this LEASE.

The COUNTY shall not be liable to the AIRLINE for any diminution or deprivation of possession, or of its rights hereunder, on account of the exercise of such right or authority provided in this LEASE, nor shall the AIRLINE be entitled to terminate the whole or any portion of the leasehold estate herein created by reason of the exercise of such right or authority, unless the exercise thereof shall so interfere with the AIRLINE's use and occupancy of the Leased Premises so as to constitute a termination in whole or in part of this LEASE by operation of law in accordance with the laws of the State of California.

SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE

The AIRLINE agrees that:

A. Notwithstanding any provision in this LEASE to the contrary, the AIRLINE shall conduct all of its operations and activities at the Airport in strict conformity with the Access Plan and each of its regulations and limitations on the AIRLINE's activities and operations at the Airport.

B. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are privileges that may be revoked or modified by the COUNTY at any time during the term of this LEASE, and that such privileges do not constitute property rights of the AIRLINE.

C. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are not transferable, assignable, or delegable by the AIRLINE to any other person or entity by operation of law or otherwise, and that such allocations and other operating privileges may not be pledged, hypothecated or encumbered by the AIRLINE at any time for any purpose.

D. The remedies specified in the Access Plan for any Access Plan violation by the AIRLINE are not the exclusive remedies of the COUNTY, but shall constitute additional nonexclusive remedies that the COUNTY may enforce separately or cumulatively with other remedies under the enforcement provisions of this LEASE.

E. The AIRLINE shall not at any time, or for any reason, make any assertion to any court, administrative agency, administrative tribunal, or other similar forum that is in any respect inconsistent with the terms and provisions of this Section, except that nothing in this Section shall prevent the AIRLINE from making any argument or asserting any position to the COUNTY, as applicable, in connection with any action by the COUNTY to revoke or modify allocations of operating privileges or any amendments to the Access Plan.

F. All provisions of Section 5.01 and Article XI in this LEASE are subject to the terms, provisions, and limitations of this Section.

SECTION 5.05 OPERATIONAL REQUIREMENTS

The AIRLINE agrees to abide by the following operational conditions and requirements:

A. **Flight Operations and Reallocations**. The number of allocated ADDs, including "regularly scheduled," "charter," "maintenance, and "cargo," shall not exceed the number of departures authorized and allocated to the AIRLINE under the Access Plan. In addition to any and all remedies available to the COUNTY under this LEASE and all provisions of the Access Plan, the COUNTY may reallocate ADDs or other operating privileges granted to the AIRLINE under the provisions of the Access Plan. The AIRLINE shall not operate at JWA unless it conducts its operations with ADDs, allocated seat capacity, or other Authorized Departures directly and formally allocated to the AIRLINE by action of the Board of Supervisors; the AIRLINE conducts all of its operations with aircraft that have been certified for operation at the Airport consistent with Access Plan requirements; and, the AIRLINE has met all other applicable COUNTY requirements.

B. **Hours of Operation**. Except as expressly authorized, the AIRLINE's aircraft shall not depart from the Airport between the hours of 10:00 p.m. and 7:00 a.m. (8:00 a.m. on Sundays) and shall not arrive at the Airport between the hours of 11:00 p.m. and 7:00 a.m. (8:00 a.m. Sundays), as measured at any JWA noise monitoring station. All times shown are Pacific Time.

The AIRLINE acknowledges that the COUNTY may, by regulation, permit some operations by general aviation (nonscheduled, noncommercial) users of the Airport during the nighttime hours with certain specific aircraft types that have noise characteristics similar to the noise characteristics of aircraft that can operate as "Class E" aircraft, as that term is defined in the Access Plan. The AIRLINE does now, or may during the term of this LEASE, operate Class E aircraft at the Airport; nevertheless, the AIRLINE agrees that

the limitations on hours of operations contained in this Section shall be applicable to all of its operations at the Airport, including its Class E operations.

The AIRLINE further acknowledges that there is a rational basis for the COUNTY to distinguish between general aviation operations and regularly scheduled operations by Class E (or noise equivalent) aircraft during the nighttime hours and that this distinction does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The COUNTY agrees that this provision is, and during the term of this LEASE shall be, included in all leases, operating agreements, or other service operating agreements between the COUNTY and any person conducting regularly scheduled commercial operations at the Airport.

C. **Aircraft Types**. The AIRLINE agrees that it will not operate any aircraft at the Airport unless and until that aircraft type has been certified and qualified for operation by the COUNTY in accordance with the provisions and procedures of the Access Plan. The AIRLINE further agrees that it will abide by all aircraft-type restrictions and limitations contained in the Access Plan, as amended, or as it may hereafter be amended, and any other restrictions on aircraft types which may hereafter be adopted by the Board of Supervisors of the County of Orange.

D. **Gate Management.** AIRLINE agrees to utilize gate management software, access/equipment provided by Airport, to upload and maintain current daily arrival and departure information for aircraft operations to jetbridge/hardstand gates and RONs utilized by AIRLINE. Airport will make reasonable efforts to develop gate management software that allows for efficient uploading and maintaining of current daily arrival and departure information by AIRLINE.

E. **Noninterference**. The AIRLINE shall cooperate with and not interfere with the COUNTY's and other airlines' use of and operations at the Airport. The AIRLINE shall not place any ropes, barricades, and/or stanchions on the public or Common Use Area without prior written approval of the Airport Director.

F. **Disposal of Refuse from International Operations**. Airlines operating international service shall contract with a CBP-approved vendor for the disposal of refuse from arriving international flights.

SECTION 5.06 RECORDS AND ACCOUNTS

A. **Records**. The AIRLINE shall at all times keep true and complete records of all transactions in the operation of all business activities, of whatever nature, conducted in pursuance of the rights granted by this LEASE. The AIRLINE shall maintain such records for a period of five (5) years beyond the expiration or earlier termination of this LEASE.

B. **Reports**. The AIRLINE shall provide to the Auditor-Controller and the Airport Director at the end of each calendar month, on forms to be supplied by the COUNTY, statistical information respecting the AIRLINE's operations at the Airport, including, but not limited to, the total number of all aircraft operations conducted by the AIRLINE; the total combined certificated gross landing weight of all such aircraft operations; the total number of enplaned, deplaned and through passengers; the total number of pounds of airmail, cargo and express mail enplaned and deplaned; and the total number of aircraft stored daily and monthly at the Airport. Such reports shall be submitted to the Airport Director no later than fifteen (15) calendar days following the last day of each month. The AIRLINE must attest that the list is an accurate representation of the AIRLINE's activity for the month.

The AIRLINE shall also provide to the Airport Director, for each day, a copy of the AIRLINE's flight dispatch logs or a listing made from such logs, certified as correct by a responsible station manager or dispatcher, showing the type of equipment used for each flight and the actual takeoff and landing times, and not gate times. Said copy of logs or listing shall be made available for each day's activities by noon (12:00 p.m., Pacific Time) of the following day.

C. **Audits**. All the AIRLINE's records and supporting source documents related to rates and fees in this LEASE or business operations conducted within or from the Leased Premises shall be kept and made available to the COUNTY at one location within the geographical limits of the COUNTY or shall be made available at offices in the COUNTY within ten (10) working days after written notice to produce said records and source documents. The COUNTY shall, through its duly authorized agents or representatives, have the right to examine and audit said records and supporting source documents at any and all reasonable times, as set out herein, for the purpose of determining the accuracy thereof and of the monthly statements to the COUNTY.

The COUNTY, upon request of the AIRLINE, may authorize the above-referenced records and supporting source documents to be kept in a single location outside the limits of the COUNTY provided the AIRLINE shall agree to pay all expenses including, but not limited to transportation, food and lodging necessary for the COUNTY to send a representative to audit said records. Said right shall not, unless determined necessary by the COUNTY, be exercised by the COUNTY more than once each accounting year.

The full cost of said audit, as determined by the COUNTY, shall be borne by the AIRLINE if either or both of the following conditions exist:

(1) The audit reveals an underpayment of more than two percent (2%) between the rents and fees due as reported and paid by the AIRLINE in accordance with this LEASE and the rent due as determined by said audit; and/or

(2) The AIRLINE has failed to maintain true and complete records and supporting source documents in accordance with paragraph A above. The adequacy of records shall be determined at the sole discretion of the COUNTY.

Otherwise, the COUNTY shall bear the cost of said audit, excluding the aforementioned expenses related to an audit of documents kept outside the limits of the COUNTY. The cost of said audit, if due from the AIRLINE, shall be included as rent for the first month following invoice to the AIRLINE.

Upon the request of the COUNTY, the AIRLINE shall promptly provide necessary data to enable the COUNTY to fully comply with the requirements of the State of California or the United States of America for information or reports directly relating to this LEASE and to the AIRLINE's use of the Leased Premises.

D. **Failure to Maintain Adequate Records**. In addition to any other remedies available to the COUNTY under this LEASE, at law or in equity, in the event that the AIRLINE fails to maintain and keep records and accounts from business operations conducted on or from the Leased Premises and/or source documents relating thereto, or to make the same available to the COUNTY for examination and audit as required by this LEASE, the COUNTY, at the COUNTY's option, may:

(1) Perform such examinations, audits, and/or investigations itself or through agents or employees as the COUNTY and/or its auditors may deem appropriate to confirm the amount of rents, fees, and charges payable by the AIRLINE under this LEASE; and any and all costs and/or expenses incurred by the COUNTY in connection therewith shall be promptly reimbursed to the COUNTY by the AIRLINE upon demand.

(2) Require that the AIRLINE pay rents and fees based on the COUNTY's best good faith estimate of the AIRLINE's activities from business operations conducted on or from the Leased Premises and Airport; and any such determination made by the COUNTY shall be conclusive and binding upon the AIRLINE.

Costs payable by the AIRLINE pursuant to this Section shall include reimbursement to the COUNTY of the services provided at such rates as the COUNTY may, from time to time, in good faith, establish for such services. In the case of services provided by the COUNTY's employees, such rates shall be sufficient to reimburse the COUNTY for employees' salaries, including employee taxes and benefits, and the COUNTY's overhead; or, at the COUNTY's option, may be at the rate for such services that would be charged by a qualified third party or parties, approved by the COUNTY, if engaged by the COUNTY to perform such services. Said costs payable by the AIRLINE shall be included as rent for the first month following invoice to the AIRLINE.

SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS

The AIRLINE agrees to maintain Exclusive Use Areas in a safe, clean, sanitary condition and in compliance with all applicable laws. The AIRLINE shall be responsible for making all necessary repairs required to maintain the Exclusive Use Areas and improvements in good condition. All repairs and improvements made by the AIRLINE to the Exclusive Use Areas shall be in compliance with all current federal, state, local laws, regulations, ordinances, and building codes, and all Airport regulations (collectively, "Codes") adopted consistent with Section 5.03. The Codes encompass all fire, life, and structural safety aspects and apply to the construction, alteration, moving, demolition, repair, and use of the Exclusive Use Areas. Any additions, alterations, repairs, and changes of use or occupancy in the Exclusive Use Areas shall comply with the provisions for new buildings and structures as set forth in the Codes. All devices or safeguards that are required by the Codes shall be maintained in conformance with the edition of the Codes under which it was installed. Maintenance obligations of the AIRLINE are shown on Exhibit E, which exhibit is attached hereto and by reference made a part hereof.

The AIRLINE shall immediately notify the Airport Director and the Airport Operations Center ("AOC") of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings.

The AIRLINE further agrees to provide approved containers for trash and recycling and to keep the Leased Premises free and clear of rubbish and litter. The Airport Director shall have the right to enter upon and inspect the AIRLINE's Leased Premises and other Airport facilities at any time for cleanliness, safety, and maintenance inspections as set out herein. The Airport Director shall attempt to provide reasonable notice prior to entering AIRLINE's Leased Premises.

The AIRLINE shall designate in writing to the Airport Director an on-site representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness, and general order.

If the AIRLINE fails to maintain or make repairs or replacements as required herein, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

If the AIRLINE fails to maintain or make repairs or replacements, including removal of all its GSE and/or any AIRLINE materials at its loading and unloading operations at the end of its approved hours of operation as required herein, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

The AIRLINE expressly waives any and all claims against the COUNTY for compensation for any and all loss or damage to the AIRLINE's property sustained by reason of any defect, deficiency, or impairment of any water supply system, drainage or sewer system, gas supply system, telephone system, electrical supply system or electrical apparatus or wires serving the Leased Premises, except to the extent caused by the COUNTY's negligence or willful misconduct.

SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES

The COUNTY will provide a means of access for aircraft between the terminal complex and the taxiway and runway system of the Airport, apron, airplane gate positions, and aircraft loading bridges in the area immediately adjacent to the passenger terminal building. No special possessory, exclusive, or vested right whatsoever, save and except the use in common with other airlines and other aircraft owners, shall vest in the AIRLINE by reason of the proximity of such facilities to the AIRLINE's gate loading positions.

The AIRLINE shall maintain, at its sole expense, apron, aircraft gate positions, and aircraft loading bridges in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum products, or grease that may result from activities of its passengers, employees, agents, or suppliers. AIRLINE shall promptly remove all oil and grease spillage attributable to AIRLINE’s aircraft or equipment.

If the AIRLINE fails to perform its obligations in such regard, to perform such as maintenance, cleaning, or repair as the COUNTY reasonably deems necessary, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES

All assignment of gate positions (*i.e.*, aircraft loading bridges and aircraft hardstand positions) shall be made in accordance with rules, regulations, and directives provided in the Access Plan

and made at the complete discretion of the Airport Director, as he/she may determine is appropriate. The Airport Director, in making gate assignment (*i.e.*, loading bridge and hardstand) positions to the airlines, may take into account the needs and requirements of the airlines, as well as the requirements of other Airport users, for use of gate positions adjacent to the passenger terminal building, and other factors that the Airport Director determines are appropriate. Without liability, cost, or obligation to the COUNTY, gate assignment positions and aircraft loading bridge and hardstand positions may be changed from time to time as determined necessary by the Airport Director. The Airport Director may consider passenger activity, number of aircraft operations,

type of aircraft used, scheduling needs, and any other factors they may deem appropriate when assigning gate positions, loading bridges, and hardstand positions.

SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON

The COUNTY reserves the right to regulate, by the adoption of an ordinance, rules, or other means, adopted consistent with Section 5.03, the use of vehicles and automotive equipment upon, over, and across the apron and around the passenger terminal building. Vehicles and equipment used upon, over, and across the apron and around the passenger terminal building should be in good working order and free of leaks. In the event of an emergency not specifically provided for in said rules and regulations, the Airport Director shall have the power to take charge of the direction of such vehicle and automotive traffic in the area affected and regulate the same until the cause of such emergency has been removed. The existence of an emergency other than an aircraft emergency, shall be determined by the Airport Director.

SECTION 5.11 AIRCRAFT PARKING

The AIRLINE shall make arrangements with the Airport Director for each aircraft parking space that may be made available to the AIRLINE subject to Section 3.01 in this LEASE.

If, in the judgment of the Airport Director, it becomes necessary to move the AIRLINE's aircraft in order to ensure public safety, improve ramp area efficiency or otherwise, then the AIRLINE shall immediately move said aircraft to the location designated by the Airport Director.

Should any aircraft owned or operated by the AIRLINE, through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the landing and field facilities at the Airport, the AIRLINE shall:

A. Immediately remove said aircraft to such location as shall be designated by the Airport Director, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

B. In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal

agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by the Airport Director.

Should the AIRLINE fail to remove said aircraft, or should aircraft owned or operated by the AIRLINE be abandoned at the Airport, the COUNTY shall have the right to remove such aircraft by any means the Airport Director deems necessary under the circumstances, and the AIRLINE shall keep and hold the COUNTY harmless from any and all costs, loss, liability, damage or expense incurred by the COUNTY or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal as well as moving and storage costs therefor. The AIRLINE agrees that the designation of any aircraft parking positions anywhere on the Airport, if any, made for the AIRLINE's use is presently regulated by the Access Plan and that nothing in this Section obligates the COUNTY to provide, make available, or consent to any aircraft parking spaces for the AIRLINE's use. The AIRLINE agrees that it may not independently make arrangements for aircraft parking space at the Airport without express written consent of the Airport Director, which may be withheld in their sole discretion.

SECTION 5.12 PORTER SERVICES

The AIRLINE may provide directly or indirectly adequate porter (skycap) and/or assistance service for the convenience of its passengers in areas designated by the Airport Director. Porter services include baggage check-in services, wheelchair services, and ticket screening services. The AIRLINE shall provide the Airport Director a plan that enumerates the salient features of its porter services arrangements and a copy of its agreement if service is provided by other than the AIRLINE's employees. All podiums utilized for porter service shall be approved in writing by the Airport Director. The size, shape, and color shall be coordinated with and must be identical to all other airlines' podiums. The AIRLINE's plan shall also provide the details of any podiums and their proposed locations necessary to provide porter services.

ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT

SECTION 6.01 COMMON USE EQUIPMENT

The COUNTY agrees to supply and maintain all equipment for the CUPPS/CUSS, which shall be situated in areas such as, but not limited to ticket counters, ticket lobbies, skycap, and gate podiums. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's service desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with CUPPS. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve

the efficiency of the Airport, including but not limited gate assignment, scheduling and implementation of any software updates.

SECTION 6.02 COMMON USE EQUIPMENT STOCK

The AIRLINE may be asked to supply its own ticket (kiosk) stock in the use of the CUPPS at Common Use Area positions from time to time as it pertains to Radio Frequency Identification (RFID) or specialty stock not provided by the COUNTY. In the event that multiple airlines share kiosk space, all airlines will be required to remove their own stock and allow the other airlines to use the COUNTY-supplied stock, as further outlined herein. When utilizing the COUNTY Common Use Area, the AIRLINE may use either its own stock or the COUNTY's common stock. If the AIRLINE elects to use its own stock, it shall be responsible for removing all stock from the COUNTY's equipment at the end of the usage period. AIRLINE stock shall be subject to approval by the COUNTY. In the event that the COUNTY deems the AIRLINE stock to be injurious to CUPPS, the AIRLINE will immediately cease usage of the offending stock upon such notice by the COUNTY.

SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK

The COUNTY will not supply RFID bag tag stock for use in as part of the Baggage Handling System unless RFID becomes standard common-use stock at all locations within the Airport. AIRLINE shall be required to meet the IATA / ATA standards for the twenty-one-inch (21") bag tag (or as the standard may be amended by IATA / ATA) prior to the start-up of operations at the Airport. In the event that RFID is deployed Airport-wide, the AIRLINE shall provide to the COUNTY the necessary Baggage Service Messages (BSMs) that will be required to facilitate the AIRLINE's baggage through the Baggage Handling System that utilizes RFID technology to track and route baggage to the appropriate baggage carrousel. The COUNTY makes no express warranty as to the operability of the technology and/or baggage handling system equipment, and the sole extent of liability of the COUNTY with respect to the technology and/or baggage handling system equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably possible to technical difficulties with the BHS equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with the RFID, BHS, and BSMs systems. The AIRLINE will not be allowed to use its own bag tag stock, unless specifically permitted to do so in writing by the COUNTY, which must at the time meet any and all standards that may be set forth by the COUNTY for such stock. The COUNTY reserves the right to sell and collect applicable advertising revenues that may be generated from the reverse side of any the COUNTY-supplied bag tag stock.

SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT

The AIRLINE will not install, deploy, or otherwise engage in the use of any proprietary self-service check-in kiosks and/or device, applications, and/or technologies on its Leased Premises, or any portion of the Airport with the expectation to screen any checked bags at the Airport without prior approval from the Airport Director. At the request of the Airport Director, the AIRLINE will work with the COUNTY and other related parties in the development of a Common Use Self Service (CUSS) compliant kiosk application, or other similar applications, and/or devices as may be required to have the AIRLINE operational on all CUSS kiosks at the Airport. The COUNTY reserves the right to establish the locations for implementation of such CUSS kiosks to meet the needs of its customers and the Air Transportation Companies, as well as the operational needs of the Airport. The COUNTY agrees to supply and maintain, with its personnel and at its expense, all common-use self-service kiosk equipment, which shall be situated at designated ticket counters, at various areas of the terminal lobby and customer service areas, and other such locations, and using such passenger processing models as determined by the Airport Director to be most beneficial to meet the operational needs of the Airport. The COUNTY will supply all of the boarding pass stock necessary for the use of the CUSS equipment. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the Common Use Equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE's vendor issues relating to the AIRLINE's applications that run in conjunction with the CUSS systems. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve the efficiency of the Airport.

SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT

The AIRLINE shall not install at any gate hold room, gate counter, skycap, ticket counter, or kiosk, any AIRLINE-owned or proprietary computer equipment, kiosks, phones, other electronic equipment, or similar equipment without the prior express written permission of Airport Director. The AIRLINE shall not make any modification to the COUNTY's Common Use Equipment, including but not limited to modifying the keyboards, adding adhesive or other markings, or otherwise modifying the equipment physically and/or electronically. Any such modifications and/or damage that is willfully or negligently caused by the AIRLINE shall be remedied by the AIRLINE, to the sole satisfaction of the COUNTY, at the sole cost of the AIRLINE. In the event that the damage is repaired by the COUNTY, the AIRLINE will reimburse the COUNTY for both the fully allocated cost of time and materials pertaining to the repairs plus fifteen percent (15%) administrative fees.

SECTION 6.06 NETWORK USAGE

The AIRLINE will not install any proprietary cabling and/or similar infrastructure at the Airport without prior written approval of the COUNTY. As such, AIRLINE shall make use of the

COUNTY's data communications backbone at the Airport for its communications needs to connect separate operating locations within the Airport campus (i.e., ticketing, baggage service, operations, maintenance, etc.). The AIRLINE shall be fully integrated into the COUNTY's infrastructure backbone prior to startup of operations and thereafter shall be responsible for removing all proprietary cabling and/or other similar infrastructure back to point of origin, at the AIRLINE's sole cost. Where authorized, at the discretion of the Airport Director, any and all data communication cabling installed by the AIRLINE shall be in accordance with the Airport's Tenant Design and Construction Guidelines and, upon installation, shall become the property of the COUNTY. Such improvements shall not be subject to any reimbursement or useful life clauses under Section 8.01 of this LEASE. The COUNTY may impose reasonable fees to AIRLINE for the use of such network, including but not limited to, any fees for unusual and/or excessive or non-standard usage, as reasonably determined by Airport Director.

A. The AIRLINE will assign a representative(s), hereinafter "Authorized Network Representative," to work with the COUNTY to determine user access and network connectivity information. The AIRLINE shall be solely responsible for ensuring that Authorized Network Representatives are not security risks and, upon the COUNTY's request, provide the COUNTY with any information reasonably necessary for the COUNTY to evaluate any security event or incident relating to any Authorized Network Representative or use of the COUNTY's network.

B. The AIRLINE shall be solely responsible for the selection, implementation, and maintenance of security procedures and policies that are sufficient to ensure that (i) the AIRLINE's use of the COUNTY's network is secure and is used only for authorized purposes stated herein, and (ii) the AIRLINE's business information and data are protected against improper access, use, loss, disclosure, alteration, or destruction. The AIRLINE agrees that it will not abuse or misuse the Network Connection, any of the components thereof, or any of the capabilities provided thereby. Unless otherwise explicitly provided herein, in no event shall the AIRLINE use the Network Connection as its internet service provider.

(1) The AIRLINE shall notify the COUNTY's Information Systems as soon as possible upon the discovery of any security breach or potential security breach that may affect the AIRLINE or the COUNTY's confidential information or the security of the Network or any Network Connection.

(2) The AIRLINE shall ensure adequate security protection for the COUNTY from any third-party connections established on the AIRLINE's network. Adequate security protection means (i) protection to preserve confidentiality, integrity, and availability of the Network and information of the COUNTY and (ii) protection from malicious codes and/or unauthorized intrusions.

(3) The AIRLINE and the COUNTY shall be responsible for maintaining the highest industry standards for security best practices on computing devices that

could affect the availability and health of the Network connection, the Network, systems, applications, or data of the AIRLINE and the COUNTY, respectively, specifically including, but not limited to, use of up-to-date antivirus protection, anti-SPAM, and establishment and use of a timely security patch management process.

SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES

The AIRLINE acknowledges that the COUNTY provides wireless capabilities for the AIRLINE's operational use in accordance with applicable Federal Communications Commission (FCC) regulations, rulings, and/or guidelines. The AIRLINE agrees that it will not install, deploy, or otherwise engage in the use of any transmitting wireless device, applications, and/or technologies in its Exclusive Use Areas, any portion of the Airport, or within the airport system (regardless of any Exclusive Use, Preferential Use, Common Use, and/or Joint Use assignments) without having first obtained the express written permission of the Airport Director. Such wireless applications shall only be for the AIRLINE's operational use. Use by any others or for the benefit of any other parties is specifically prohibited. At the request of the Airport Director, the AIRLINE will cease operation of a particular device due to interference with another transmitting device that is deemed necessary for operational and/or life-safety purposes.

SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES

A. The AIRLINE will have use of the In-Line Baggage Handling Systems (BHS) in a location as designated by the Director to meet the operational needs of the Airport. The AIRLINE will be responsible to verify that it has certified CUTE, CUSS, and Baggage Service Messages (BSM) applications to operate the BHS and RFID, where applicable, prior to the start-up of service at the Airport. The AIRLINE will actively work with the COUNTY staff and the AIRLINE's system provider(s) to expedite all information systems and/or technologies work that may be required to ensure such applications are properly certified by the COUNTY and its system provider(s), if applicable. The COUNTY shall have the right to charge the AIRLINE for any expenses incurred by the COUNTY, including staffing to manage passenger lines and/or additional maintenance staff if the AIRLINE fails to adhere to BHS system procedures and/or properly staff the baggage make-up areas to meet the demand and such failure results in an operational impact to the Airport and/or the BHS equipment.

B. Following the COUNTY's BHS training, provided by the COUNTY to the AIRLINE, the AIRLINE will be solely responsible for the proper operations, training, and supervision of its staff for its portion of the operational responsibilities of the BHS system. The AIRLINE shall ensure that it maintains staffing levels during all operational hours, including irregular operations, that are sufficient to retrieve baggage from the baggage make-up carrousels and/or piers in order to prevent the inefficient use of the in-line baggage handling system in a fully automated mode and to prevent the system from initiating a "die-back" situation,

which may require the COUNTY to intercede manually and/or cause additional staffing by the COUNTY, its contractors, or TSA staff to initiate baggage screening mitigation procedures as a result of baggage stacking up on the make-up carrousels and/or piers. The AIRLINE shall not initiate any procedures or work rules that, as determined by the Director, will negatively impact the in-line BHS without the prior written approval of the COUNTY and without concurrence from TSA. The COUNTY reserves the right to recover any costs from the AIRLINE that may result from the AIRLINE's failure to comply with this Section of the LEASE.

C. The AIRLINE will designate a representative as a Ground Security Coordinator ("GSC") to handle issues that may arise from time to time with the BHS. The GSC will be the point of contact with the TSA and the COUNTY for all issues concerning checked passenger baggage and/or BHS performance. The GSC must be available during the AIRLINE's operational hours.

D. The AIRLINE acknowledges that all oversized checked baggage must be delivered to a designated oversized area for screening.

E. The AIRLINE acknowledges it may have a more stringent screening requirement for checked passenger baggage than that of TSA. As such, the AIRLINE will be responsible for providing these additional screening services and associated staffing to meet such requirements, including, but not limited to, X-Ray screening, and any additional training for additional services, and/or any additional services at no additional cost to the COUNTY. The AIRLINE must provide evidence of proper training for such additional measures to the Director upon request. The COUNTY may, at its sole discretion, provide and maintain the X-ray screening device.

F. The AIRLINE shall be responsible for ordering, pick-up and maintaining an appropriate level of any and all consumables related to the Common Use Equipment and/or BHS, including, but not limited to, RFID embedded bag tag stock, boarding pass stock, toner cartridges for laser printers, or other similar items, in accordance with policies and procedures established by the COUNTY in the event AIRLINE uses propriety consumables.

ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE

The AIRLINE agrees that it shall abide with all applicable Hazardous Substances laws, rules and regulations, relating to Hazardous Substances including, but not limited to, 49 C.F.R. Parts 171 *et seq*. The AIRLINE shall not cause any Hazardous Substances to be brought upon, kept, used, stored, generated, treated, managed or disposed of in, on or about or transferred to or from the Airport, except to the extent that such Hazardous Substances are (i) necessary for or useful to the AIRLINE's business and (ii) used, kept and stored in a manner that complies with all applicable

Environmental Laws, the Airport Rules and Regulations, and all other applicable laws.

The AIRLINE shall comply with all applicable Environmental Laws and shall not engage in any activity on or about the Airport that violates any applicable Environmental Law. In conducting its operations and maintenance on the Airport under this LEASE, the AIRLINE shall comply with such regulations regarding the storage, distribution, processing, handling and/or disposal, including the Stormwater discharge requirements, of Hazardous Substances including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

The AIRLINE shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental agency having jurisdiction or any applicable Environmental Law for clean-up and removal of any contamination involving any Hazardous Substances caused by the AIRLINE. In conducting a clean-up of a Hazardous Substance release under this LEASE, the AIRLINE shall comply with applicable Environmental Laws. Hazardous waste generated by the AIRLINE or its contractors shall be disposed properly and under the AIRLINE's EPA ID number.

The AIRLINE shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Stormwater drainage system unless authorized by applicable Environmental Law and the Airport's Stormwater Discharge Permit. The AIRLINE shall not allow or cause the entry of any Unauthorized Non Stormwater Discharge that is under its control into the Stormwater drainage system of the Airport or into the Stormwater drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the COUNTY for that purpose, and the AIRLINE complies with recommendations made by the state and/or federal Environmental Protection Agency and the Airport's Stormwater Discharge Permit requirements. The AIRLINE shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by any applicable Environmental Law.

The AIRLINE shall provide all notices required pursuant to the SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986, CAL. HEALTH & SAF. CODE § 25249 *et seq*. The AIRLINE shall provide prompt written notice to the COUNTY within three (3) days of receipt of all written notices of violation of any applicable Environmental Law received by the AIRLINE.

SECTION 7.02 SPILL RESPONSE PLAN

Airlines and fueling companies are required to provide (separately or collectively) a Local Spill Response Action Plan to address specific spill response management. Airlines are encouraged to coordinate response efforts between the airlines and fueling contractors. At a minimum, the plan should address the following:

a) Response team organization, members, and responsibilities;
b) Spill response procedures (including notifications);

c) Personnel training;
d) Personal protective equipment; and
e) Spill kit inventory and management

The AIRLINE shall immediately notify the Airport Director and the AOC of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings. The AIRLINE is responsible to mitigate such spills and perform any remediation necessary to satisfy the applicable federal, state, or local oversight agencies. If the COUNTY personnel, equipment, or third party services are needed to support mitigation, the COUNTY will be reimbursed by the AIRLINE for labor, equipment, and third party costs for all services provided. In addition to reimbursing the COUNTY for the costs of all services provided by third parties to mitigate such spills, the AIRLINE shall pay to County administrative costs in the amount of one thousand dollars ($1,000) per incident. Said costs shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the COUNTY.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE’s operation under this LEASE, including, but not limited to, the payment of any fines or penalties arising from any breach of security, fire, emergency, accident, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, Non-Stormwater Discharge, or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE’s operation under this LEASE.

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION

Federal regulations for Stormwater discharges were issued by the U.S. Environmental Protection Agency (U.S. EPA) (40 CFR Parts 122, 123, and 124). The U.S. EPA, through the NPDES permitting program, regulates discharges of potentially contaminated wastewater and Stormwater into waters of the United States. California has been delegated NPDES general permitting authority by the U.S. EPA. California's State Water Board has issued NPDES permits to regulate municipal, industrial, and construction Stormwater discharges under the NPDES permitting program.

Section 402(p) of the Clean Water Act (CWA) requires NPDES permits for Stormwater discharges from municipal separate storm sewer systems (MS4s). The County of Orange is the principal permittee for Orange County's MS4 Permit Order No. R8-2009-0030 (or currently effective permit) No. CAS 618030 (MS4 Permit). As a facility owned and operated by the County of Orange, the Airport implements requirements in the MS4 permit and is responsible for discharges

into the system. One of the MS4 Permit requirements is to establish the legal authority to control discharges. The County's Water Quality Ordinance (OCCO Title 4, Division 13, Sections 4-13-10 et. seq.) regulates non-stormwater discharges into the MS4 to reduce the discharge of pollutants into the waters of the State. The CWA and the resulting MS4 permit require the County to take steps to reduce pollutants leaving its systems to the maximum extent practicable. The MS4 permit requires the County to develop and implement a Local Implementation Plan (LIP) describing the programs and procedures required by the MS4 permit. The Airport will enforce these Stormwater requirements on municipal areas of the Airport

AIRLINE shall not have prohibited discharge to the MS4 system or on-site storm drains. Some non-stormwater discharges (i.e., fire sprinkler tests) require additional permits with the Regional Water Quality Control Board (RWQCB). AIRLINE is responsible for obtaining and implementing monitoring requirements associated with any non-stormwater discharge permits. AIRLINE shall notify COUNTY prior to any non-stormwater discharge.

In the furtherance of these regulations and Section 402 of the Clean Water Act (CWA), the State of California has adopted a General Permit for discharges of Stormwater associated with industrial activities: “State Water Resources Control Board (State Water Board) Water Quality Order No. 2014-0057-DWQ, NPDES General Permit No. CAS 000001 (Industrial General Permit or IGP).” JWA has applied for and received coverage to discharge Stormwater and authorized non-stormwater discharges pursuant to the general permit for industrial activities and is subject to the permit’s requirements, conditions, and penalties. The permit requires the development and implementation of an effective Industrial Stormwater Pollution Prevention Plan (SWPPP) and Monitoring Implementation Plan (MIP). This plan is developed by COUNTY and covers AIRLINE. The airside portion of JWA where industrial activities take place is covered by the IGP. Industrial activities include maintenance, fueling, equipment cleaning, storage areas, and material handling activities. AIRLINE shall comply with applicable Stormwater discharge requirements and Best Management Practices for industrial facilities described in the SWPPP. COUNTY will provide the required annual training for AIRLINE as part of the SWPPP training requirements. AIRLINE shall have all personnel working within the airside portion of John Wayne Airport to attend annual training or AIRLINE shall provide annual training to personnel using JWA-approved training materials.

SECTION 7.04 ENVIRONMENTAL STEWARDSHIP

AIRLINE shall support the COUNTY’s Environmental Compliance and Stewardship program through participation in various efforts or implementation of Airport plans. COUNTY shall provide AIRLINE advance notice of any proposed changes to the following plans that may affect AIRLINE operations:

A. Air Quality Improvement Plan (AQIP) and Memorandum of Understanding (MOU) with the South Coast Air Quality Management District
B. Climate Action Plan.
C. Waste Management Plan.

D. Stormwater Pollution Prevention Plan.
E. Green Concessions Program.

AIRLINE shall implement and support the following environmental policies and provide reports and documents as required:

A. Adopt and adhere to the following GSE requirement: GSE associated with commercial operations shall achieve fleet average oxides of nitrogen (NOx) emission factor of 1.7 grams per brake horsepower per hour (g/bhp-hr)upon lease initiation through 2030 and 0.9 g/bhp-hr by January 1, 2031, respectively, as calculated in accordance with the Airport's AQIP and MOU with SCAQMD. Within 30 days of lease execution the AIRLINE shall develop and provide to JWA a GSE improvement plan to demonstrate how the GSE requirement will be met. Annually AIRLINE shall provide GSE data as required by the MOU by March 30.
B. AIRLINE has been provided a copy of the COUNTY's Environmentally Preferable Purchasing Policy (2022) and shall consider developing a similar policy that addresses the AIRLINE's procurement of goods and services as applicable.
C. AIRLINE shall affirm its commitment to Environmental Sustainability at the Airport. The Policy commitment shall be submitted to the JWA within 30 days of LEASE execution.
D. Upon request, AIRLINE shall provide reports necessary for environmental compliance, regulatory requirements and Airport mitigation measure obligations including but not limited to GSE data, fuel usage, spills, and business emergency plans.

Conservation: All AIRLINE facilities and improvements shall meet the Airport's Tenant Design and Construction Guidelines, as may be amended from time to time. All improvements shall meet the California Green Building Code (Title 24) CALGreen Tier 1. In particular, the AIRLINE shall implement the following conservation measures and policies as applicable:

A. Use equipment and appliances that are ENERGY STAR rated or equivalent and EPA Water Sense or equivalent, as applicable, when replacing existing equipment and appliances.
B. Use high-efficiency light fixtures and bulbs (including compact fluorescents) when replacing or installing new fixtures and bulbs.
C. Install sensors in office areas to turn off lights when unoccupied when these areas are being renovated or updated.
D. Install energy-efficient heating and cooling equipment when replacing or upgrading.
E. Use energy-efficient computers and servers when replacing this equipment.
F. Select equipment with variable-speed motors and fan drives when possible.
G. Use paperless receipt technology when possible.

Waste Minimization and Diversion: AIRLINE is expected to meet all recycling and organics (food waste) reduction requirements to facilitate JWA's solid waste reduction program per the requirements of California Public Resources Code Section 42648. To the fullest extent possible, AIRLINE shall cooperate with COUNTY to reduce and divert waste from landfills. AIRLINE

shall participate in COUNTY's waste diversion program, which may include waste reduction practices, including recycling, compostable containers (no Styrofoam), composting of food waste, and reuse/recycling of fats, oils, and grease.

SECTION 7.05 RESERVED

SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION

To the fullest extent authorized by law, the AIRLINE shall indemnify, defend, and hold the COUNTY, its officers, and employees harmless from and against any and all applicable Environmental Law claims, judgments, damages, penalties, fines, costs, liabilities, losses, orders, and lawsuits arising out of any actions or inaction by the AIRLINE, the AIRLINE's operations at the Airport or any action arising from and which involve the AIRLINE's officers, agents, subcontractors, and employees, including the cost of defense arising therefrom, including but not limited to the following:

(1) The AIRLINE'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 the AIRLINE's release of Hazardous Substances on the Airport since the time the AIRLINE first occupied the Airport.

(2) The AIRLINE's release of Hazardous Substances upon or within the Airport.

(3) The AIRLINE's violation of any applicable Environmental Law, except that the AIRLINE's obligations under this paragraph shall not extend to known and pre-existing conditions that are, as of the date of this LEASE, the subject of investigation and remediation by the COUNTY or others, or remediation conditions that arise from operations of third parties that are not affiliated with the AIRLINE that take place off of the Airport. For purposes of this provision, a party shall be deemed to be affiliated with the AIRLINE if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of the AIRLINE or if it is controlled by or under common control with the AIRLINE.

(4) The AIRLINE's causing or allowing any discharge into the Airport Drainage System that is prohibited by Section 7.01 of this LEASE.

This indemnification includes, without limitation, reasonable attorney's fees/costs and other costs incurred by the COUNTY in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental entity because of any Hazardous Substances being present in the soil or groundwater under the Airport. However, the AIRLINE'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 the COUNTY or its agents, servants or independent contractors who are directly responsible to the COUNTY.

In the event the indemnitees described hereinabove are named as defendants or respondents in any lawsuit or administrative proceeding, the AIRLINE shall, at the request of the COUNTY, represent the indemnitee with qualified counsel approved in writing by the COUNTY.

In the event that a monetary judgment is awarded against the COUNTY and the AIRLINE because of the concurrent negligence of the COUNTY and the AIRLINE or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Both the COUNTY and the AIRLINE agree that neither party shall request a jury apportionment. Nothing stated in this LEASE and in this indemnity obligation shall be construed as authorizing any award of attorney's fees/costs in any action to enforce the terms of this LEASE.

The rights and obligations set forth in this indemnification shall survive the termination of this LEASE.

SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS

In the event that any of the terms of the environmental requirements codified in this Article conflict with any other terms of this LEASE, the environmental requirements contained in this Article shall apply.

SECTION 7.08 ANTI-IDLING POLICY

Within six months of LEASE execution, AIRLINE must develop, implement, and submit to the Airport Director or designee for approval a fleet-wide anti-idling policy. At a minimum, the anti-idling policy shall include the requirement that vehicle engines shall be turned off when vehicles are not occupied and that occupied vehicles be turned off after no more than a five-minute idling period. AIRLINE’s policy shall also include all sublicensee and third-party vehicles that enter Airport property at the direction of the AIRLINE.

ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS

SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY

The COUNTY may alter, repair, maintain, remodel, expand, remove, or improve any of the facilities at the Airport or any of its appurtenances.

In addition, the COUNTY may reassign or relocate the AIRLINE's Exclusive Use Area. The COUNTY shall provide the AIRLINE advance notice of such action and shall make every reasonable effort to provide the AIRLINE alternative space that is reasonably comparable to the AIRLINE's operations at the same rates and charges that the AIRLINE would have paid for the

space being surrendered. In the event no alternative space is available, the AIRLINE shall surrender its space promptly to the COUNTY, provided that the AIRLINE shall be reimbursed for the reasonable cost of any such reassignment, reallocation, or relocation and the cost of the AIRLINE's unamortized investment, if any, as documented by the AIRLINE to the satisfaction of the COUNTY and mutually agreed to by the Airport Director and AIRLINE. All of such costs, as well as the COUNTY's cost of providing the alternative space aforementioned, shall be included in the cost of the particular project requiring such reassignment, reallocation or relocation.

SECTION 8.02 IMPROVEMENTS BY THE AIRLINE

The AIRLINE shall not perform any construction upon the Leased Premises, nor shall the AIRLINE modify, alter, or remove any permanent improvements lying within the Leased Premises without prior written approval of the COUNTY. Any construction, modifications, alterations, or removal of any permanent improvements by the AIRLINE shall be at the AIRLINE's expense.

A. **Consent Required From the COUNTY**. No structures, improvements, or facilities shall be constructed, erected, altered, removed, or made within the Leased Premises without prior written consent of the COUNTY, which consent may be withheld or conditioned in the COUNTY's discretion. Minor repairs, replacement, and maintenance proposed for the Leased Premises, the cost of which does not exceed one hundred seventy-five thousand dollars ($175,000) annually, shall be approved by the Airport Director. All other structures, improvements, facilities, repairs, replacement, removal, and maintenance items shall be approved by the Board of Supervisors.

B. **Compliance with Plans and Construction Standards**. All improvements constructed by the AIRLINE within the Leased Premises shall be constructed in strict compliance with detailed plans and specifications approved by the Airport Director. All construction shall be conducted in a good and workmanlike manner and shall conform to applicable building codes, rules, regulations, and the Airport's architectural standards as contained in reference document "John Wayne Airport, Architect and Engineer Guide," which can be provided by Airport upon request. All work shall be done in conformity with Airport-approved plans, valid building, and other necessary permits and shall be acceptable to the COUNTY and the appropriate governmental entity inspecting such work. The AIRLINE shall be responsible for filing Form 7460 for any construction and/or height of construction equipment with the FAA if required.

All improvements constructed by the AIRLINE, including the plans and specifications therefor, shall conform in all respects to the applicable statutes, ordinances, building codes, rules, and regulations of the COUNTY and such other governmental authority as may have jurisdiction. The Airport Director's approval shall not constitute a representation or warranty as to such conformity, which shall remain the AIRLINE's responsibility. The AIRLINE, at its own cost and expense, shall procure all permits necessary for such construction.

C. **Insurance Requirements**. The AIRLINE shall obtain aviation commercial general liability insurance during construction. If the construction is done by an independent contractor, insurance shall be procured by the contractor in the name of the AIRLINE and the COUNTY. All insurance shall be within the limits and coverages acceptable to the COUNTY's Risk Management Services.

D. **Noninterference**. The AIRLINE warrants that it or its contractor shall in no way delay, cause delays to or interfere with any Airport operations or other contractors working in the terminal or on the Airport, except with the prior written approval of the Airport Director, as set out herein. The AIRLINE agrees to hold the COUNTY harmless from the cost of any time lost by the COUNTY or any damages to the COUNTY due to the actions or failure to act of the AIRLINE or its contractor.

E. **Trailers and Modular Structures**. All improvements constructed by the AIRLINE shall be of a permanent nature. Trailers and modular buildings are prohibited on the Leased Premises. This provision shall not apply to the use of the COUNTY-approved temporary modular buildings or trailers during construction. Upon completion of construction, all trailers or modulars must be immediately removed from the Leased Premises.

F. **The AIRLINE's Cost and Expense**. All renovation or construction by the AIRLINE pursuant to this Section shall be at the AIRLINE's sole cost and expense. The AIRLINE shall keep its existing or future Exclusive Use Area, and the improvements constructed thereon free and clear of all liens and, shall pay all costs for labor and material arising out of such construction, and shall hold the COUNTY harmless from any liability in respect thereto. The AIRLINE shall have the right to contest any and all liens filed against its existing or future Exclusive Use Area. The AIRLINE further agrees that the COUNTY shall have the right to post notices of non-responsibility as provided by Sections 3094 and 3129 of the California Civil Code.

G. **Ownership of Improvements**. All improvements and facilities, exclusive of trade fixtures, constructed or placed within the Leased Premises by the AIRLINE must, upon completion, be free and clear of all liens, claims, or liability for labor or material and at the COUNTY's option shall become the property of the COUNTY at the expiration of this LEASE or upon earlier termination hereof. The COUNTY retains the right to require the AIRLINE, at the AIRLINE's cost, to remove any or all improvements located within the Leased Premises at the expiration or termination hereof.

SECTION 8.03 AIRLINE REIMBURSEMENT

In the event the COUNTY should require the Leased Premises, or any portion thereof, for any Airport purpose and removes any portion of the AIRLINE's Leased Premises from this LEASE or terminates the LEASE for convenience pursuant to Section 2.03, the COUNTY shall reimburse the AIRLINE for improvements completed during the term of this LEASE.

Compensation for improvements located on the Leased Premises shall be calculated by means of the following formula:

$$\text{COMPENSATION} = A \times \frac{B}{C}$$

A = The AIRLINE's actual leasehold improvement construction costs submitted in accordance with Section 8.07 in this LEASE.

B = Number of full months remaining in the term of the LEASE.

C = Number of full months between the date the AIRLINE completed construction of leasehold improvements and the date the LEASE would expire by its terms if the COUNTY did not exercise its right to early termination.

The AIRLINE shall submit to the COUNTY within sixty (60) days of completion of construction of any leasehold improvement notifications of completion of construction and submit detailed supporting documentation of construction costs together with "As-Built Documents" and "Record Documents" as required by Section 8.07 of this LEASE. The AIRLINE acknowledges and agrees if the AIRLINE fails to submit notifications and supporting documentation for any such leasehold improvements in a timely manner, the AIRLINE waives its right to compensation for such improvements.

SECTION 8.04 EXCLUSIVE REMEDY

The compensation provided pursuant to Section 8.03 in this LEASE shall be the AIRLINE's sole and exclusive remedy and form of compensation, costs or damages, including but not limited to, the eminent domain law and inverse condemnation (CAL. CODE CIV. PROC. §§1230.010 *et seq.*), and Relocation Assistance benefits (CAL. GOV. CODE §§7260 *et seq.*), due to termination, re-entry or acquisition of the leasehold by the COUNTY.

The AIRLINE agrees that exercise by the COUNTY of its termination rights hereunder shall not be construed as a taking by the COUNTY of any part of the Leased Premises, nor of the AIRLINE's rights under this LEASE, nor shall the AIRLINE, except as provided herein, be entitled to payment for any loss of goodwill, income, moving expenses or other amount because of partial or full termination of this LEASE.

SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION

Prior to commencement of construction of approved facilities, the AIRLINE shall furnish to the COUNTY evidence that assures the COUNTY that sufficient monies will be available to the AIRLINE and the COUNTY to complete the proposed construction. The amount of money available shall be at least the total estimated construction cost. Such evidence may take one of the following forms:

A. Completion Bond issued to the COUNTY as obligee.

B. Irrevocable Letter of Credit issued to the COUNTY that will remain in effect until the COUNTY acknowledges satisfactory completion of construction.

C. Any combination of the above.

All bonds and letters of credit must be issued by a surety company, financial institution or advising bank qualified and admitted to conduct business in the State of California and issued in an approved form approved by the COUNTY. All bonds and letters of credit shall ensure faithful and full observance and performance by the AIRLINE of all terms, conditions, covenants, and agreements relating to the construction of improvements within the Leased Premises.

It is not the intent of the contracting Parties herein to create a third-party beneficiary, and nothing in this Section shall be construed to do so.

SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES

The AIRLINE shall at all times indemnify and hold the COUNTY harmless from all Mechanics Liens, Stop-Notices, claims, losses, demands, damages, costs, expenses or liability costs for labor or materials in connection with construction, repair, alteration, or installation of structures, improvements, equipment, or facilities within the Leased Premises undertaken by the AIRLINE, and from the cost of defending against such claims, including attorneys' fees and costs.

In the event a mechanics lien or stop-notice is imposed upon the Leased Premises, the AIRLINE shall either:

A. Record a valid Release of Lien; or

B. Procure and record a bond in accordance with Section 8424 of the California Civil Code, which frees the Leased Premises from the claim of the lien or stop notice and from any action brought to foreclose the lien.

Should the AIRLINE fail to accomplish either of the two (2) optional actions above within fifteen (15) days after the filing of such a lien or stop notice, the LEASE shall be in default and shall be subject to immediate termination.

SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS

Within sixty (60) days following completion of any improvement within the Leased Premises, the AIRLINE shall furnish the Airport Director a complete package of “As-Built Documents” and "Record Documents," which include but are not limited to construction documents, specifications, cost estimates, engineering studies, and calculations. The aforementioned information shall be submitted on two (2) thumb drives containing digital copies of the “As-Built Documents” and "Record Documents," organized in a detailed, logical, and comprehensible folder structure, which

is in a form that is usable and accepted by the COUNTY, to the COUNTY's satisfaction, as described below, unless otherwise allowed by the Airport Director.

A. Drawings and Models:

1. All 2-D and 3-D architectural, engineering, design, and/or construction drawing and/or modeling files for the project shall be completed using AutoCAD 2019 and REVIT 2019 or a newer version of either software if approved by John Wayne Airport.
2. All geographic data, spatial analysis, geographic information system (GIS) mappings, drawings, exhibits, and/or figures for the project shall be completed using Environmental Systems Research Institute (ESRI) ArcGIS.
3. All 2-D and 3-D drawing and/or modeling files created via computer-aided design and drafting (CADD), building information modeling (BIM), and/or GIS for the project shall conform to the John Wayne Airport CADD/BIM/GIS standards and specifications.
4. In addition to the 2-D and 3-D drawing and/or modeling files indicated above, a PDF format (scaled to ARCH E1 format where applicable) of those drawings, exhibits, figures, etc. shall be generated and submitted digitally.

B. Documents and Reports:

1. All specifications, reports, and/or studies (e.g., geotechnical report, etc.), calculations, and other project information (e.g., construction submittals, operations, and maintenance (O&M) manuals, warranties, etc.) for the project shall be completed using MS Office suite applications and also generated and submitted digitally in a PDF format.

Note: "Record Documents," e.g., record drawings, specifications, calculations, etc., shall be prepared, stamped, and signed by the Architect and/or Engineer of Record for the project and shall reflect all updates and/or modifications that were approved during design and construction, i.e., separate from the as-built documents, which include contractor redlines, contract changes, etc. Refer to the "John Wayne Airport Construction Standards" for additional information.

In addition, two (2) sets of hard prints of the stamped and signed record drawings for the project, as described above, must be furnished by the AIRLINE with the thumb drives containing the "As-Built Documents" and "Record Documents." Basic specifications, standards, and requirements for BIM, CAD, and/or GIS produced information at the Airport can be located on the www.ocair.com website or provided by the Airport upon request.

Furthermore, the AIRLINE shall furnish the Airport Director with an itemized statement of the actual, direct construction costs of such improvement. The construction costs may include actual, direct fees paid to contractors, architects, engineers, surveyors, laborers, and suppliers, or permit

fees required by governmental agencies to allow construction. Construction costs shall not include indirect costs such as financing costs, holding costs, legal fees, interest, administrative and overhead expenses, bond premiums, or developer fees. The statement of cost shall be sworn to and signed by the AIRLINE or its responsible agent under penalty of perjury. The AIRLINE must obtain the Airport Director's approval of acceptance of the "As-Built Documents" and "Record Documents" and the form and content of the itemized statement.

SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS

The AIRLINE shall be responsible for any damage caused by the AIRLINE, or the AIRLINE's aircraft, equipment, employees, agents, visitors, or suppliers, to common use areas of the Terminal or Airport facilities, including but not limited to runways, taxiways, access roads, navigational aids, apron areas and loading bridges. Should such damage require immediate repairs or replacement, and the AIRLINE is unable to respond immediately to complete said repairs or replacement, the Airport Director may cause to be made or make any necessary repairs or replacements, and the cost thereof shall be paid by the AIRLINE. Said cost shall include all labor, materials, equipment costs, and an administrative fee equal to fifteen percent (15%) of the sum of those items. Said cost shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the Airport Director.

In the event of damage to or destruction of the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises or in the event the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises are declared unsafe or unfit for use or occupancy by the COUNTY or any other public entity with jurisdiction to make and enforce such a declaration, the AIRLINE shall, within thirty (30) days, commence and diligently pursue completion of the repair, replacement or reconstruction of improvements to the same size and floor area as they existed immediately prior to the event causing the damage or destruction, as necessary to permit full use and occupancy of the Leased Premises for the purposes required by the LEASE. Repair, replacement, or reconstruction or improvements within the Leased Premises shall be accomplished in a manner and according to plans approved by the Airport Director. Except as otherwise provided herein, termination of this LEASE shall not reduce or nullify the AIRLINE's obligation under this paragraph. With respect to damage or destruction to be repaired by the COUNTY or which the COUNTY elects to repair, the AIRLINE waives and releases its rights under California Civil Code Sections 1932(2) and 1933(4).

SECTION 8.09 HEALTH AND SAFETY

The AIRLINE shall comply with all applicable California Occupational Safety & Health Administration (Cal/OSHA) requirements and all federal, state, or local safety orders. The AIRLINE shall post on the Lease Premises and at all construction sites a copy of "Construction Safety Orders" and "General Industry Safety Orders" issued by the California State Division of Industrial Safety.

The AIRLINE shall, within thirty (30) days after the execution of this LEASE, submit to the COUNTY a comprehensive Safety Plan outlining the code of safe work practices and procedures. The plan must include emergency response procedures, notification procedures, and personnel training procedures. The AIRLINE shall convene safety meetings at regularly scheduled times as described in its Safety Plan and as required by Cal/OSHA. The AIRLINE and/or AIRLINE's contractor shall submit, prior to the start of any tenant improvements, the AIRLINE or AIRLINE's contractor required Cal/OSHA Safety Plan for approval by the Airport.

The AIRLINE shall submit to the COUNTY an annual report detailing the status of all permits required and issued to the AIRLINE by CAL OSHA or any other federal, state, or local government agency. Said report shall be due on or before January 31 of each calendar year.

ARTICLE IX - ACCOMMODATION

SECTION 9.01 JOINT USE REQUIREMENT

The AIRLINE and/or other airlines may be provided the opportunity by the COUNTY to initiate or expand service at the Airport and may have a need or requirement for certain types of Airport space and facilities. Such initiation or expansion of service may be reasonably implemented by the Airport Director based upon provisions of the Access Plan.

The AIRLINE agrees to make every reasonable effort to offer to any airline initiating service at the Airport the opportunity to share use of its Exclusive Use Area. In determining whether the use of another incoming airline initiating service at the Airport is reasonable and possible, the AIRLINE will have the right to consider the compatibility of the proposed operations of those with whom the AIRLINE has subleases or handling arrangements, the AIRLINE's existing and future flight schedules, the need for labor cooperation, the adverse competitive impacts resulting from the presence of the other aircraft operator on the AIRLINE's Exclusive Use Area and the availability of other such space at the Airport. Should the AIRLINE deny another airline initiating service at the Airport the opportunity to use the AIRLINE's Exclusive Use Area, the COUNTY may review the AIRLINE's space usage, and should it reasonably determine, considering all the factors noted herein (including the AIRLINE's reasons for such refusal), that the AIRLINE unreasonably refused usage by such other airline, it may require the AIRLINE to permit the other airline to use the AIRLINE's Exclusive Use Area, subject to the initiating airline executing an agreement with the AIRLINE acceptable to the COUNTY that complies with the material terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE shall, by separate agreement with such certificated and/or commuter airline as the COUNTY may designate, or by other arrangement as provided by the Airport Director, provide space and/or services within Leased Premises to accommodate said airlines' operation. Any said agreement for joint use shall be subject to the Airport Director's approval and subject to the terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE agrees that in the event it subleases its Leased Premises to another airline, any sublease rental rate shall be calculated on a per-square-foot basis.

Sublease per square foot rental rates for sublet space shall reflect a reasonable pro-rata allocation of the AIRLINE's actual and direct costs related to said space and shall be based upon the following factors:

A. The square foot per annum rental rate currently paid by the AIRLINE to the COUNTY for space to be sublet; and

B. A reasonable square foot charge to compensate the AIRLINE for the pro-rata costs per square foot applicable to the AIRLINE improvement costs, maintenance costs, and a reasonable administrative fee.

The annual sublease rental rate shall not exceed two (2) times the square foot per annum rental rate currently paid by the AIRLINE to the COUNTY unless the AIRLINE can demonstrate to the satisfaction of the Airport Director that its costs for the subleased premises, exclusive of the administrative fee, justify a higher rate.

ARTICLE X - ASSIGNMENT AND SUBLEASE

SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING

The provisions of this Section are subject and subordinate to the limitations of Section 5.04 of this LEASE.

A. **Transfers**. The AIRLINE shall not transfer, assign, sublet, or hypothecate (hereinafter referred to as "Transfer") any interest of the AIRLINE in the Leased Premises without the prior written approval of the COUNTY. The AIRLINE shall give the COUNTY thirty (30) days' prior written notice of all proposed Transfers. The AIRLINE shall not make any such Transfers for a period longer than the remaining term of the LEASE.

If the COUNTY approves such Transfers, such approval does not constitute a waiver of any of the terms of the LEASE. All Transfer documents shall be consistent with the terms, covenants, and conditions of the LEASE, and in the event of any inconsistency, the provisions of this LEASE shall govern.

If the AIRLINE is a corporation, an unincorporated association, or a partnership, Transfers include the acquisition by any person other than the AIRLINE of any stock or interest in said corporation, unincorporated association, or partnership in the aggregate amount of fifty-one percent (51%) or more.

The failure by the AIRLINE to obtain the prior written approval by the COUNTY of any Transfer of the LEASE or any interest in the Leased Premises shall constitute a material

breach of this LEASE and shall not confer any leasehold rights upon the transferee. Such failure shall be grounds for termination of this LEASE for default pursuant to Section 11.02.

B. **Conditions of the COUNTY Approval**. The COUNTY agrees that it will not arbitrarily withhold consent to any Transfer, but the COUNTY may withhold consent at its sole discretion if any of the following conditions exist:

(1) The AIRLINE, its successors, or assigns are in default of any term, covenant, or condition of this LEASE, whether notice of default has or has not been given by the COUNTY.

(2) The prospective subtenant, assignee, or transferee has not agreed in writing to keep, perform, and be bound by all the terms, covenants, and conditions of this LEASE.

(3) The prospective subtenant, assignee, or transferee is not financially capable or experienced in performing the LEASE obligations, as determined by the Airport Director.

(4) Subtenant's use is in conflict with the terms of this LEASE.

(5) All the terms, covenants, and conditions of Transfer, including the consideration therefore, of any and every kind, have not been revealed in writing to the Airport Director.

(6) Any construction required of the AIRLINE as a condition of this LEASE has not been completed to the satisfaction of the COUNTY.

(7) The AIRLINE has not provided the Airport Director with a copy of all documents relating to the Transfer, including, but not limited to, appraisals, notes, trust deeds, title reports, escrow instructions, *etc*.

(8) The AIRLINE attempts to hypothecate the leasehold for an amount greater than the cost of new improvements to be constructed on the Leased Premises. Hypothecation of the leasehold shall not be permitted for any reason other than to obtain loan proceeds necessary to construct new improvements on the Leased Premises.

C. **Affiliate Transactions**. The COUNTY has adopted in the Access Plan policies and regulations regarding transactions and aircraft operations at the Airport involving affiliations of commercial airlines operating, or desiring to operate, at the Airport ("the affiliate policy"). The AIRLINE acknowledges that the COUNTY considers the affiliate policy to be an important and significant policy in support of the COUNTY's regulation of the Airport.

The AIRLINE acknowledges that there is a rational basis for this policy under the operational and historical circumstances affecting the Airport, that under such circumstances, this policy maintains appropriate equity between the rights and privileges of competing commercial operators using the Airport, and that the affiliate policy does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The AIRLINE agrees to comply fully and completely with the affiliate policy and all related regulations that appear in the Access Plan and/or this LEASE.

Any affiliate transaction described and defined in the Access Plan, and any affiliate transaction between the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, shall constitute a Transfer within the meaning of Paragraph A, above. In the event an affiliate transaction involving the AIRLINE is initiated, then not later than the time when the affiliate transaction is publicly announced:

(1) The AIRLINE shall notify the Airport Director of the fact of the initiation of the affiliate transaction.

(2) If the affiliate transaction is initiated by the AIRLINE, the AIRLINE shall promptly provide to the Airport Director copies of all agreements, or written offers or proposals, made with respect to the transaction and copies of all documents filed with federal authorities with respect to the transaction. If the affiliate transaction is initiated by some other person in respect of the AIRLINE, the AIRLINE shall promptly and continuously provide such documentation or other information regarding the transaction as may be available to the AIRLINE.

(3) In addition to all other obligations of the AIRLINE, if the affiliate transaction involves the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, the AIRLINE shall promptly arrange to negotiate with the Airport Director regarding the terms and conditions upon which the Director would recommend consent by the Board of Supervisors to a Transfer of this LEASE, or Transfer of the written agreement(s) between the other person or entity involved in the affiliate transaction and the COUNTY.

Notwithstanding any other provision of this LEASE, the LEASE may be terminated by the COUNTY on thirty (30) days' notice to the AIRLINE without further obligation of the COUNTY, and without any liability of the COUNTY to the AIRLINE whatsoever, if:

(4) The AIRLINE fails to comply with Paragraph C of this Section; or if

(5) The Airport Director fails to make a favorable recommendation to the Board of Supervisors regarding the Transfer within sixty (60) days after initiation and public announcement of the affiliate transaction, which contains terms and conditions agreed to by the AIRLINE and its affiliate(s); or if

(6) The Board of Supervisors fails to consent to the Transfer on terms and conditions which have been accepted by the AIRLINE within thirty (30) days after receipt of the recommendations of the Airport Director.

D. **Bankruptcy Transaction**. If the AIRLINE assumes this LEASE or proposes to assign the same pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, then notice of such proposed assignment shall be given to the COUNTY. The following information shall be provided to the COUNTY:

(1) The name and address of proposed assignee;

(2) All of the terms and conditions of such offer; and

(3) Adequate assurance to the COUNTY of the proposed assignee's future performance under the LEASE, including, without limitation, the assurance referred to in the U.S. BANKRUPTCY CODE, 11 U.S.C. §365(b)(3).

Any person or entity to which this LEASE is assigned pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, shall be deemed without further act or deed to have assumed all of the obligations arising under this LEASE on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to the COUNTY an instrument confirming such assumption.

E. **Non-Transferable Privileges.** Aircraft operations and ADDs authorized by Section 5.05 in this LEASE and the Access Plan are not property interests of the AIRLINE and are non-transferable in any form, and as such, are not subject to sale, assignment, hypothecation, and transfer by the AIRLINE under the terms of this Section. Any such attempted hypothecation, assignment, encumbrance, sale, or other such attempted transfer of operations, privileges, or ADDs is in violation of the public policy of the COUNTY and shall be void and shall constitute a breach and default of this LEASE.

SECTION 10.02 SUCCESSORS IN INTEREST

Unless otherwise provided in this LEASE, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all Parties hereto, all of whom shall be jointly and severally liable hereunder.

ARTICLE XI - TERMINATION AND DEFAULT

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS

It is mutually agreed that this LEASE shall terminate and supersede any prior leases or agreements between the Parties hereto for the purpose of commercial air transportation and all related activities of the AIRLINE at the Airport.

SECTION 11.02 TERMINATION FOR DEFAULT

The COUNTY may terminate this LEASE and all of its obligations hereunder with prior written notice to the AIRLINE and may exercise all rights of entry for default and breach if the AIRLINE fails to perform any of its obligations under this LEASE, including, but not limited to:

A. Payment of rents, fees, charges and PFCs;

B. A general assignment for the benefit of creditors and any Transfer without the prior written approval by the COUNTY;

C. The issuance of any execution or attachment against the AIRLINE at the Airport that is undischarged within sixty (60) days of levy or seizure or if the Leased Premises are occupied by someone other than the AIRLINE;

D. The voluntary vacation or abandonment by the AIRLINE of the conduct of air transportation business at the Airport;

E. The violation by the AIRLINE of any of the terms of any insurance policy referred to in the LEASE;

F. If the AIRLINE is found by the FAA, TSA, or other government regulatory or successor agency to have violated specified safety standards in the conduct of the AIRLINE's business;

G. The violation or breach of any provision of the Access Plan;

H. The violation of any written directions of the Airport Director;

I. The appointment of a receiver to take possession of all or substantially all, the assets of the AIRLINE located at the Leased Premises or of the AIRLINE's leasehold interest in the Leased Premises.

Where applicable, and unless otherwise stated in this LEASE, or by written notice, the AIRLINE shall have fifteen (15) calendar days to cure any default prior to termination of this LEASE, or such longer period as may be reasonably necessary to cure such default considering the nature thereof, at the Airport Director’s discretion.

SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION

Except as otherwise agreed to herein, upon termination of this LEASE, the AIRLINE shall redeliver possession of said Leased Premises to the COUNTY in substantially the same condition that existed immediately prior to the AIRLINE's entry thereon, reasonable wear and tear, flood, earthquakes, war and any act of war, excepted. References to the termination of the LEASE in this LEASE shall include termination by reason of expiration.

SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY

If the AIRLINE abandons or quits the Leased Premises or is dispossessed thereof by process of law or otherwise, title to any personal property belonging to the AIRLINE and left on the Leased Premises fifteen (15) days after such event shall be deemed to have been transferred to the COUNTY. The COUNTY shall have the right to remove and to dispose of such property without liability therefor to the AIRLINE or to any person claiming under the AIRLINE and shall have no need to account therefor. Personal property left on the Leased Premises after termination, expiration, or abandonment of the LEASE shall not be construed as giving the AIRLINE possession of the Leased Premises during the fifteen (15) days after termination, expiration, or abandonment of the LEASE.

SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER

The AIRLINE agrees to yield and peaceably deliver possession of the Leased Premises to the COUNTY on the date of termination of this LEASE, whatsoever the reason for such termination.

Upon giving written notice of termination to the AIRLINE, the COUNTY shall have the right to re-enter and take possession of the Leased Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the LEASE and re-entry of the Leased Premises by the COUNTY shall in no way alter or diminish any obligation of the AIRLINE under the LEASE terms and shall not constitute an acceptance or surrender.

The AIRLINE waives any and all rights of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Leased Premises for any lawful reason or in the event the COUNTY re-enters and takes possession of the Leased Premises in a lawful manner.

ARTICLE XII - SECURITY

SECTION 12.01 AIRPORT SECURITY

The AIRLINE shall comply with all current and applicable Airport, FAA, TSA, CBP, security-related rules, regulations, plans, and procedures. The AIRLINE is responsible for fines imposed by any regulatory agency as a result of the AIRLINE’s failure to comply with applicable rules, regulations, orders, plans, and procedures regarding airport security.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

The AIRLINE employees, subtenants/contractors shall be required to obtain airport security clearance in order to perform work under this LEASE. The AIRLINE must maintain a current, updated list of Authorized Signatories responsible for the Airport-Issued Identification Credential ("Airport ID/Security Credential") process, a list of current Airport ID/Security Credentialed AIRLINE employees and subtenants/contractors, and respond to scheduled and unscheduled audits at the request of the Airport. The AIRLINE employees and subtenants/contractors applying for an Airport ID/Security Credential must successfully complete a Criminal History Records Check ("CHRC") and a Security Threat Assessment ("STA") in accordance with current regulations. The AIRLINE employees and subtenants/contractors must also attend and successfully pass all related Security Identification Display Area ("SIDA") classes and tests for access to secure areas and a driver's permit with an appropriate and valid California Driver's License to drive on the airfield. The AIRLINE must attend all mandatory security-related exercises, and monthly security consortium meetings hosted by the Airport.

A. **Local Security**. The AIRLINE shall be responsible for the security of gates or doors that are located on the Leased Premises. Said gates and/or doors on the Leased Premises permitting entry to the restricted areas of the Airport shall be locked when not in use and/or under the AIRLINE's constant surveillance. The AIRLINE shall install such security equipment, including, but not limited to, video monitoring equipment, as may be required by the Airport Director to ensure compliance with all regulations of the FAA, TSA, or other governmental agencies having jurisdiction over Airport security. The AIRLINE shall exercise control over any person or vehicle escorted by the AIRLINE onto restricted or secure areas of the Airport, or to whom an Airport ID/Security Credential was issued by or at the request of the AIRLINE and ensure that such person or vehicle shall comply with all Airport security regulations.

B. **Federal Security**. As of the date of this LEASE, the TSA provides for all passenger and baggage screening conducted at the Airport. The AIRLINE may be required to provide assistance to TSA in its efforts to carry out its federal mandates. At some point during the term of this LEASE, the Airport or another entity may be authorized to provide these security services in lieu of the TSA.

C. **Penalties and Fines.** The AIRLINE shall promptly pay any penalties for which the AIRLINE is responsible. These penalties include, but are not limited to, civil penalties or fines assessed against the Airport or the AIRLINE by the FAA, TSA, or any other governmental agency for the violation of any security-related laws, rules, policies, or regulations at the Airport.

D. **Airport ID/Security Credential Application and Lifecycle.** Prior to issuance of an Airport ID/Security Credential(s), designated AIRLINE Authorized Signatories who will be working onsite and engaged in the performance of work under this LEASE must pass the Airport's background check requirements, which includes an F.B.I. Criminal History Records Check ("CHRC") and a TSA Security Threat Assessment ("STA"), and the

AIRLINE shall pay the applicable fees. Upon successful completion of the background checks, the AIRLINE's designated personnel will be required to attend a SIDA class and pass a written test. Those personnel who may be permitted by the Airport to drive on the Airport Operations Area ("AOA") perimeter road must also complete a Driver's Training class and written test. Airport ID/Security Credentials are not issued until designated AIRLINE personnel have: 1) completed appropriate application forms and submitted proof of identity and employment eligibility, 2) passed both background checks, 3) completed and passed appropriate training, and 4) paid an Airport ID/Security credential fee for each applicant. The AIRLINE should anticipate a minimum of fourteen (14) business days to complete the Airport ID/Security Credential process if all requirements listed above are fulfilled by individual Airport ID/Security Credential applicants in a timely manner, but factors outside the Airport's control can contribute to longer durations. If an applicant is applying for a CBP Seal due to their operational need to work international air service operations, this process may take longer. Authorized Signatories must be in constant contact with the Airport's ID/Access Control Office. The AIRLINE's designated personnel must successfully complete the Airport ID/Security Credential acquisition process unless other arrangements have been approved by the Airport. The AIRLINE shall be responsible for all applicable fees and costs associated with the background checks and badging process. The amount of such fees is subject to change without notice.

E. **Airport ID/Security Credential Applicant Requirements and Responsibilities.** The Airport Security Plan (ASP) requires that each person issued an Airport ID/Security Credential be made aware of their responsibilities regarding the privilege of access to restricted areas of the Airport.

The AIRLINE and all AIRLINE personnel within an access-controlled area (AOA, SIDA, secured area, or sterile area) are required to display on their person an Airport ID/Security Credential, unless they are escorted by an appropriately credentialed Airport individual with escort privileges. When working in a secure area, each Airport-credentialed person is responsible for challenging any individual who is not properly displaying an Airport-issued or approved and valid Airport ID/Security Credential. AIRLINE personnel and their subtenants/contractors must also validate Airport ID/Security Credential employees as described in security training. Any person who is not properly displaying or who cannot produce a valid Airport ID/Security Credential, unless they are being escorted, must immediately be referred to the Sheriff's Department – Airport Police Services Office for proper handling.

The Airport ID/Security Credential is the property of the County of Orange and must be returned upon termination of AIRLINE personnel employment and/or termination of the Lease. The loss of an Airport ID/Security Credential shall be reported within twenty-four (24) hours to the Sheriff's Department–Airport Police Services by calling (949) 252-5000. The AIRLINE or AIRLINE personnel who lose their Airport ID/Security Credential shall be required to pay a fee before receiving a replacement Airport ID/Security Credential. The charge for lost Airport ID/Security Credential replacement will be posted in the Airport

Administration Office and is subject to change without notice. A report shall be made before a replacement Airport ID/Security Credential will be issued.

The Airport ID/Security Credential is nontransferable.

In the event that the AIRLINE's employee's or contractor's Airport ID/Security Credential is not returned within three (3) business days to the Airport upon: 1) termination of AIRLINE personnel or contractor, 2) Airport ID badge expiration, or 3) upon termination of the LEASE, the AIRLINE shall be liable to the Airport for a fine in the amount of $250.00 per unreturned Airport ID/Security Credential. The amount of the fine is subject to change without notice. The AIRLINE's Security Deposit may be applied to cover the cost of the fine.

ARTICLE XIII - INSURANCE AND INDEMNITY

SECTION 13.01 INSURANCE

The AIRLINE agrees to carry all required insurance at the AIRLINE's expense and to provide the COUNTY current Certificates of Insurance, including all endorsements required herein, necessary to satisfy the COUNTY that the insurance provisions of this LEASE have been complied with. AIRLINE shall keep such insurance coverage current, provide Certificate of Insurance, and endorsements to the COUNTY during the entire term of this LEASE.

The AIRLINE agrees that the AIRLINE shall not operate on the Airport Premises at any time the required insurance is not in full force and effect as evidenced by a Certificate of Insurance and necessary endorsements or, in the interim, an official binder being in the possession of Airport Director. In no cases shall assurances by the AIRLINE, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. Airport Director will only accept valid Certificates of Insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. The AIRLINE also agrees that upon cancellation, termination, or expiration of the AIRLINE's insurance, the COUNTY may take whatever steps are necessary to interrupt any operation from or on the Airport Premises until such time as the Airport Director reinstates the LEASE.

If the AIRLINE fails to provide Airport Director with a valid Certificate of Insurance and endorsements, or binder at any time during the term of the LEASE, the COUNTY and the AIRLINE agree that this shall constitute a material breach of the LEASE. Whether or not a notice of default has or has not been sent to the AIRLINE, said material breach shall permit the COUNTY to take whatever steps necessary to interrupt any operation from or on the Airport Premises, and to prevent any persons, including, but not limited to, members of the general public, and the AIRLINE'S employees and agents, from entering the Premises until such time as Airport Director is provided with adequate evidence of insurance required herein. The AIRLINE further agrees to hold the COUNTY harmless for any damages resulting from such interruption of business and

possession, including, but not limited to, damages resulting from any loss of income or business resulting from the COUNTY's action.

The AIRLINE may occupy the Airport Premises only upon providing to the COUNTY, the required insurance stated herein and maintain such insurance for the entire term of this LEASE. The COUNTY reserves the right to terminate this LEASE at any time the AIRLINE's insurance is canceled or terminated and not reinstated within ten (10) days of said cancellation or termination. The AIRLINE shall pay the COUNTY a fee of $300.00 for processing the reinstatement of the LEASE. The AIRLINE shall provide to the COUNTY immediate notice of said insurance cancellation or termination.

All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the same terms and conditions as set forth herein for the AIRLINE; excluding General Aviation Liability. All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the following required minimum limits: Commercial General Liability $1,000,000 per occurrence with a $2,000,000 aggregate; Commercial Auto Liability $1,000,000 combined single limit each accident for non-air operations area (AOA); and, $5,000,000 combined single limit each accident for air operations area. Pollution Liability will be required when hazardous materials or waste are involved with limits commensurate with the exposure. The AIRLINE shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by the COUNTY from the AIRLINE under this LEASE. It is the obligation of the AIRLINE to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Airport Premises. Such proof of insurance must be maintained by the AIRLINE through the entirety of this LEASE and be available for inspection by a COUNTY representative at any reasonable time.

All self-insured retentions (SIRs) shall be clearly stated on the Certificate of Insurance. Any self-insured retention (SIR) in excess of Fifty Thousand Dollars ($50,000) shall specifically be approved by the County's Risk Manager. The COUNTY reserves the right to require current audited financial reports from the AIRLINE. If the AIRLINE is self-insured, AIRLINE will indemnify and defend the COUNTY for any and all claims resulting or arising from AIRLINE's use of the Airport Premises, services or other performance in accordance with the indemnity provision states in this LEASE.

If the AIRLINE fails to maintain insurance acceptable to the COUNTY for the full term of this LEASE, the COUNTY may terminate this LEASE.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com**).

If the insurance carrier does not have an A.M. Best Rating of A-VIII, the CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the AIRLINE shall provide the minimum limits and coverage as set forth below:

Coverages	Minimum Limits
Aviation Commercial General Liability (Including but not limited to General Liability, Passenger Legal Liability, War/Extended Perils Liability, Personal Injury, Contractual Liability, Premises, Products and Completed Operations, Ground Hangarkeepers and liability for vehicles and mobile equipment operated on restricted airport premises.)	$250,000,000 per occurrence $250,000,000 aggregate
Workers' Compensation	Statutory
Employers' Liability Insurance	$1,000,000 per accident or disease
Pollution Liability Insurance	$1,000,000 per claims made or per occurrence
Commercial Property Insurance on an "All Risk" or "Special Causes of Loss" basis covering all contents and any tenant improvements including Business Interruption/Loss of Rents with a 12-month limit.	100% of the Replacement Cost Value and no coinsurance provision

Increased insurance limits may be satisfied with Excess/Umbrella policies. Excess/Umbrella policies when required must provide Follow Form coverage.

Required Endorsements

The Aviation Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees, agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by County of Orange shall be excess and non-contributing.

The Pollution Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

Pollution Liability insurance must include coverage for bodily injury and property damage, including coverage for loss of use and/or diminution in property value, and for clean-up costs arising out of, pertaining to, or in any way related to the actual or alleged discharge, dispersal, seepage, migration, release or escape of contaminants or pollutants resulting from any services or work performed by, or behalf of, AIRLINE, including the transportation of hazardous waste, hazardous materials, or contaminants.

If AIRLINE's Pollution Liability policy is a claims-made policy, AIRLINE shall agree to the following:

1. The retroactive date must be shown and must be before the date of the contract or the beginning of the LEASE.

2. Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after expiration or earlier termination of LEASE.

3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the contract services, AIRLINE must purchase an extended reporting period for a minimum of three (3) years after expiration of earlier termination of the LEASE.

The Workers' Compensation policy shall contain a Waiver of Subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees. Blanket coverage may also be provided which will state **– As Required by Written Agreement.**

All insurance policies required by this LEASE shall waive all rights of subrogation against County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

The Commercial Property policy shall contain a Loss Payee endorsement naming the County of Orange as respects the COUNTY's financial interest when applicable.

Insurance certificates should be forwarded to the COUNTY address provided in the Clause (NOTICES) below or to an address provided by Airport Director. AIRLINE has ten (10) business days to provide adequate evidence of insurance, or this LEASE may be cancelled.

AIRLINE shall provide thirty (30) days prior written notice of any policy cancellation or non-renewal and ten (10) days prior written notice where cancellation is due to non-payment of premium and provide a copy of the cancellation notice to COUNTY. Failure to provide written notice of cancellation may constitute a material breach of the LEASE, upon which the COUNTY may suspend or terminate this Contract

The COUNTY expressly retains the right to require AIRLINE to increase or decrease insurance of any of the above insurance types throughout the term of this LEASE. Any increase or decrease in insurance will be as deemed by the County of Orange Risk Manager as appropriate to adequately protect the COUNTY.

The COUNTY shall notify AIRLINE in writing of changes in the insurance requirements. If the AIRLINE does not deposit copies of acceptable certificates of insurance and endorsements with the COUNTY incorporating such changes within thirty (30) days of receipt of such notice, this LEASE may be in breach without further notice to the AIRLINE, and the COUNTY shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit the AIRLINE's liability hereunder nor to fulfill the indemnification provisions and requirements of this LEASE, nor in any way to reduce the policy coverage and limits available from the insurer.

SECTION 13.02 INDEMNITY

The AIRLINE agrees to indemnify, defend with counsel approved in writing by the COUNTY, and hold the COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies which the COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by the AIRLINE pursuant to this LEASE. If judgment is entered against the AIRLINE and the COUNTY by a court of competent jurisdiction because of the concurrent active negligence of the COUNTY or the COUNTY INDEMNITEES, the AIRLINE and the COUNTY agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION

A. In all its activities within the scope of its airport program, AIRLINE 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 (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance

If AIRLINE transfers its obligation to another, the transferee is obligated in the same manner as AIRLINE.

B. During the performance of this LEASE, AIRLINE, for itself, its assignees, and successors in interest, agrees as follows::

1) **Compliance with Regulations:** AIRLINE 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 LEASE.

2) **Nondiscrimination:** AIRLINE, with regard to the work performed by it during the LEASE, will not discriminate on the grounds of race, color, or national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The AIRLINE 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.

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

4) **Information and Reports:** AIRLINE 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 COUNTY or the FAA to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive

possession of another who fails or refuses to furnish the information, AIRLINE will so certify to the COUNTY or the FAA, as appropriate, and will set forth what efforts it has made to obtain this information.

5) **Sanctions for Noncompliance:** In the event of the AIRLINE's noncompliance with the non-discrimination provisions of this LEASE, the COUNTY will impose such sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

a. Withholding payments under the LEASE until the AIRLINE complies, and/or

b. cancelling, terminating, or suspending the LEASE, in whole or in part.

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

C. AIRLINE, for itself, 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 Leased Premises for a purpose for which an FAA activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, AIRLINE 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 said facilities.

2) 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.

3) In the construction of any improvements on, over, or under the Leased Premises 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.

4) AIRLINE will use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title VI List of Pertinent Nondiscrimination Acts and Authorities.

D. AIRLINE shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service.

E. AIRLINE, for itself, its assignees, and successors in interest, agrees to comply with the following nondiscrimination 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);

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, subrecipients and contractors, 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) The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex)

10) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations); [rescinded January 21, 2025];

11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)][rescinded March 1, 2025]; and

12) 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).

F. In the event of a breach of any of the above Nondiscrimination covenants, the COUNTY shall have the right to terminate the LEASE and to re-enter and repossess said lands and facilities thereon and hold the same as if said LEASE had never been made or issued.

SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT

The COUNTY reserves the right to develop further or improve the Airport as it sees fit, regardless of the desires or views of the AIRLINE, and without interference or hindrance.

The COUNTY reserves the right, but shall not be obligated to the AIRLINE, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of the AIRLINE in this regard.

SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A.

This LEASE shall be subordinate to the provisions and requirements of any existing or future agreement between the COUNTY and the United States or any lawful requirement of the United States relative to the development, operation, or maintenance of the Airport.

SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS

The AIRLINE agrees that the AIRLINE's use of the Leased Premises, including all construction thereon, shall conform to applicable FEDERAL AVIATION REGULATIONS.

The AIRLINE agrees to comply with the applicable notification and review requirements covered in Part 77 of the FEDERAL AVIATION REGULATIONS (as same may be amended from time to time or such other regulation replacing Part 77 as may be adopted by Federal authority) prior to the construction of the improvements described herein and prior to the construction of any future structure or building upon the Leased Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

SECTION 14.05 FEDERAL LAW PREEMPTION

Notwithstanding any provisions of this LEASE, to the contrary and notwithstanding any provision of any other agreements, laws, or ordinances to the contrary, any requirement that is imposed on the AIRLINE in this LEASE, or any local authorities, shall not apply to the AIRLINE to the extent that such requirement is or would otherwise be preempted by federal law, including but not limited to the Airline Deregulation Act (49 U.S.C. § 41713).

SECTION 14.06 NONEXCLUSIVE RIGHT

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to conduct aeronautical activities or provide aeronautical services to the public as prohibited by 49 U.S.C. § 40103(e) and 47107(a)(4), as amended from time to time, and the COUNTY reserves the right to grant others the privilege and right of conducting any or all activities of an aeronautical nature.

SECTION 14.07 WAR OR NATIONAL EMERGENCY

This LEASE 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.

SECTION 14.08 RESERVED

SECTION 14.09 AMERICANS WITH DISABILITIES ACT

The AIRLINE shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 ("ADA") in connection with: (a) the Leased Premises or any portion thereof and its operations thereon, the AIRLINE's furnishings, trade fixtures, and equipment; (b) removing physical barriers; (c) providing auxiliary aids and services for use of the AIRLINE's furnishings, trade fixtures and equipment, where necessary or required; and (d) modifying its policies, practices and procedures to comply with the ADA. The AIRLINE shall develop a work plan to correct or avoid any violations or non-compliance with the ADA and to address the processing of disability complaints. The AIRLINE shall deliver to the COUNTY, upon the COUNTY's request, a copy of each report and work plan. The COUNTY's approval of or acceptance of any aspect of the AIRLINE's activities under this LEASE shall not be deemed or construed in any way as a representation that such item or activity of practice complies with the ADA. The AIRLINE agrees to indemnify, defend, and hold the COUNTY harmless from and against any and all costs incurred by the COUNTY with respect to the AIRLINE's failure to comply with the ADA.

SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT

In accordance with 49 C.F.R. § 27.72, the AIRLINE shall ensure the provision of boarding equipment for passengers with mobility impairment, including, but not limited to, aircraft boarding chairs used to transfer passengers from their wheelchair or other apparatus to their seat in the aircraft cabin. The AIRLINE shall provide all related passenger assistance with this equipment. The equipment shall be provided and maintained in accordance with 49 C.F.R. § 27.72 and the applicable FAA Advisory Circulars, including AC 150/5220-21C.

The COUNTY owns and maintains ramps for utilization by the AIRLINE on the Airport apron in the event a ramp is needed for boarding or deplaning of the aircraft. The AIRLINE shall promptly notify the COUNTY if COUNTY-owned ramps require maintenance. If the AIRLINE owns and operates additional ramps, the AIRLINE shall maintain those ramps in proper working condition. The AIRLINE shall provide assistance to passengers with mobility impairment when ramps are used for boarding or deplaning of the aircraft.

ARTICLE XV - MISCELLANEOUS PROVISIONS

SECTION 15.01 TIME

Time is of the essence in this LEASE.

SECTION 15.02 LEASE ORGANIZATION

The various headings and numbers herein, the grouping of provisions of this LEASE into separate

sections and paragraphs, and the organization hereof, are for the purpose of convenience only and shall not be considered otherwise.

SECTION 15.03 AMENDMENTS

This LEASE sets forth all of the agreements and understandings of the Parties with regard to its subject matter, and any modification must be written and properly executed by both Parties.

SECTION 15.04 SIGNS

The AIRLINE agrees not to construct, maintain, or allow any sign upon the Leased Premises except as approved by the COUNTY. The AIRLINE shall submit for approval all new signage to be placed in the ticketing lobby, including baggage sizers, and pylon signs. Illustrative drawings and design dimensions must accompany all requests for approval. Unapproved signs, banners, flags, etc., may be removed by the COUNTY without prior notice to the AIRLINE.

The AIRLINE will not place any promotional signs or advertising materials in any location within the Leased Premises or within any Common Use Area of the Terminal without the prior consent of the COUNTY. All requests for the approval of temporary promotional signs for the AIRLINE shall be accompanied by illustrative drawings and design dimensions along with information about the type of signs proposed and proposed locations. All approved promotional signs shall be allowed to remain in the terminal for ninety (90) days. At the end of ninety (90) days, all temporary signage must be removed, or the AIRLINE may resubmit a request to COUNTY to extend past ninety (90) days.

The AIRLINE shall keep all ticket counter space used by the AIRLINE and any associated ticket lifts and podiums free of all signs, advertising materials, credit card application dispensing units, posters, and banners. The COUNTY may, without notice, remove any unauthorized signs or advertising materials, and may store them at the AIRLINE's expense; the COUNTY may dispose of items if they are not promptly claimed by the AIRLINE after notice from the COUNTY.

SECTION 15.05 PERMITS AND LICENSES

The AIRLINE shall be required to obtain any and all approvals, permits, and/or licenses that may be required in connection with the operation of the Leased Premises as set out herein. No permit, approval, or consent given hereunder by the COUNTY in its governmental capacity shall affect or limit the AIRLINE's obligations hereunder, nor shall any approvals or consents given by the COUNTY as a Party to this LEASE be deemed approval as to compliance or conformance with applicable governmental codes, laws, ordinances, rules, or regulations.

SECTION 15.06 RESERVED

SECTION 15.07 TAXES AND ASSESSMENTS

This LEASE may create a possessory interest that is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) that become due and payable upon the Leased Premises or upon fixtures, equipment, or other property installed or constructed thereon shall be the full responsibility of the AIRLINE, and the AIRLINE shall cause said taxes and assessments to be paid promptly.

SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If either Party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental laws or regulations, or other cause without fault and beyond the control of the Party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse the AIRLINE from the prompt payment of any rental or other charge required of the AIRLINE except as may be expressly provided elsewhere in this LEASE.

SECTION 15.09 PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this LEASE is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 15.10 WAIVER OF RIGHTS

The failure of the COUNTY or the AIRLINE to insist upon strict performance of any of the terms, covenants, or conditions of this LEASE shall not be deemed a waiver of any right or remedy that the COUNTY or the AIRLINE may have and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of the LEASE thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this LEASE. Any waiver, in order to be effective, must be signed by the Party whose right or remedy is being waived.

SECTION 15.11 RESERVATIONS TO THE COUNTY

The Leased Premises are accepted "AS IS," and the AIRLINE is subject to any and all existing easements and encumbrances. The COUNTY reserves the right to install, lay, construct, maintain, repair, and operate sanitary sewers, drains, Stormwater sewers, pipelines, manholes and connections; water, oil and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, under and along the Leased Premises or any part thereof; and to enter the Leased Premises for any and all such purposes. The COUNTY also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, under, and along any and all portions of

the Leased Premises. No right reserved by the COUNTY in this Section shall be so exercised as to interfere unreasonably with the AIRLINE's operations hereunder or to impair the security of any secured creditor of the AIRLINE.

The COUNTY agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The COUNTY further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Leased Premises by the AIRLINE.\, the AIRLINE shall only be entitled to a reduction in the rent payable to the COUNTY during the period of interference, which shall be reduced in proportion to the interference with the AIRLINE's use of the Leased Premises. The AIRLINE shall not be entitled to any other form of compensation.

SECTION 15.12 AUTHORITY OF THE AIRLINE

If the AIRLINE is a corporation, each individual executing this LEASE on behalf of said corporation represents and warrants that they are duly authorized to execute and deliver this LEASE on behalf of said corporation, in accordance with the by-laws of said corporation, and that this LEASE is binding upon said corporation.

SECTION 15.13 PUBLIC RECORDS

The AIRLINE understands that written information submitted to and/or obtained by the COUNTY from the AIRLINE related to this LEASE and/or the Leased Premises, either pursuant to this LEASE or otherwise, may be open to inspection by the public pursuant to the California Public Records Act (Cal. Gov. Code §§7920.000 *et seq.*) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public.

SECTION 15.14 RELATIONSHIP OF PARTIES

The relationship of the Parties hereto is that of lessor and lessee, and it is expressly understood and agreed that the COUNTY does not in any way or for any purpose become a partner of the AIRLINE in the conduct of the AIRLINE's business or otherwise or a joint venturer with the AIRLINE; and the provisions of this LEASE and the agreements relating to rent payable hereunder are included solely for the purpose of providing a method by which rental payments are to be measured and ascertained. This LEASE is intended for the sole benefit of the Parties hereto and their successors, and unless otherwise provided herein or by law, no rights are created, or are intended to be created, for the benefit of, or enforceable by, any third parties.

SECTION 15.15 GOVERNING LAW AND VENUE

This LEASE has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this LEASE, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

SECTION 15.16 ATTORNEY'S FEES

In any action or proceeding to enforce or interpret any provision of this LEASE, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorney's fees, costs, and expenses.

SECTION 15.17 EMERGENCY SERVICES

The Airport Director has the right to request that the AIRLINE'S employees aid in and use AIRLINE's inventory of goods in an emergency to assist in maintaining the welfare of persons at or near the Airport. The AIRLINE shall be reimbursed by the COUNTY for the cost of goods as soon as practicable at a rate not to exceed costs as existed immediately prior to the emergency.

SECTION 15.18 NOTICES

All notices pursuant to this LEASE shall be addressed to either Party as set forth below and shall be sent through the United States mail, duly registered or certified, return receipt requested with postage prepaid, or by an overnight carrier service. If any notice is sent by an overnight carrier service, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof. Notwithstanding the above, the COUNTY may also provide notices to the AIRLINE by personal delivery or by regular mail postage prepaid, and any such notice so given shall be deemed to have been given upon the date of personal delivery or three (3) days after the date of deposit in the United States Mail, respectively.

To: COUNTY
John Wayne Airport
3160 Airway Avenue
Costa Mesa, CA 92626
Attention: Airport Director

To: AIRLINE
Frontier Airlines, Inc.
4545 Airport Way
Denver, CO 80239

Either Party hereto may, from time to time, by written notice to the other in the method described above, designate a different address, which shall be substituted for the one above specified.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

[Signatures continue on following page]

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first above written.

AIRLINE: Frontier Airlines, Inc.

By: _____

By: Howard Diamond. EVP. Legal & Corp. Affairs

APPROVED AS TO FORM:
County Counsel

By: _____

APPROVED AS TO AUDIT AND ACCOUNTING:
Auditor-Controller

By: _____

RECOMMENDED FOR APPROVAL:
John Wayne Airport

By: _____
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this document has been delivered to the Chair of the Board per G.C. Sec. 25103, Reso 79-1535

Attest:

COUNTY:
COUNTY OF ORANGE

_____
Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

By: _____
Chairman, Board of Supervisors

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first above written.

AIRLINE: Frontier Airlines, Inc.

By: _____

By: _____

APPROVED AS TO FORM:
County Counsel

By: _____
DocuSigned by:
Mark Sanchez
5EE66EC8DA7B48F...

APPROVED AS TO AUDIT AND ACCOUNTING:
Auditor-Controller

By: _____
Signed by:
Vivian Luz C. Grzeszczak
98187C051B2C443...

RECOMMENDED FOR APPROVAL:
John Wayne Airport

By: _____
Signed by:
Charlene Reynolds
A1A526A921AE49E...
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this document has been delivered to the Chair of the Board per G.C. Sec. 25103, Reso 79-1535

Attest:

COUNTY:
COUNTY OF ORANGE

_____

Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

By: _____
Chairman, Board of Supervisors

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT A
LEASED PREMISES DESCRIPTION

Project Management Number: PM 1121-0300-0083

Airline: Frontier Airlines, Inc.

The Leased Premises referred to in this Lease shall mean all the premises shown on a floor plan marked "Exhibit B," attached hereto and made a part hereof, being those certain Exclusive Use Areas designated as follows:

> Airline Ticket Office, and Airline Ticket Counter, containing 459 square feet and 186 square feet, respectively, located on the Terminal A concourse of the Departure Level.

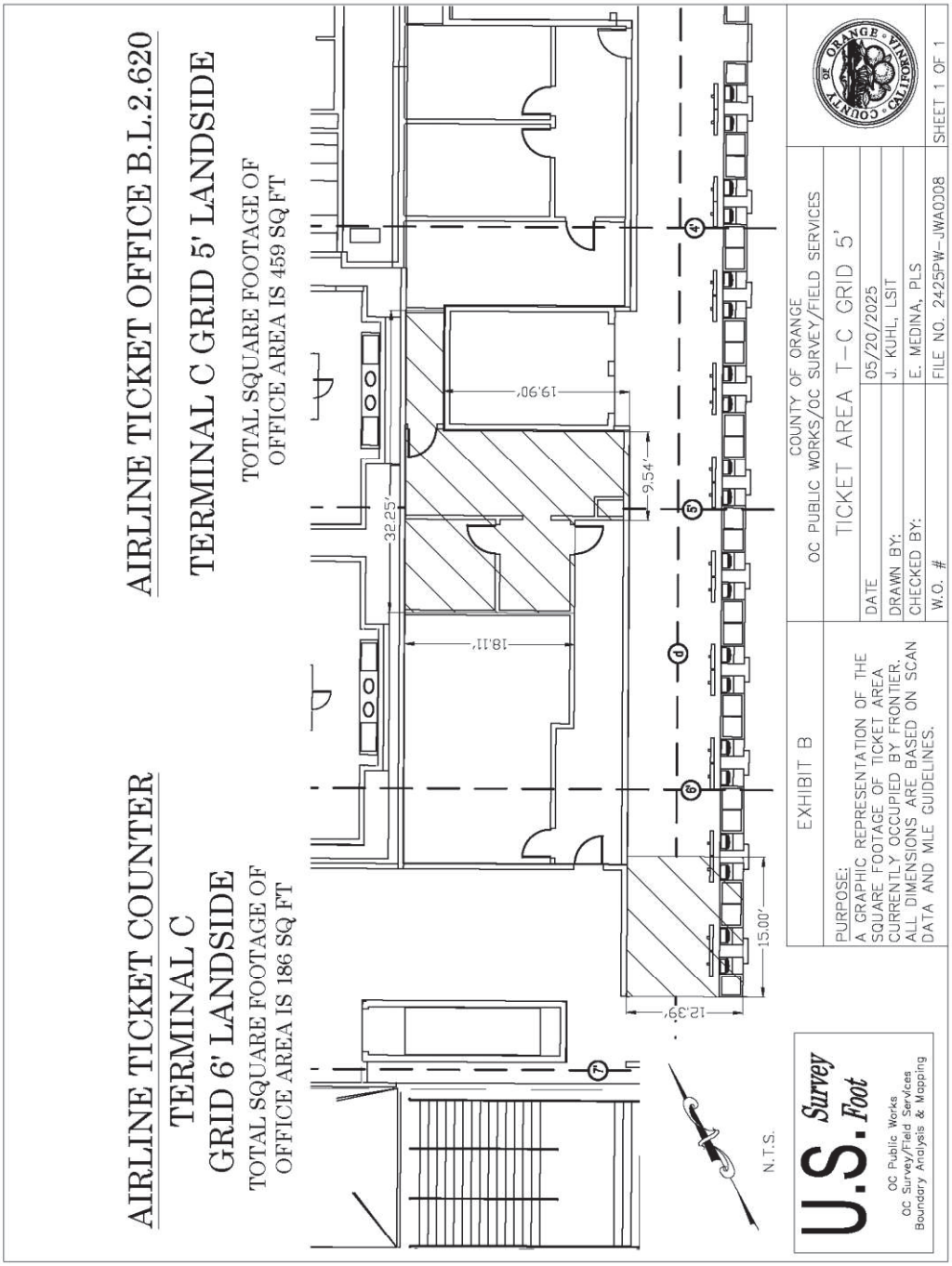
Said Exclusive Use Areas shall also include the premises shown on a map marked "Exhibit C," attached hereto and made a part hereof, being Apron Area. Said "Exhibit C" may be revised at any time by Airport Director.

The Leased Premises shall also include the premises shown on a map marked "Exhibit D," being those certain Common Use Areas designated as Baggage Claim/Baggage Make-up Areas, Holdrooms, Airside Concourses, Security Areas, and Loading Bridges,

Said Exclusive Use and Common Use Areas are situated at the Thomas F. Riley Terminal Building, John Wayne Airport, 18601 Airport Way, in the City of Santa Ana, County of Orange, State of California, and located on Lots 132 and 135 of Block 7 of the Irvine Subdivision, per map recorded in Book 1, Page 88 of Miscellaneous Maps in the Office of the County Recorder of Orange County, together with the right of ingress and egress thereto.

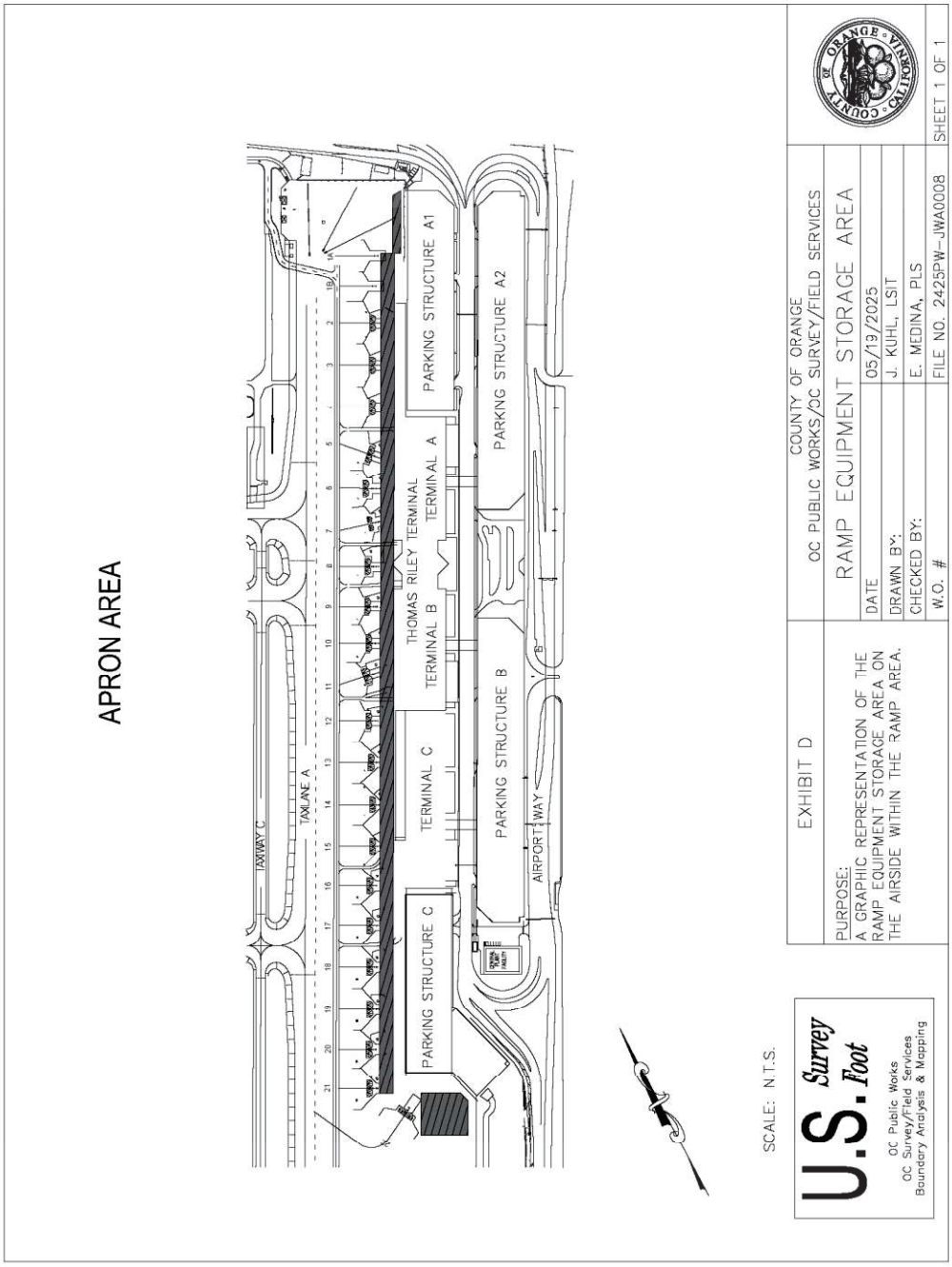
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES – EXCLUSIVE TERMINAL USE AREA



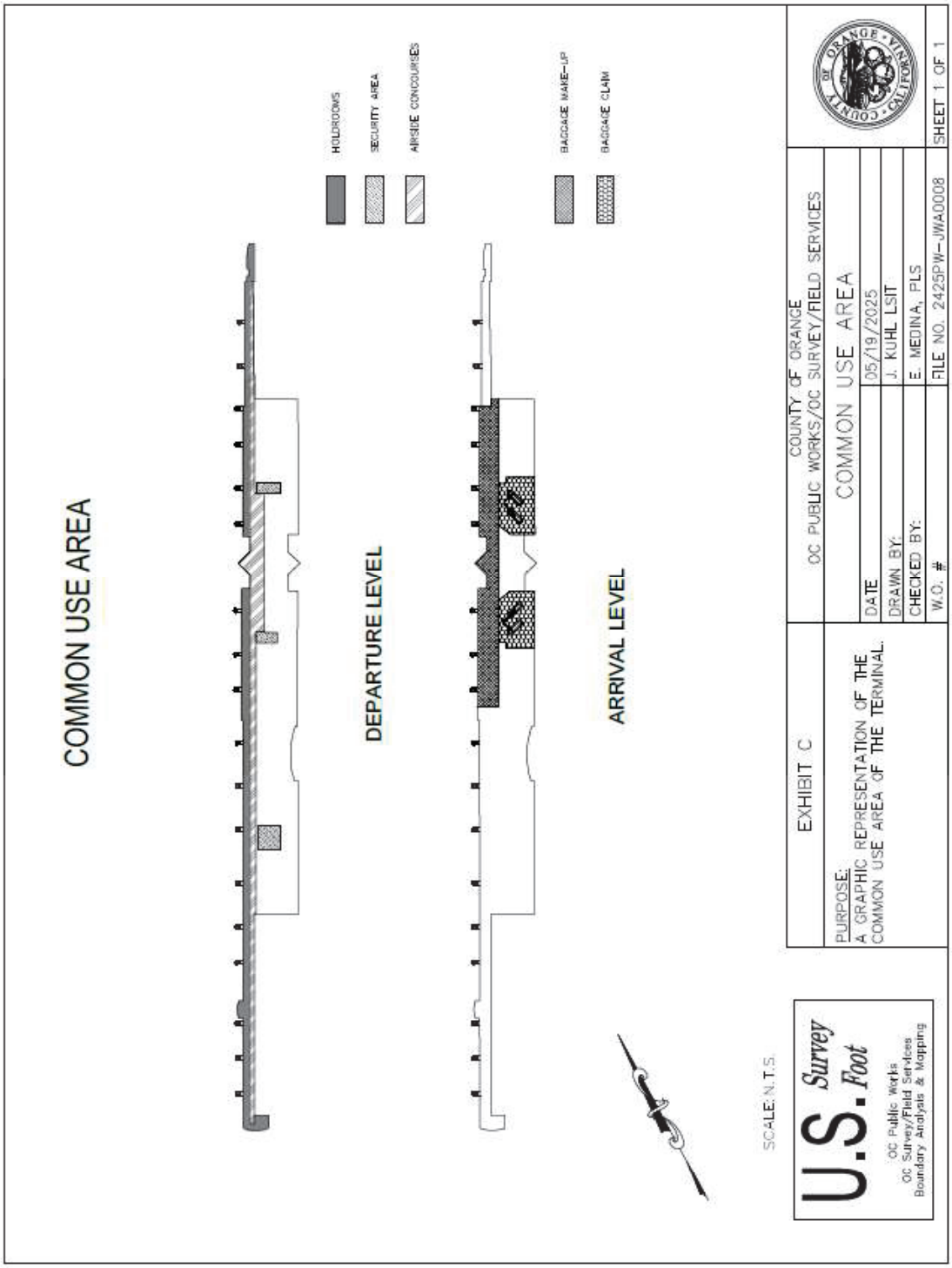
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT C
APRON AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT D
COMMON USE AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT E
JOHN WAYNE AIRPORT
SUMMARY OF OPERATION AND MAINTENANCE RESPONSIBILITIES

	Exclusive Use Areas	Common Use Areas	SIDA - Non Public Areas	Public Areas Sidewalks and Roadways	Airfield
Building Exteriors	C	C	C	C	C
Doors	A (1)	C (1)	C	C	-
Loading Bridges	C	C	C	-	C
Landscaping	-	C	C	C	C
Roadways	-	C	C	C	C
Law Enforcement, Fire Protection, Emergency Medical Services	C	C	C	C	C
Plumbing	C (1,2)	C	C	C	C
Electrical and Lighting	C (1,2)	C	C	C	C
HVAC	C (1)	C	C	C	C
Glass Breakage	C (1)	C	C	C	C
Communications Systems CU P PS	C (1)	C(1)	C	C	C
Custodial Service/Window Cleaning	A	C	C	C	C
Baggage Handling Systems	C	C	C	C	-
Bag-Claim Carousel Equipment	-	C	C	C	-
Baggage Scales (ticket counters)	C	C	-	-	-
People Movers (elevators, escalators)	C	C	C	C	-
Signage	A	C	C	C	C
Ramp	A	C (3)	C (3)	-	-

Key: A = Airline
C = County

1. Airline is responsible for maintenance, repair and replacement of Airline-installed devices and equipment.
2. Airline is responsible for routine maintenance, including relamping and ballast replacement.
3. Airline is responsible for cleaning ramp areas of trash and spills (from building to VSR).

If Airline fails to perform its maintenance and repair obligations as stated in the Lease, the County may perform the work after providing the Airline written notice and recover its entire cost plus a 15% charge from Airline as additional costs. Said cos ts shall be due and payable by the Airline to the County as stated in Article V, Section 5.07 of the Lease.

In the event the Airline makes any repairs or modifications to an area or equipment, at the request of the County, as per Section 4.01 subsection C of this Lease, and those areas or equipment are currently maintained by the County, the County will continue the maintenance responsibilities for those areas or equipment.

JOHN WAYNE AIRPORT
ORANGE COUNTY

AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

Dated _____

Between

County of Orange

and

Southwest Airlines, Co.

Docusign Envelope ID: BDBC2F35-9927-4E4F-A4B4-AABF9B0F2F48

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

RECITALS 1
ARTICLE I - DEFINITIONS 2
SECTION 1.01 AAAC 2
SECTION 1.02 AAAC CHAIR 2
SECTION 1.03 ACCESS PLAN 2
SECTION 1.04 ADD 2
SECTION 1.05 AIRLINE RATES AND CHARGES 3
SECTION 1.06 AIRPORT 3
SECTION 1.07 AIRPORT DIRECTOR 3
SECTION 1.08 APRON AREA 3
SECTION 1.09 AUDITOR-CONTROLLER 3
SECTION 1.10 BOARD OF SUPERVISORS 3
SECTION 1.11 CBP 3
SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT 3
SECTION 1.13 COMMON USE AREA 3
SECTION 1.14 COUNTY 4
SECTION 1.15 CUPPS 4
SECTION 1.16 CUSS 4
SECTION 1.17 DOT 4
SECTION 1.18 EMV 4
SECTION 1.19 ENVIRONMENTAL LAWS 4
SECTION 1.20 EXCLUSIVE USE AREA 5
SECTION 1.21 FAA 5
SECTION 1.22 GSE 5
SECTION 1.23 HAZARDOUS SUBSTANCES 5
SECTION 1.24 IAF 6
SECTION 1.25 NON-STORMWATER DISCHARGE 6
SECTION 1.26 PFC 6
SECTION 1.27 POLLUTANT 6
SECTION 1.28 RON 7
SECTION 1.29 STORMWATER 7
SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES 7
SECTION 1.31 TERMINAL 7
SECTION 1.32 TSA 7
ARTICLE II – TERM OF LEASE 7
SECTION 2.01 TERM OF LEASE 7
SECTION 2.02 HOLDING OVER 7
SECTION 2.03 TERMINATION FOR CONVENIENCE 8
ARTICLE III – LEASED PREMISES 8
SECTION 3.01 LEASED PREMISES 8

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 3.02 NATURE OF AIRLINE'S ESTATE 9
SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES 9
ARTICLE IV - RENT, FEES AND CHARGES 9
SECTION 4.01 RENT, FEES AND CHARGES 9
SECTION 4.02 PAYMENT PROCEDURE 13
SECTION 4.03 CHARGE FOR LATE PAYMENT 14
SECTION 4.04 PASSENGER FACILITY CHARGE 14
SECTION 4.05 PROVISION AGAINST SET-OFFS 15
SECTION 4.06 SECURITY DEPOSIT 16
SECTION 4.07 NEW ENTRANT DEPOSIT 17
SECTION 4.08 MARKETING FUND FEE 17
ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES 18
SECTION 5.01 USE 18
SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES 19
SECTION 5.03 RULES AND REGULATIONS 19
SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE 20
SECTION 5.05 OPERATIONAL REQUIREMENTS 21
SECTION 5.06 RECORDS AND ACCOUNTS 22
SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS 25
SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON 27
SECTION 5.11 AIRCRAFT PARKING 27
SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT 30
SECTION 5.12 PORTER SERVICES 28
ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT 28
SECTION 6.01 COMMON USE EQUIPMENT 28
SECTION 6.02 COMMON USE EQUIPMENT STOCK 29
SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK 29
SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT 29
SECTION 6.06 NETWORK USAGE 30
SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES 32
SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES 32
ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION 33
SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE 33
SECTION 7.02 SPILL RESPONSE PLAN 34

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION 35
SECTION 7.04 ENVIRONMENTAL STEWARDSHIP 36
SECTION 7.05 RESERVED 38
SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION 38
SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS 39
SECTION 7.08 ANTI-IDLING POLICY 39
ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS 39
SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY 39
SECTION 8.02 IMPROVEMENTS BY THE AIRLINE 40
SECTION 8.03 AIRLINE REIMBURSEMENT 41
SECTION 8.04 EXCLUSIVE REMEDY 42
SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION 42
SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES 43
SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS 43
SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS 45
SECTION 8.09 HEALTH AND SAFETY 45
ARTICLE IX - ACCOMMODATION 46
SECTION 9.01 JOINT USE REQUIREMENT 46
ARTICLE X - ASSIGNMENT AND SUBLEASE 47
SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING 47
SECTION 10.02 SUCCESSORS IN INTEREST 50
ARTICLE XI - TERMINATION AND DEFAULT 50
SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS 51
SECTION 11.02 TERMINATION FOR DEFAULT 51
SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION 52
SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY 52
SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER 52
ARTICLE XII - SECURITY 52
SECTION 12.01 AIRPORT SECURITY 52
ARTICLE XIII - INSURANCE AND INDEMNITY 55
SECTION 13.01 INSURANCE 55
SECTION 13.02 INDEMNITY 59
ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS 59
SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION 60
SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT 63
SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A. 63
SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS . 64

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 14.05 FEDERAL LAW PREEMPTION 64
SECTION 14.06 NONEXCLUSIVE RIGHT 64
SECTION 14.07 WAR OR NATIONAL EMERGENCY 64
SECTION 14.08 RESERVED 64
SECTION 14.09 AMERICANS WITH DISABILITIES ACT 65
SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT 65
ARTICLE XV - MISCELLANEOUS PROVISIONS 65
SECTION 15.01 TIME 65
SECTION 15.02 LEASE ORGANIZATION 65
SECTION 15.03 AMENDMENTS 66
SECTION 15.04 SIGNS 66
SECTION 15.05 PERMITS AND LICENSES 66
SECTION 15.06 RESERVED 66
SECTION 15.07 TAXES AND ASSESSMENTS 66
SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE 67
SECTION 15.09 PARTIAL INVALIDITY 67
SECTION 15.10 WAIVER OF RIGHTS 67
SECTION 15.11 RESERVATIONS TO THE COUNTY 67
SECTION 15.12 AUTHORITY OF THE AIRLINE 68
SECTION 15.13 PUBLIC RECORDS 68
SECTION 15.14 RELATIONSHIP OF PARTIES 68
SECTION 15.15 GOVERNING LAW AND VENUE 69
SECTION 15.16 ATTORNEY'S FEES 69
SECTION 15.17 EMERGENCY SERVICES 69
SECTION 15.18 NOTICES 69

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

LIST OF EXHIBITS

EXHIBIT A LEASED PREMISES DESCRIPTION – TERMINAL EXCLUSIVE USE AREA

EXHIBIT B FLOOR PLAN OF LEASED PREMISES – TERMINAL EXCLUSIVE USE AREA

EXHIBIT C MAP OF APRON AREA

EXHIBIT D MAP COMMON USE AREA

EXHIBIT E AIRLINE MAINTENANCE OBLIGATIONS

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

THIS AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE ("LEASE") is made and entered into this ___ day of _____, 2025, by and between the COUNTY OF ORANGE, a political subdivision of the State of California ("COUNTY"), and Southwest Airlines, Co. ("AIRLINE"), with COUNTY and AIRLINE sometimes individually referred to as "Party" or collectively referred to as "Parties."

RECITALS

WHEREAS, the COUNTY, through its Board of Supervisors, is the owner and proprietor of John Wayne Airport ("JWA" or "Airport"), located in the County of Orange, State of California, and operates and maintains the Airport as a governmental function for the primary purpose of providing air transportation to the public; and

WHEREAS, COUNTY and AIRLINE entered into a Certificated Passenger Airline Lease dated November 3, 2020, with a term effective January 1, 2021, through December 31, 2025 ("Existing Lease"); and

WHEREAS, the AIRLINE is engaged in the business of commercial air transportation of persons, property, cargo, and mail as a scheduled air carrier and is certificated or otherwise authorized by the United States of America to engage in such business; and

WHEREAS, the AIRLINE desires to enter into an agreement addressing certain premises, facilities, rights, licenses, services, and privileges at the Airport; and

WHEREAS, as part of its ongoing effort to operate the Airport in a manner sensitive to the residents who live under the Airport's approach and departure corridors, the COUNTY has developed one of the most stringent access and noise abatement programs in the country. The Airport monitors all aircraft operations, both commercial and private, for compliance with the program. These noise abatement and access restrictions derive from the 1985 Settlement Agreement between the COUNTY, City of Newport Beach, and other parties and are implemented through ordinances, resolutions (including Resolutions No. 85-255, 85-256, 85-259, 85-1231, 85-1232, and 85-1233), regulations (including the Phase 2 Commercial Airline Access Plan and Regulation) and policies of the COUNTY, as they may be amended from time to time; and

WHEREAS, the 1985 Settlement Agreement has been periodically amended by its parties to, among other things, increase the authorized passenger levels at the Airport; and

WHEREAS, the amendments to the 1985 Settlement Agreement preserve and continue to implement important restrictions on the use of JWA, "grandfathered" under the AIRPORT NOISE AND CAPACITY ACT OF 1990 ("ANCA"), which reflect and accommodate historical policy decisions of the Board of Supervisors regarding the appropriate point of balance between the competing interests of the air transportation and aviation community and local residents living in the vicinity of the Airport. These policy decisions address, among other issues, nighttime operational restrictions and maximum permitted single-event noise levels; and

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

WHEREAS, the COUNTY and the AIRLINE mutually desire to enter into this LEASE, which amends and restates the Existing Lease, in order to provide air transportation services to the community and its visitors through December 31, 2030; and

WHEREAS, the COUNTY has the right to permit and grant the use of its property at the Airport to the AIRLINE for the operation of the AIRLINE's air transportation services; and

WHEREAS, the AIRLINE acknowledges that this LEASE is being entered into under the provisions of CAL. PUBLIC UTIL. CODE §§21690.5 *et seq.*, and, in particular, §21690.9.

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained to be observed and performed by the respective Parties hereto:

THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I - DEFINITIONS

The following words, terms, and phrases, whenever used in this LEASE, shall have the meaning and significance attached to them in this Article unless otherwise apparent from context.

SECTION 1.01 AAAC

"AAAC" shall mean the JWA – Airport Airline Affairs Committee. The AAAC is composed of the airline properties representatives for the carriers serving JWA.

SECTION 1.02 AAAC CHAIR

"AAAC Chair" shall mean the Chairperson elected by the AAAC to act as the spokesperson for carriers serving JWA.

SECTION 1.03 ACCESS PLAN

"Access Plan" shall mean the Phase 2 Commercial Airline Access Plan and Regulation for John Wayne Airport, Orange County, as that plan existed when originally adopted and approved by the Orange County Board of Supervisors in 1990, as it has been amended by the Board of Supervisors from time to time, and as it may be amended by the Board of Supervisors at any time during the term of this LEASE.

SECTION 1.04 ADD

"ADD" shall mean Average Daily Departure, as defined in the Access Plan. Except as expressly provided in the Access Plan, all commercial air carrier departures at JWA are regulated departures and require an ADD allocation. ADD allocations are the exclusive property of the COUNTY.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 1.05 AIRLINE RATES AND CHARGES

"Airline Rates and Charges" shall mean all rates, fees, and charges payable to the COUNTY by the AIRLINE, as specified herein**.**

SECTION 1.06 AIRPORT

"Airport" shall mean the John Wayne Airport, Orange County, California.

SECTION 1.07 AIRPORT DIRECTOR

"Airport Director" shall mean the Director of JWA or his or her duly authorized designee.

SECTION 1.08 APRON AREA

"Apron Area" shall mean the land identified as Apron Area in Exhibit C attached hereto, and, except as otherwise provided herein, all facilities, equipment, and improvements now or hereafter located thereon.

SECTION 1.09 AUDITOR-CONTROLLER

"Auditor-Controller" shall mean the Auditor-Controller, County of Orange, or designee.

SECTION 1.10 BOARD OF SUPERVISORS

"Board of Supervisors" shall mean the COUNTY's governing body.

SECTION 1.11 CBP

"CBP" shall mean Customs and Border Protection, U.S. Department of Homeland Security.

SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT

"Certificated Maximum Landing Weight" shall mean the current maximum allowable gross landing weight of aircraft operated by the AIRLINE and certificated by the Federal Aviation Administration (FAA) for operation at the Airport.

SECTION 1.13 COMMON USE AREA

"Common Use Area" shall mean the nonexclusive use of space, in common with other airlines, located in the Terminal, as shown in Exhibit D.

SECTION 1.14 COUNTY

"COUNTY" shall mean the County of Orange, a political subdivision of the State of California.

SECTION 1.15 CUPPS

"CUPPS" shall mean the Airport's Common Use Passenger Processing System.

SECTION 1.16 CUSS

"CUSS" shall mean Common Use Self Service.

SECTION 1.17 DOT

"DOT" shall mean the U.S. Department of Transportation.

SECTION 1.18 EMV

"EMV" shall mean Europay, Mastercard, or Visa.

SECTION 1.19 ENVIRONMENTAL LAWS

“Environmental Laws” shall mean any federal, State, or local laws, statutes, ordinances, codes, judgments, orders, rules, or regulations pertaining to the environment and/or human health, Hazardous Substances, Pollutants, occupational safety and health, industrial hygiene, or the environmental conditions on, at, under or about the Airport, and includes, without limitation, the following: (i) the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; (ii) Clean Water Act, 33 U.S.C. § 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 C.F.R. Parts 173 and 175; (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 U.S.C. § 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 (“Proposition 65”); (ix) California Health and Safety Code §§25100, 25395.7, 25915 *et seq.*; (x) the Porter-Cologne Water Quality Control Act (California Water Code); (xi) California Civil Code § 3479 *et seq.*; (xii) Stormwater Discharge Rules, 40 C.F.R. §§ 122.26, 122.30-37; (xiii) the Carpenter-Presley-Tanner Hazardous Substances Account Act; (xiv) the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; (xv) the Safe Drinking Water Act, 24 U.S.C. § 300f, *et seq.*; xvi) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Industrial Activities, Order No. 2014-0057-DWQ (or most current); xvii) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, Order No. 2009-0009-DWQ amended by 2010-0014-DWQ & 2012-0006-DWQ; xviii) The County of Orange, Orange County Flood Control District, and The

Incorporated Cities of Orange County within the Santa Ana Region Areawide Urban Stormwater Runoff Orange County Municipal Separate Storm Sewer System (MS4) Permit Order No. R8-2009-0030 (National Pollutant Discharge Elimination System No. CAS618030) as amended by Order No. R8-2010-0062; xix) South Coast Air Quality Management District Regulations and Rules; and (xx) all other federal, State, and local laws, rules, orders, directives, and codes, regulations, judgments, and orders relating to (a) emissions, discharges, releases, and/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 (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Substances, as such laws are amended, and the regulations and administrative codes applicable thereto.

SECTION 1.20 EXCLUSIVE USE AREA

"Exclusive Use Area" shall mean the areas of the Terminal and on the Terminal Apron that the COUNTY has granted the AIRLINE the right to use on an exclusive-use basis, subject to the Joint Use Requirement, during the term of this LEASE. The AIRLINE's Exclusive Use Area is described in Exhibit A and shown in Exhibits B and C.

SECTION 1.21 FAA

"FAA" shall mean the Federal Aviation Administration created under the FEDERAL AVIATION ACT OF 1958 or such successor agency as may have similar jurisdiction over the AIRLINE or its business and the Airport.

SECTION 1.22 GSE

"GSE" shall mean Ground Service Equipment and include any auxiliary power unit, mobile stairs, aircraft support equipment, machinery, spare parts, or other equipment used or stored by any qualified air carrier or ground service provider in support of operations at JWA.

SECTION 1.23 HAZARDOUS SUBSTANCES

“Hazardous Substances” shall mean any pollutant, contaminant, chemical, compound, substance, hazardous or toxic substance, material, waste, and/or any other matter, which is or shall become regulated by any governmental entity, including, but not limited to COUNTY acting in its governmental capacity, the State of California, and/or the United States Government. 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, nuisance, and/or is controlled or governed under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos-containing materials; (iv) flammable or explosive substances; (v) mold-containing materials; poly-chlorinated biphenyl compounds; and/or (vi) substances designated by any governmental entity to cause cancer and/or reproductive toxicity.

SECTION 1.24 IAF

"IAF" shall mean the International Arrival Facility and include the areas of the Terminal that house U.S. Customs and Border Protection and are for the use of arriving international passengers.

SECTION 1.25 NON-STORMWATER DISCHARGE

"Non-Stormwater Discharge" shall mean any discharge to storm sewer systems that is not entirely composed of Stormwater. "Non-Stormwater Discharge" includes "Unauthorized Non-Stormwater Discharges" and "Authorized Non-Stormwater Discharges" as defined by the California Environmental Protection Agency State Water Resources Control Board's National Pollutant Discharge Elimination System General Permit for Discharges of Stormwater Associated with Industrial Activities and Construction Activities.

SECTION 1.26 PFC

"PFC" shall mean federally approved Passenger Facility Charges or passenger facility fees, as authorized by 49 U.S.C. §40117 and regulated by 14 C.F.R. Part 158, as such statute and regulation currently exist or as they may be amended during the term of this LEASE.

SECTION 1.27 POLLUTANT

“Pollutant” means any chemical, compound, substance, liquid, solid or semi-solid substance, or combination thereof, including but not limited to:

a. Artificial materials (such as floatable plastics, wood products or metal shavings);

b. Household waste (such as trash, paper, and plastics; cleaning chemicals, yard wastes, animal fecal materials, used oil and fluids from vehicles, lawnmowers, and other common household equipment);

c. Metals and nonmetals, including compounds of metals and nonmetals (such as cadmium, lead, zinc, copper, silver, nickel, chromium, cyanide, phosphorus, and arsenic) with characteristics that cause an adverse effect on living organisms;

d. Petroleum and related hydrocarbons (such as fuels, lubricants, surfactants, waste oils, solvents, coolants, and grease);

e. Substances having a pH less than 6.5 or greater than 8.6, or unusual coloration, turbidity, or odor;

f. Materials causing an increase in biochemical oxygen demand, chemical oxygen demand, or total organic carbon;

g. Materials that contain base/neutral or acid-extractable organic compounds;

h. Those pollutants defined in Section 1362(6) of the Federal Clean Water Act;

i. Any other constituent or material, including but not limited to pesticides, herbicides, fertilizers, fecal coliform, fecal streptococcus, or enterococcus, or eroded soils, sediment, and particulate materials in quantities that will interfere with or adversely affect the beneficial use of the receiving waters, flora or fauna of the State; and

j. Any substance listed under Health and Safety Code, §25316.

SECTION 1.28 RON

"RON" shall mean the remain overnight positions where the AIRLINE's aircraft are required to park when they "remain overnight" at JWA.

SECTION 1.29 STORMWATER

"Stormwater" shall mean stormwater runoff, snowmelt runoff, and stormwater surface runoff and drainage.

SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES

"Tenant Design and Construction Guidelines" shall mean the Tenant Criteria Manual, CAD Standards, BIM Standards Manual, and GIS Data Standard which can be found on the OCAIR.COM website.

SECTION 1.31 TERMINAL

"Terminal" shall mean the Thomas F. Riley commercial passenger terminal and concourses at JWA, as may be modified at any time during the term of this LEASE.

SECTION 1.32 TSA

"TSA" shall mean the Transportation Security Administration of the U.S. Department of Homeland Security, the federal agency responsible for regulation of airport security, or any such successor agency.

ARTICLE II – TERM OF LEASE

SECTION 2.01 TERM OF LEASE

The term of this LEASE shall commence on January 1, 2021, and expire on December 31, 2030.

SECTION 2.02 HOLDING OVER

In the event the AIRLINE shall continue in possession of the Leased Premises after the term of this LEASE, such possession shall not be considered an extension or renewal of this LEASE but

a tenancy from month-to-month and shall be governed by the conditions and covenants contained in this LEASE.

SECTION 2.03 TERMINATION FOR CONVENIENCE

This LEASE may be terminated for convenience by either Party for any reason and without cause upon ninety (90) days' written notice.

ARTICLE III – LEASED PREMISES

SECTION 3.01 LEASED PREMISES

The COUNTY leases to the AIRLINE that certain property hereinafter referred to as "Leased Premises." Said premises shall be leased to the AIRLINE in "as-is" condition and shall consist of the following:

A. **Exclusive Use Area**. Exclusive use of the space, subject to the requirements set forth in Section 9.01 of this LEASE entitled "JOINT USE REQUIREMENT," located in the Terminal and on the Apron and Airfield, as described on Exhibit A and shown in Exhibits B and C, which exhibits are attached hereto and by reference made a part hereof and hereinafter referred to as "Exclusive Use Area."

B. **Common Use Area**. Nonexclusive use, in common with other airlines, of space located in the Terminal as shown on Exhibit D, which exhibit is attached hereto and by reference made a part hereof, and hereinafter referred to as "Common Use Areas." Common Use Areas include:

(1) Baggage Claim and Baggage Make-up Areas;

(2) Hold rooms (departure lounges);

(3) Airside Concourses;

(4) Landside Concourses;

(5) Loading Bridges

(6) Baggage and Passenger Screening Areas;

(7) Security Areas.

The use of these Common Use Areas shall be subject to the reasonable control and regulation of the Airport Director.

SECTION 3.02 NATURE OF AIRLINE'S ESTATE

The AIRLINE acknowledges and agrees:

A. That the COUNTY has granted to the AIRLINE a leasehold interest in the Leased Premises only.

B. That the COUNTY retains a fee ownership for federal income tax purposes in and to the Leased Premises, as well as all other ownership burdens and benefits connected with such fee ownership.

C. That the AIRLINE has not been granted any direct or indirect right or option to purchase the Leased Premises from the COUNTY at any time during or after the termination of this LEASE.

SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES

The AIRLINE shall not install equipment of any kind outside the Leased Premises unless authorized in writing by the Airport Director and/or designee prior to installation.

ARTICLE IV - RENT, FEES AND CHARGES

SECTION 4.01 RENT, FEES AND CHARGES

The rents, fees, and charges contained in this LEASE are established in accordance with (i) Resolution 02-062 dated March 12, 2002 (or as subsequently amended), which reasserts and establishes the John Wayne Airport Revenue Planning Policy, and (ii) the Bond Indenture for the Airport Revenue Bonds, Series 1987, and the First Supplemental, Second Supplemental, Third Supplemental, Fourth Supplemental, Fifth Supplemental, and Sixth Supplemental Indenture Series 1993, 1997, 2003, 2009 and 2019, as well as any future bond indentures or supplemental indentures that may be issued or adopted from time to time. The Airport Director and the AAAC Chair shall present any modifications to the rents, fees, and charges to the AAAC prior to implementation.

A. The AIRLINE shall make payment of the following rents, fees, and charges, which shall be due and payable monthly in advance on the first day of each month with a 15-day grace period, and the AIRLINE agrees that the COUNTY will not invoice for such rents, fees, and charges:

(1) **Exclusive Use Areas**

(a) Terminal Building. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use terminal space.

Exclusive use terminal space consists of the airline ticket counter, airline ticket office, baggage service office, and operations/ramp office.

For the purpose of calculating terminal building rent, the AIRLINE's Exclusive Use Area(s) of the terminal building contains the square feet described in Exhibit A and shown in Exhibit B.

(b) Terminal Apron. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use of terminal apron space used for GSE. For purposes of calculating terminal apron rent, the AIRLINE's Exclusive Use Area(s) of the apron contains the square feet shown on Exhibit C. Exhibit C may be modified at any time by Airport Director.

(c) Airport Tenant Improvement Amortization Schedule. The AIRLINE shall reimburse the COUNTY for tenant improvement by the COUNTY based on the amortization schedule established by the Airport Director.

(2) **Common Use Areas**

(a) Arrival Level. The COUNTY shall establish fees for shared use of baggage claim and baggage make-up areas. Said fees shall be established on the basis of allocating the Airport's total costs and expenses associated with the baggage claim and baggage make-up areas to the commercial airlines in the terminal accordingly: twenty percent (20%) of the costs to be shared evenly among the commercial airlines and eighty percent (80%) of the costs to be shared based on each commercial airline's percentage of total deplaned passengers at the Airport, including their commuter affiliates.

(b) Departure Level. The COUNTY shall establish fees for shared use of departure level common areas, including hold-rooms, airside concourses, baggage/passenger screening areas, and security areas. Said fees shall be established by allocating the Airport's total costs and expenses associated with departure level common areas accordingly: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

The COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Modifications may include fee revisions, the establishment of new fee classifications, or such

other changes as needed to respond to the AIRLINE's use of the Airport. At the end of each modification period, the COUNTY shall establish monthly fees and issue credits for any overpayments by the AIRLINE or invoice the AIRLINE for any underpayments for the previous period.

In the event an obligation to pay fees begins or terminates on some day other than the first or last day of the month, the fees shall be prorated to reflect the actual period of use based on a thirty (30) day month. The fees for any partial calendar month during which this LEASE becomes effective will be payable on such effective date.

(c) IAF. Fees shall be established by the COUNTY for shared use of the IAF. Said fees shall be established based on the Airport's total costs and expenses associated with the IAF area. The IAF fees shall be allocated to commercial carriers operating international flights according to the carrier's ratio of international deplaned passengers and the fee schedule established by the COUNTY.

(d) CBP. Costs shall be passed through to commercial carriers operating international flights based on international deplaned passengers at JWA and the fee schedule established by the COUNTY.

(e) CUPPS. Fees shall be established by the COUNTY for the implementation, maintenance, support, services and supplies, and periodic upgrades of the Common Use Passenger Processing System (CUPPS). Said fees shall be established and allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

In the event of future CUPPS upgrade implementation due to technological requirements or regulatory compliance, the cost of CUPPS upgrade shall be amortized over three years, allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each airlines percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

(1) The JWA CUPPS has EMV credit card capability. JWA will not activate this capability until the JWA AAAC agrees to its activation, in whole or in part, using a processing system acceptable to the affected airlines and JWA.

(2) In the event AIRLINE does not use JWA's installed EMV credit card chip processing system, the COUNTY will not be liable for fraudulent credit card transactions by AIRLINE customers, and AIRLINE shall indemnify the COUNTY pursuant to Section 13.02 of this LEASE for such transactions.

(3) **Additional Fees**

The COUNTY shall establish additional fees including, but not limited to, utility expenses, janitorial expenses, and annual security expenses resulting from any security measures implemented after September 11, 2001. Such fees shall be established annually by allocating the Airport's total cost accordingly: ten percent (10%) of the cost to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the cost to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

B. The AIRLINE shall pay the following fees and charges payable monthly in arrears on or before the twentieth (20th) day of each month with no grace period. The AIRLINE agrees that the COUNTY will not invoice for the following fees and charges and may require the AIRLINE to submit future monthly reports electronically via JWA's portal and prescribed format. Airport will make reasonable efforts to develop an electronic format that allows AIRLINE to report requested information efficiently.

(1) Landing fees based on the latest schedule established by the COUNTY covering the operation of scheduled airlines and commercial operations at the Airport. Landing fees shall be expressed in terms of a rate per one thousand (1,000) pounds of maximum gross landing weight of aircraft certified by the FAA.

(2) Aircraft RON parking fees based on the latest schedule established by the COUNTY. Aircraft parking fees shall be expressed in dollars per night.

(3) Operations fees (gate use fees) based on the schedule established by the COUNTY. Operations fees shall be expressed in dollars per daily departure.

Upon thirty (30) days' written notice from the Airport Director, the COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Changes may include fee revisions, establishment of new fee classifications, or such other changes as needed to respond to the AIRLINE's use of the Airport, the need for the COUNTY to receive fair and equitable rents, fees, and charges for all uses of the Airport, and to ensure the Airport is operated at no cost to the local taxpayer. With regard to any dispute as to what may constitute reasonable rents, fees, and charges, the AIRLINE shall first exhaust all remedies provided by applicable federal law and FAA regulations. At the end of each modification period, the COUNTY shall establish monthly fees and apply any underpayments or overpayments by the AIRLINE to the subsequent rates and charges period. At the discretion of the COUNTY, overpayments may be refunded via credit memo and underpayments may be invoiced.

C. Based upon prior written agreement between the AIRLINE and the COUNTY, the AIRLINE may pay for facilities repairs or modifications that would normally be the responsibility of the COUNTY. Costs for such repairs or modifications shall be deducted from the AIRLINE rent by the COUNTY upon submittal to the COUNTY of invoices, receipts, statements, or other documentation acceptable to the COUNTY for said repairs or modifications. All invoices, receipts, statements, or other documentation shall include a detailed description of the nature of the work performed and the associated costs. Upon completion of all repairs or modifications, the AIRLINE shall submit to the COUNTY a written request for rent credit and all documentation for the repairs or modifications.

Notwithstanding anything in this LEASE to the contrary, all amounts payable by the AIRLINE to or on behalf of the COUNTY under this LEASE, whether or not expressly denominated as rent, shall constitute rent for the purposes of the U.S. BANKRUPTCY CODE, 11 U.S.C. §502(b)(6).

The AIRLINE shall notify the Airport in writing within thirty (30) days of filing a petition for bankruptcy.

SECTION 4.02 PAYMENT PROCEDURE

A. **Place of Payment and Filing**. Payments and statements required by Sections 4.01, 4.08, and 5.06 in this LEASE shall be delivered to the County of Orange, Office of the Auditor-Controller, John Wayne Airport Accounting Services, 3160 Airway Avenue, Costa Mesa, California 92626. The designated place of payment and filing may be changed at any time by the COUNTY upon ten (10) days' written notice to the AIRLINE. Payments may be remitted by automated clearing house (ACH) deposit to the COUNTY's designated bank account or made by check payable to the County of Orange. The AIRLINE assumes all risk of loss if payments are made by mail.

B. **Form of Payment**. All sums due under this LEASE shall be paid in lawful money of the United States of America without offset, deduction, or prior notice or demand. No payment by the AIRLINE or receipt by the COUNTY of a lesser amount than the payment due shall

be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and the COUNTY shall accept such check or payment without prejudice to the COUNTY's right to recover the balance of the amount due or pursue any other remedy in this LEASE. All electronic payments must be remitted by Automated Clearing House (ACH) deposit to the COUNTY's designated bank account, or any future mode prescribed by the COUNTY. Any fees assessed to the COUNTY's bank account due to the use of another form of payment (e.g., wire transfer) not prescribed or approved by the COUNTY shall be passed through to AIRLINE plus a twenty-five dollars ($25.00) processing fee.

C. **Penalty for NSF Check** In the event a check submitted by AIRLINE is returned for non-sufficient funds ("NSF"), the AIRLINE agrees to pay the COUNTY a service charge in the amount of twenty-five dollars ($25) for the first returned check, and thirty-five dollars ($35) for each subsequent check. AIRLINE may also be liable for treble damages pursuant to California Civil Code Section 1719.

SECTION 4.03 CHARGE FOR LATE PAYMENT

The AIRLINE hereby acknowledges that the late payment of rent or any other sums due hereunder will cause the COUNTY to incur costs not contemplated by this LEASE, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices, increased accounting costs, or lost interest income.

Accordingly, if any payment of rent as specified in Section 4.01 in this LEASE or of any other sum due the COUNTY is not received by the COUNTY by the due date, a late charge of one and one-half percent (1.5%) of the payment due shall be added to the payment, and the total sum shall become immediately due and payable to the COUNTY. An additional charge of one and one-half percent (1.5%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

The AIRLINE and the COUNTY hereby agree that such late charges represent a fair and reasonable estimate of the costs that the COUNTY will incur by reason of the AIRLINE's late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by the COUNTY shall in no event constitute a waiver of the AIRLINE's default with respect to such overdue payment or prevent the COUNTY from exercising any of the other rights and remedies granted hereunder.

SECTION 4.04 PASSENGER FACILITY CHARGE

The COUNTY expressly reserves the right to impose PFCs on airline passengers for the use of the Airport in accordance with 49 U.S.C. §40117 and applicable implementing regulations adopted by

the FAA, including 14 C.F.R. Part 158, as they may be amended from time to time (the "PFC Regulations").

The AIRLINE shall hold in trust for the COUNTY the net principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY. For the purposes of Section 4.04, net principal amount shall mean the total principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY, reduced by any amount that the AIRLINE is permitted to retain pursuant to 49 U.S.C. §40117 and the PFC Regulations. Monthly PFCs collected by the AIRLINE shall be remitted to the COUNTY no later than the last day of the following calendar month or, if that date falls on a weekend or holiday, the first business day thereafter. In addition, PFCs collected by the AIRLINE shall be remitted to the COUNTY at the address specified in Section 4.02, Part A, "Place of Payment and Filing" or at such other place as designated by the COUNTY.

Should the AIRLINE fail to remit the net principal amount of all PFCs to the COUNTY within five (5) days following the remittance date specified above, the AIRLINE shall be deemed to be in default pursuant to Article XI hereof. In addition, any late payment of PFCs shall be subject to late fees computed at the rate of one and one-half percent (1.5%) per month of the payment due and/or the highest rate allowable under applicable state law from the due date until paid in accordance with Section 4.03 of this LEASE.

Nothing contained herein shall be construed to supersede the rights and obligations provided in 14 C.F.R. Part 158 regarding PFCs. In the event that a conflict exists between such federal regulation and this agreement, the federal regulation shall govern.

Reporting and Auditing Requirement: Airlines are required to comply with Part 158 Subpart D Reporting, Recordkeeping and Audits of PFC accounts maintained by the collecting carriers, specifically refer to Part §158.65, §158.69 and §158.71. The PFC report must be filed by the last day of the month following the calendar quarter by the collecting carrier to the County/Airport. The collecting air carrier's quarterly report must state:

(i) The collecting air carrier and airport involved
(ii) The total PFC revenue collected
(iii) The total PFC revenue refunded to passengers
(iv) The collected revenue withheld for reimbursement of expenses under §158.53
(v) The dates and amounts of each remittance for the quarter

SECTION 4.05 PROVISION AGAINST SET-OFFS

It is the obligation of the AIRLINE to pay all fees and charges, free of any set-offs or claims, in the amount and at the times specified in this LEASE. In the event that the AIRLINE desires to contest the validity or amount of any such fees and charges, the AIRLINE shall first pay the same to the COUNTY and may then seek a refund in any appropriate forum.

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SECTION 4.06 SECURITY DEPOSIT

The AIRLINE, prior to the commencement of operations, shall deposit with the COUNTY a security deposit approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director ("Security Deposit").

Concurrently with each revision of the rent pursuant to Section 4.01 in this LEASE, the Security Deposit to be provided by the AIRLINE shall be adjusted to approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director to guarantee the faithful performance by the AIRLINE of its obligations under this LEASE and the payment of all rents, fees, and charges due hereunder. In no event shall the amount of the Security Deposit be less than the existing Security Deposit. The amount of the Security Deposit will not be increased unless the adjusted Security Deposit is equal to or more than one hundred twenty percent (120%) of the prevailing Security Deposit. PFCs shall be excluded from the rents, fees, and charges used to determine the AIRLINE's Security Deposit.

The Security Deposit shall take one of the forms set out below and shall guarantee the AIRLINE's full and faithful performance of all the terms, covenants, and conditions of this LEASE:

A. A Letter of Credit from one or more financial institutions, subject to regulation by the State of California or Federal government, pledging that funds necessary to secure performance of the terms, covenants, and conditions of this LEASE are on deposit and guaranteed for payment, and agreeing that said funds shall be trust funds securing AIRLINE'S performance and that all or any part shall be paid to COUNTY, or order upon demand by Airport Director. Both the financial institution(s) and the form of the instrument(s) must be approved by Airport Director, or designee. The financial institution shall have a minimum long-term credit rating by two of the three Nationally Recognized Statistical Rating Organizations (NRSROs): Moody's (AA3), S&P Global (AA-), and Fitch (AA-).

B. A Faithful Performance Bond executed by a surety company or financial institution qualified and admitted to do business in the State of California and issued in a form approved by the COUNTY. The surety company must have a minimum A. M. Best rating of A-/VIII as determined by the most current edition of ambest.com. Under the bond, the surety company shall guarantee to COUNTY full and complete performance of all the terms, conditions and covenants herein to be performed on the part of AIRLINE, including the payment of use fees as well as any and all other payments. Said bond shall be maintained at the cost of AIRLINE throughout the existence of this LEASE. Said Surety shall give Airport Director or designee a minimum thirty (30) days' prior written notice of cancellation or material change in said bond. Such cancellation or material change without Airport Director's or designee's prior written consent shall constitute a default under this LEASE.

Regardless of the form in which the AIRLINE elects to make said Security Deposit, all or any portion of the principal sum shall be available unconditionally to the COUNTY for correcting any

default or breach of this LEASE by the AIRLINE, its successors or assigns, or for payment of expenses incurred by the COUNTY as a result of the failure of the AIRLINE, its successors or assigns, to faithfully perform all terms, covenants, and conditions of this LEASE.

Should the AIRLINE elect to provide either a Letter of Credit or a Faithful Performance Bond to fulfill the Security Deposit requirements of this LEASE, said Letter of Credit or bond shall have the effect of releasing the depository or creditor therein from liability on account of the payment of any or all of the principal sum to the COUNTY, or order upon demand by the Airport Director.

In the event the Airport Director withdraws all or any portion of the Security Deposit as provided herein, the AIRLINE shall, within ten (10) days of any withdrawal by the Airport Director, replenish the Security Deposit to maintain it at amounts herein required throughout the term of this LEASE. Failure to do so shall be deemed a default and shall be grounds for immediate termination of this LEASE as per Article XI of this LEASE.

The AIRLINE shall be obligated to maintain the Security Deposit in effect until the expiration date or earlier termination of this LEASE.

The Security Deposit, after deduction of all amounts due the COUNTY, shall be rebated, reassigned, released or endorsed by the COUNTY to the AIRLINE or order, as applicable, after one hundred twenty (120) days have elapsed, or at an earlier time to be determined by the Airport Director, following the expiration date of the term of this LEASE, provided the AIRLINE has fully and faithfully performed each and every term, covenant, and condition of this LEASE.

SECTION 4.07 NEW ENTRANT DEPOSIT

A cash security deposit in the sum of FIVE HUNDRED THOUSAND DOLLARS ($500,000.00) shall be provided by a new entrant AIRLINE prior to the commencement of operations.

This deposit shall be returned to the new entrant AIRLINE after six (6) months of continuous operation.

SECTION 4.08 MARKETING FUND FEE

The COUNTY has established a marketing fund for the Airport to conduct sales promotions, Airport-wide advertising, and related activities intended to promote the Airport and its tenants. Commencing January 1 of each calendar year, AIRLINE shall be required to make an annual marketing fund payment in the amount of ten thousand dollars ($10,000.00). AIRLINE agrees to pay this amount on or before January 1 of each year. All monies received by the Airport for the marketing fund shall be used solely for the purpose of Airport tenants' promotions and directly related expenses. In the event any year of this LEASE contains less than 12 months, AIRLINE shall pay a pro-rata portion of the annual amount corresponding to the number of months remaining in that calendar year.

For example, if the LEASE commenced on November 1, AIRLINE would pay the monthly pro-rata portion ($833.33 per month) of the annual marketing fund amount for November and December (totaling $1,666.66). Then, commencing on January 1, AIRLINE would make the full annual marketing fund payment of $10,000.00. Should the LEASE expire on September 15, AIRLINE would pay a pro-rata portion of the annual amount for the months of January through September.

ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES

SECTION 5.01 USE

The AIRLINE's use of the Leased Premises and its operations shall be limited to conducting a scheduled commercial airline operation. Subject to the limitations set forth in this Section and Sections 5.03, 5.04, 5.05, and 9.01 in this LEASE, AIRLINE'S operations are subject to the following authorized uses:

A. Loading and unloading of passengers.

B. Loading and unloading of baggage.

C. Passenger processing operations.

D. Flight operations office.

E. The AIRLINE shall have the right to have its aircraft and other equipment serviced by suppliers of its choice. Such suppliers may provide materials and services, including, but not limited to, aviation fuel, ground vehicle fuel, lubricating oil, greases, parts, and all other materials and supplies and services required by AIRLINE in the conduct of its air transportation service.

F. Mail, freight, and cargo operations, but only when such activity is incidental to, and conducted in connection with, regularly scheduled commercial passenger operations. The AIRLINE shall not conduct any operations at the Airport with aircraft which are:

1) Used at the Airport exclusively or primarily for mail, freight, or cargo services; or

2) Which have been modified in any manner for the purpose or the primary effect of reducing the passenger carrying capacity and increasing the cargo or freight carrying capacity of the aircraft.

G. Air charter activities in compliance with Access Plan.

H. Commissary services for the AIRLINE's employees at the Airport and in-flight catering services in support of the AIRLINE's air operations at the Airport. This does not permit

the AIRLINE to conduct commissary or in-flight services for any other airline or other person at the Airport without first obtaining a separate license to allow commissary or in-flight services for other airlines.

I. Handling of other airlines' operations and ticketing pursuant to Section 9.01 in this LEASE.

J. Employee training incidental to the other uses permitted under this Section.

K. Areas identified on the attached "Exhibits A, B, and C" as the AIRLINE Ticket Counter, AIRLINE Ticket Office, Baggage Service Office, Ramp/Operations Office, and Apron Equipment Storage are strictly limited to their identified uses.

L. Other uses as authorized by the Airport Director.

SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES

The COUNTY grants the AIRLINE a license for the nonexclusive use of all public Airport facilities including, but not limited to, taxiways, runways, navigational aids, and facilities relating thereto for purposes of landings, takeoffs, and taxiing of the AIRLINE's aircraft. All such use shall be in accordance with the laws of the United States of America, State of California, and the rules and regulations promulgated by their authority with reference to aviation and air navigation, and in accordance with all reasonable and applicable rules, regulations, and ordinances of the COUNTY now in force or hereafter prescribed or promulgated by ordinance or by law, including the Access Plan. The use of these areas shall be subject to the control and regulation of the Airport Director.

This license for non-exclusive use is subject to all rights reserved by the COUNTY to license, permit, authorize, regulate, and relocate concessionaires and other Airport tenants, including but not limited to booths, counters, offices, lockers, and wall space.

SECTION 5.03 RULES AND REGULATIONS

The COUNTY may adopt and enforce “Airport Rules and Regulations” that the AIRLINE agrees to observe and obey with respect to the use of the Airport and its appurtenances, facilities, improvements, equipment, and services, provided that such rules and regulations shall not be inconsistent with safety, with applicable rules, regulations and orders including those of the FAA and TSA with respect to all operations of the Airport, and with the terms of and AIRLINE’s rights under this LEASE. Except in the case of emergency, the COUNTY shall give the AIRLINE written notice and opportunity to comment on any proposed changes or additions to the Airport Rules and Regulations that could impact the AIRLINE's operations at the Airport before such proposed rules and regulations are adopted by the COUNTY. If requested, the COUNTY shall promptly provide a copy of such Airport Rules and Regulations to the AIRLINE.

The AIRLINE's operations under this LEASE shall comply with all Airport Rules and Regulations and shall observe, obey, comply with, and not otherwise hinder or obstruct any and all rules, regulations, laws, ordinances, statutes, or orders of any governmental authority, whether federal, state, or local, lawfully exercising authority over the Airport or the activities thereon, including compliance with FAA, TSA, and Airport security rules, regulations and plans.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines, or penalties of any nature whatsoever that may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE's operation under this LEASE, including, but not limited to, the payment of any fines or penalties for any breach of security, arising from the unauthorized entry of any person or vehicle onto the Airport or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE's operation under this LEASE.

The COUNTY shall not be liable to the AIRLINE for any diminution or deprivation of possession, or of its rights hereunder, on account of the exercise of such right or authority provided in this LEASE, nor shall the AIRLINE be entitled to terminate the whole or any portion of the leasehold estate herein created by reason of the exercise of such right or authority, unless the exercise thereof shall so interfere with the AIRLINE's use and occupancy of the Leased Premises so as to constitute a termination in whole or in part of this LEASE by operation of law in accordance with the laws of the State of California.

SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE

The AIRLINE agrees that:

A. Notwithstanding any provision in this LEASE to the contrary, the AIRLINE shall conduct all of its operations and activities at the Airport in strict conformity with the Access Plan and each of its regulations and limitations on the AIRLINE's activities and operations at the Airport.

B. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are privileges that may be revoked or modified by the COUNTY at any time during the term of this LEASE, and that such privileges do not constitute property rights of the AIRLINE.

C. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are not transferable, assignable, or delegable by the AIRLINE to any other person or entity by operation of law or otherwise, and that such allocations and other operating privileges may not be pledged, hypothecated or encumbered by the AIRLINE at any time for any purpose.

D. The remedies specified in the Access Plan for any Access Plan violation by the AIRLINE are not the exclusive remedies of the COUNTY, but shall constitute additional nonexclusive remedies that the COUNTY may enforce separately or cumulatively with other remedies under the enforcement provisions of this LEASE.

E. The AIRLINE shall not at any time, or for any reason, make any assertion to any court, administrative agency, administrative tribunal, or other similar forum that is in any respect inconsistent with the terms and provisions of this Section, except that nothing in this Section shall prevent the AIRLINE from making any argument or asserting any position to the COUNTY, as applicable, in connection with any action by the COUNTY to revoke or modify allocations of operating privileges or any amendments to the Access Plan.

F. All provisions of Section 5.01 and Article XI in this LEASE are subject to the terms, provisions, and limitations of this Section.

SECTION 5.05 OPERATIONAL REQUIREMENTS

The AIRLINE agrees to abide by the following operational conditions and requirements:

A. **Flight Operations and Reallocations**. The number of allocated ADDs, including "regularly scheduled," "charter," "maintenance, and "cargo," shall not exceed the number of departures authorized and allocated to the AIRLINE under the Access Plan. In addition to any and all remedies available to the COUNTY under this LEASE and all provisions of the Access Plan, the COUNTY may reallocate ADDs or other operating privileges granted to the AIRLINE under the provisions of the Access Plan. The AIRLINE shall not operate at JWA unless it conducts its operations with ADDs, allocated seat capacity, or other Authorized Departures directly and formally allocated to the AIRLINE by action of the Board of Supervisors; the AIRLINE conducts all of its operations with aircraft that have been certified for operation at the Airport consistent with Access Plan requirements; and, the AIRLINE has met all other applicable COUNTY requirements.

B. **Hours of Operation**. Except as expressly authorized, the AIRLINE's aircraft shall not depart from the Airport between the hours of 10:00 p.m. and 7:00 a.m. (8:00 a.m. on Sundays) and shall not arrive at the Airport between the hours of 11:00 p.m. and 7:00 a.m. (8:00 a.m. Sundays), as measured at any JWA noise monitoring station. All times shown are Pacific Time.

The AIRLINE acknowledges that the COUNTY may, by regulation, permit some operations by general aviation (nonscheduled, noncommercial) users of the Airport during the nighttime hours with certain specific aircraft types that have noise characteristics similar to the noise characteristics of aircraft that can operate as "Class E" aircraft, as that term is defined in the Access Plan. The AIRLINE does now, or may during the term of this LEASE, operate Class E aircraft at the Airport; nevertheless, the AIRLINE agrees that

the limitations on hours of operations contained in this Section shall be applicable to all of its operations at the Airport, including its Class E operations.

The AIRLINE further acknowledges that there is a rational basis for the COUNTY to distinguish between general aviation operations and regularly scheduled operations by Class E (or noise equivalent) aircraft during the nighttime hours and that this distinction does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The COUNTY agrees that this provision is, and during the term of this LEASE shall be, included in all leases, operating agreements, or other service operating agreements between the COUNTY and any person conducting regularly scheduled commercial operations at the Airport.

C. **Aircraft Types**. The AIRLINE agrees that it will not operate any aircraft at the Airport unless and until that aircraft type has been certified and qualified for operation by the COUNTY in accordance with the provisions and procedures of the Access Plan. The AIRLINE further agrees that it will abide by all aircraft-type restrictions and limitations contained in the Access Plan, as amended, or as it may hereafter be amended, and any other restrictions on aircraft types which may hereafter be adopted by the Board of Supervisors of the County of Orange.

D. **Gate Management.** AIRLINE agrees to utilize gate management software, access/equipment provided by Airport, to upload and maintain current daily arrival and departure information for aircraft operations to jetbridge/hardstand gates and RONs utilized by AIRLINE. Airport will make reasonable efforts to develop gate management software that allows for efficient uploading and maintaining of current daily arrival and departure information by AIRLINE.

E. **Noninterference**. The AIRLINE shall cooperate with and not interfere with the COUNTY's and other airlines' use of and operations at the Airport. The AIRLINE shall not place any ropes, barricades, and/or stanchions on the public or Common Use Area without prior written approval of the Airport Director.

F. **Disposal of Refuse from International Operations**. Airlines operating international service shall contract with a CBP-approved vendor for the disposal of refuse from arriving international flights.

SECTION 5.06 RECORDS AND ACCOUNTS

A. **Records**. The AIRLINE shall at all times keep true and complete records of all transactions in the operation of all business activities, of whatever nature, conducted in pursuance of the rights granted by this LEASE. The AIRLINE shall maintain such records for a period of five (5) years beyond the expiration or earlier termination of this LEASE.

B. **Reports**. The AIRLINE shall provide to the Auditor-Controller and the Airport Director at the end of each calendar month, on forms to be supplied by the COUNTY, statistical information respecting the AIRLINE's operations at the Airport, including, but not limited to, the total number of all aircraft operations conducted by the AIRLINE; the total combined certificated gross landing weight of all such aircraft operations; the total number of enplaned, deplaned and through passengers; the total number of pounds of airmail, cargo and express mail enplaned and deplaned; and the total number of aircraft stored daily and monthly at the Airport. Such reports shall be submitted to the Airport Director no later than fifteen (15) calendar days following the last day of each month. The AIRLINE must attest that the list is an accurate representation of the AIRLINE's activity for the month.

The AIRLINE shall also provide to the Airport Director, for each day, a copy of the AIRLINE's flight dispatch logs or a listing made from such logs, certified as correct by a responsible station manager or dispatcher, showing the type of equipment used for each flight and the actual takeoff and landing times, and not gate times. Said copy of logs or listing shall be made available for each day's activities by noon (12:00 p.m., Pacific Time) of the following day.

C. **Audits**. All the AIRLINE's records and supporting source documents related to rates and fees in this LEASE or business operations conducted within or from the Leased Premises shall be kept and made available to the COUNTY at one location within the geographical limits of the COUNTY or shall be made available at offices in the COUNTY within ten (10) working days after written notice to produce said records and source documents. The COUNTY shall, through its duly authorized agents or representatives, have the right to examine and audit said records and supporting source documents at any and all reasonable times, as set out herein, for the purpose of determining the accuracy thereof and of the monthly statements to the COUNTY.

The COUNTY, upon request of the AIRLINE, may authorize the above-referenced records and supporting source documents to be kept in a single location outside the limits of the COUNTY provided the AIRLINE shall agree to pay all expenses including, but not limited to transportation, food and lodging necessary for the COUNTY to send a representative to audit said records. Said right shall not, unless determined necessary by the COUNTY, be exercised by the COUNTY more than once each accounting year.

The full cost of said audit, as determined by the COUNTY, shall be borne by the AIRLINE if either or both of the following conditions exist:

(1) The audit reveals an underpayment of more than two percent (2%) between the rents and fees due as reported and paid by the AIRLINE in accordance with this LEASE and the rent due as determined by said audit; and/or

(2) The AIRLINE has failed to maintain true and complete records and supporting source documents in accordance with paragraph A above. The adequacy of records shall be determined at the sole discretion of the COUNTY.

Otherwise, the COUNTY shall bear the cost of said audit, excluding the aforementioned expenses related to an audit of documents kept outside the limits of the COUNTY. The cost of said audit, if due from the AIRLINE, shall be included as rent for the first month following invoice to the AIRLINE.

Upon the request of the COUNTY, the AIRLINE shall promptly provide necessary data to enable the COUNTY to fully comply with the requirements of the State of California or the United States of America for information or reports directly relating to this LEASE and to the AIRLINE's use of the Leased Premises.

D. **Failure to Maintain Adequate Records**. In addition to any other remedies available to the COUNTY under this LEASE, at law or in equity, in the event that the AIRLINE fails to maintain and keep records and accounts from business operations conducted on or from the Leased Premises and/or source documents relating thereto, or to make the same available to the COUNTY for examination and audit as required by this LEASE, the COUNTY, at the COUNTY's option, may:

(1) Perform such examinations, audits, and/or investigations itself or through agents or employees as the COUNTY and/or its auditors may deem appropriate to confirm the amount of rents, fees, and charges payable by the AIRLINE under this LEASE; and any and all costs and/or expenses incurred by the COUNTY in connection therewith shall be promptly reimbursed to the COUNTY by the AIRLINE upon demand.

(2) Require that the AIRLINE pay rents and fees based on the COUNTY's best good faith estimate of the AIRLINE's activities from business operations conducted on or from the Leased Premises and Airport; and any such determination made by the COUNTY shall be conclusive and binding upon the AIRLINE.

Costs payable by the AIRLINE pursuant to this Section shall include reimbursement to the COUNTY of the services provided at such rates as the COUNTY may, from time to time, in good faith, establish for such services. In the case of services provided by the COUNTY's employees, such rates shall be sufficient to reimburse the COUNTY for employees' salaries, including employee taxes and benefits, and the COUNTY's overhead; or, at the COUNTY's option, may be at the rate for such services that would be charged by a qualified third party or parties, approved by the COUNTY, if engaged by the COUNTY to perform such services. Said costs payable by the AIRLINE shall be included as rent for the first month following invoice to the AIRLINE.

SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS

The AIRLINE agrees to maintain Exclusive Use Areas in a safe, clean, sanitary condition and in compliance with all applicable laws. The AIRLINE shall be responsible for making all necessary repairs required to maintain the Exclusive Use Areas and improvements in good condition. All repairs and improvements made by the AIRLINE to the Exclusive Use Areas shall be in compliance with all current federal, state, local laws, regulations, ordinances, and building codes, and all Airport regulations (collectively, "Codes") adopted consistent with Section 5.03. The Codes encompass all fire, life, and structural safety aspects and apply to the construction, alteration, moving, demolition, repair, and use of the Exclusive Use Areas. Any additions, alterations, repairs, and changes of use or occupancy in the Exclusive Use Areas shall comply with the provisions for new buildings and structures as set forth in the Codes. All devices or safeguards that are required by the Codes shall be maintained in conformance with the edition of the Codes under which it was installed. Maintenance obligations of the AIRLINE are shown on Exhibit E, which exhibit is attached hereto and by reference made a part hereof.

The AIRLINE shall immediately notify the Airport Director and the Airport Operations Center ("AOC") of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings.

The AIRLINE further agrees to provide approved containers for trash and recycling and to keep the Leased Premises free and clear of rubbish and litter. The Airport Director shall have the right to enter upon and inspect the AIRLINE's Leased Premises and other Airport facilities at any time for cleanliness, safety, and maintenance inspections as set out herein. The Airport Director shall attempt to provide reasonable notice prior to entering AIRLINE's Leased Premises.

The AIRLINE shall designate in writing to the Airport Director an on-site representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness, and general order.

If the AIRLINE fails to maintain or make repairs or replacements as required herein, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

If the AIRLINE fails to maintain or make repairs or replacements, including removal of all its GSE and/or any AIRLINE materials at its loading and unloading operations at the end of its approved hours of operation as required herein, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

The AIRLINE expressly waives any and all claims against the COUNTY for compensation for any and all loss or damage to the AIRLINE's property sustained by reason of any defect, deficiency, or impairment of any water supply system, drainage or sewer system, gas supply system, telephone system, electrical supply system or electrical apparatus or wires serving the Leased Premises, except to the extent caused by the COUNTY's negligence or willful misconduct.

SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES

The COUNTY will provide a means of access for aircraft between the terminal complex and the taxiway and runway system of the Airport, apron, airplane gate positions, and aircraft loading bridges in the area immediately adjacent to the passenger terminal building. No special possessory, exclusive, or vested right whatsoever, save and except the use in common with other airlines and other aircraft owners, shall vest in the AIRLINE by reason of the proximity of such facilities to the AIRLINE's gate loading positions.

The AIRLINE shall maintain, at its sole expense, apron, aircraft gate positions, and aircraft loading bridges in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum products, or grease that may result from activities of its passengers, employees, agents, or suppliers. AIRLINE shall promptly remove all oil and grease spillage attributable to AIRLINE’s aircraft or equipment.

If the AIRLINE fails to perform its obligations in such regard, to perform such as maintenance, cleaning, or repair as the COUNTY reasonably deems necessary, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES

All assignment of gate positions (*i.e.*, aircraft loading bridges and aircraft hardstand positions) shall be made in accordance with rules, regulations, and directives provided in the Access Plan

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and made at the complete discretion of the Airport Director, as he/she may determine is appropriate. The Airport Director, in making gate assignment (*i.e.*, loading bridge and hardstand) positions to the airlines, may take into account the needs and requirements of the airlines, as well as the requirements of other Airport users, for use of gate positions adjacent to the passenger terminal building, and other factors that the Airport Director determines are appropriate. Without liability, cost, or obligation to the COUNTY, gate assignment positions and aircraft loading bridge and hardstand positions may be changed from time to time as determined necessary by the Airport Director. The Airport Director may consider passenger activity, number of aircraft operations,

type of aircraft used, scheduling needs, and any other factors they may deem appropriate when assigning gate positions, loading bridges, and hardstand positions.

SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON

The COUNTY reserves the right to regulate, by the adoption of an ordinance, rules, or other means, adopted consistent with Section 5.03, the use of vehicles and automotive equipment upon, over, and across the apron and around the passenger terminal building. Vehicles and equipment used upon, over, and across the apron and around the passenger terminal building should be in good working order and free of leaks. In the event of an emergency not specifically provided for in said rules and regulations, the Airport Director shall have the power to take charge of the direction of such vehicle and automotive traffic in the area affected and regulate the same until the cause of such emergency has been removed. The existence of an emergency other than an aircraft emergency, shall be determined by the Airport Director.

SECTION 5.11 AIRCRAFT PARKING

The AIRLINE shall make arrangements with the Airport Director for each aircraft parking space that may be made available to the AIRLINE subject to Section 3.01 in this LEASE.

If, in the judgment of the Airport Director, it becomes necessary to move the AIRLINE's aircraft in order to ensure public safety, improve ramp area efficiency or otherwise, then the AIRLINE shall immediately move said aircraft to the location designated by the Airport Director.

Should any aircraft owned or operated by the AIRLINE, through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the landing and field facilities at the Airport, the AIRLINE shall:

A. Immediately remove said aircraft to such location as shall be designated by the Airport Director, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

B. In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal

agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by the Airport Director.

Should the AIRLINE fail to remove said aircraft, or should aircraft owned or operated by the AIRLINE be abandoned at the Airport, the COUNTY shall have the right to remove such aircraft by any means the Airport Director deems necessary under the circumstances, and the AIRLINE shall keep and hold the COUNTY harmless from any and all costs, loss, liability, damage or expense incurred by the COUNTY or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal as well as moving and storage costs therefor. The AIRLINE agrees that the designation of any aircraft parking positions anywhere on the Airport, if any, made for the AIRLINE's use is presently regulated by the Access Plan and that nothing in this Section obligates the COUNTY to provide, make available, or consent to any aircraft parking spaces for the AIRLINE's use. The AIRLINE agrees that it may not independently make arrangements for aircraft parking space at the Airport without express written consent of the Airport Director, which may be withheld in their sole discretion.

SECTION 5.12 PORTER SERVICES

The AIRLINE may provide directly or indirectly adequate porter (skycap) and/or assistance service for the convenience of its passengers in areas designated by the Airport Director. Porter services include baggage check-in services, wheelchair services, and ticket screening services. The AIRLINE shall provide the Airport Director a plan that enumerates the salient features of its porter services arrangements and a copy of its agreement if service is provided by other than the AIRLINE's employees. All podiums utilized for porter service shall be approved in writing by the Airport Director. The size, shape, and color shall be coordinated with and must be identical to all other airlines' podiums. The AIRLINE's plan shall also provide the details of any podiums and their proposed locations necessary to provide porter services.

ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT

SECTION 6.01 COMMON USE EQUIPMENT

The COUNTY agrees to supply and maintain all equipment for the CUPPS/CUSS, which shall be situated in areas such as, but not limited to ticket counters, ticket lobbies, skycap, and gate podiums. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's service desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with CUPPS. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve

the efficiency of the Airport, including but not limited gate assignment, scheduling and implementation of any software updates.

SECTION 6.02 COMMON USE EQUIPMENT STOCK

The AIRLINE may be asked to supply its own ticket (kiosk) stock in the use of the CUPPS at Common Use Area positions from time to time as it pertains to Radio Frequency Identification (RFID) or specialty stock not provided by the COUNTY. In the event that multiple airlines share kiosk space, all airlines will be required to remove their own stock and allow the other airlines to use the COUNTY-supplied stock, as further outlined herein. When utilizing the COUNTY Common Use Area, the AIRLINE may use either its own stock or the COUNTY's common stock. If the AIRLINE elects to use its own stock, it shall be responsible for removing all stock from the COUNTY's equipment at the end of the usage period. AIRLINE stock shall be subject to approval by the COUNTY. In the event that the COUNTY deems the AIRLINE stock to be injurious to CUPPS, the AIRLINE will immediately cease usage of the offending stock upon such notice by the COUNTY.

SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK

The COUNTY will not supply RFID bag tag stock for use in as part of the Baggage Handling System unless RFID becomes standard common-use stock at all locations within the Airport. AIRLINE shall be required to meet the IATA / ATA standards for the twenty-one-inch (21") bag tag (or as the standard may be amended by IATA / ATA) prior to the start-up of operations at the Airport. In the event that RFID is deployed Airport-wide, the AIRLINE shall provide to the COUNTY the necessary Baggage Service Messages (BSMs) that will be required to facilitate the AIRLINE's baggage through the Baggage Handling System that utilizes RFID technology to track and route baggage to the appropriate baggage carrousel. The COUNTY makes no express warranty as to the operability of the technology and/or baggage handling system equipment, and the sole extent of liability of the COUNTY with respect to the technology and/or baggage handling system equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably possible to technical difficulties with the BHS equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with the RFID, BHS, and BSMs systems. The AIRLINE will not be allowed to use its own bag tag stock, unless specifically permitted to do so in writing by the COUNTY, which must at the time meet any and all standards that may be set forth by the COUNTY for such stock. The COUNTY reserves the right to sell and collect applicable advertising revenues that may be generated from the reverse side of any the COUNTY-supplied bag tag stock.

SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT

The AIRLINE will not install, deploy, or otherwise engage in the use of any proprietary self-service check-in kiosks and/or device, applications, and/or technologies on its Leased Premises, or any portion of the Airport with the expectation to screen any checked bags at the Airport without prior approval from the Airport Director. At the request of the Airport Director, the AIRLINE will work with the COUNTY and other related parties in the development of a Common Use Self Service (CUSS) compliant kiosk application, or other similar applications, and/or devices as may be required to have the AIRLINE operational on all CUSS kiosks at the Airport. The COUNTY reserves the right to establish the locations for implementation of such CUSS kiosks to meet the needs of its customers and the Air Transportation Companies, as well as the operational needs of the Airport. The COUNTY agrees to supply and maintain, with its personnel and at its expense, all common-use self-service kiosk equipment, which shall be situated at designated ticket counters, at various areas of the terminal lobby and customer service areas, and other such locations, and using such passenger processing models as determined by the Airport Director to be most beneficial to meet the operational needs of the Airport. The COUNTY will supply all of the boarding pass stock necessary for the use of the CUSS equipment. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the Common Use Equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE's vendor issues relating to the AIRLINE's applications that run in conjunction with the CUSS systems. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve the efficiency of the Airport.

SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT

The AIRLINE shall not install at any gate hold room, gate counter, skycap, ticket counter, or kiosk, any AIRLINE-owned or proprietary computer equipment, kiosks, phones, other electronic equipment, or similar equipment without the prior express written permission of Airport Director. The AIRLINE shall not make any modification to the COUNTY's Common Use Equipment, including but not limited to modifying the keyboards, adding adhesive or other markings, or otherwise modifying the equipment physically and/or electronically. Any such modifications and/or damage that is willfully or negligently caused by the AIRLINE shall be remedied by the AIRLINE, to the sole satisfaction of the COUNTY, at the sole cost of the AIRLINE. In the event that the damage is repaired by the COUNTY, the AIRLINE will reimburse the COUNTY for both the fully allocated cost of time and materials pertaining to the repairs plus fifteen percent (15%) administrative fees.

SECTION 6.06 NETWORK USAGE

The AIRLINE will not install any proprietary cabling and/or similar infrastructure at the Airport without prior written approval of the COUNTY. As such, AIRLINE shall make use of the

COUNTY's data communications backbone at the Airport for its communications needs to connect separate operating locations within the Airport campus (i.e., ticketing, baggage service, operations, maintenance, etc.). The AIRLINE shall be fully integrated into the COUNTY's infrastructure backbone prior to startup of operations and thereafter shall be responsible for removing all proprietary cabling and/or other similar infrastructure back to point of origin, at the AIRLINE's sole cost. Where authorized, at the discretion of the Airport Director, any and all data communication cabling installed by the AIRLINE shall be in accordance with the Airport's Tenant Design and Construction Guidelines and, upon installation, shall become the property of the COUNTY. Such improvements shall not be subject to any reimbursement or useful life clauses under Section 8.01 of this LEASE. The COUNTY may impose reasonable fees to AIRLINE for the use of such network, including but not limited to, any fees for unusual and/or excessive or non-standard usage, as reasonably determined by Airport Director.

A. The AIRLINE will assign a representative(s), hereinafter "Authorized Network Representative," to work with the COUNTY to determine user access and network connectivity information. The AIRLINE shall be solely responsible for ensuring that Authorized Network Representatives are not security risks and, upon the COUNTY's request, provide the COUNTY with any information reasonably necessary for the COUNTY to evaluate any security event or incident relating to any Authorized Network Representative or use of the COUNTY's network.

B. The AIRLINE shall be solely responsible for the selection, implementation, and maintenance of security procedures and policies that are sufficient to ensure that (i) the AIRLINE's use of the COUNTY's network is secure and is used only for authorized purposes stated herein, and (ii) the AIRLINE's business information and data are protected against improper access, use, loss, disclosure, alteration, or destruction. The AIRLINE agrees that it will not abuse or misuse the Network Connection, any of the components thereof, or any of the capabilities provided thereby. Unless otherwise explicitly provided herein, in no event shall the AIRLINE use the Network Connection as its internet service provider.

(1) The AIRLINE shall notify the COUNTY's Information Systems as soon as possible upon the discovery of any security breach or potential security breach that may affect the AIRLINE or the COUNTY's confidential information or the security of the Network or any Network Connection.

(2) The AIRLINE shall ensure adequate security protection for the COUNTY from any third-party connections established on the AIRLINE's network. Adequate security protection means (i) protection to preserve confidentiality, integrity, and availability of the Network and information of the COUNTY and (ii) protection from malicious codes and/or unauthorized intrusions.

(3) The AIRLINE and the COUNTY shall be responsible for maintaining the highest industry standards for security best practices on computing devices that

could affect the availability and health of the Network connection, the Network, systems, applications, or data of the AIRLINE and the COUNTY, respectively, specifically including, but not limited to, use of up-to-date antivirus protection, anti-SPAM, and establishment and use of a timely security patch management process.

SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES

The AIRLINE acknowledges that the COUNTY provides wireless capabilities for the AIRLINE's operational use in accordance with applicable Federal Communications Commission (FCC) regulations, rulings, and/or guidelines. The AIRLINE agrees that it will not install, deploy, or otherwise engage in the use of any transmitting wireless device, applications, and/or technologies in its Exclusive Use Areas, any portion of the Airport, or within the airport system (regardless of any Exclusive Use, Preferential Use, Common Use, and/or Joint Use assignments) without having first obtained the express written permission of the Airport Director. Such wireless applications shall only be for the AIRLINE's operational use. Use by any others or for the benefit of any other parties is specifically prohibited. At the request of the Airport Director, the AIRLINE will cease operation of a particular device due to interference with another transmitting device that is deemed necessary for operational and/or life-safety purposes.

SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES

A. The AIRLINE will have use of the In-Line Baggage Handling Systems (BHS) in a location as designated by the Director to meet the operational needs of the Airport. The AIRLINE will be responsible to verify that it has certified CUTE, CUSS, and Baggage Service Messages (BSM) applications to operate the BHS and RFID, where applicable, prior to the start-up of service at the Airport. The AIRLINE will actively work with the COUNTY staff and the AIRLINE's system provider(s) to expedite all information systems and/or technologies work that may be required to ensure such applications are properly certified by the COUNTY and its system provider(s), if applicable. The COUNTY shall have the right to charge the AIRLINE for any expenses incurred by the COUNTY, including staffing to manage passenger lines and/or additional maintenance staff if the AIRLINE fails to adhere to BHS system procedures and/or properly staff the baggage make-up areas to meet the demand and such failure results in an operational impact to the Airport and/or the BHS equipment.

B. Following the COUNTY's BHS training, provided by the COUNTY to the AIRLINE, the AIRLINE will be solely responsible for the proper operations, training, and supervision of its staff for its portion of the operational responsibilities of the BHS system. The AIRLINE shall ensure that it maintains staffing levels during all operational hours, including irregular operations, that are sufficient to retrieve baggage from the baggage make-up carrousels and/or piers in order to prevent the inefficient use of the in-line baggage handling system in a fully automated mode and to prevent the system from initiating a "die-back" situation,

which may require the COUNTY to intercede manually and/or cause additional staffing by the COUNTY, its contractors, or TSA staff to initiate baggage screening mitigation procedures as a result of baggage stacking up on the make-up carrousels and/or piers. The AIRLINE shall not initiate any procedures or work rules that, as determined by the Director, will negatively impact the in-line BHS without the prior written approval of the COUNTY and without concurrence from TSA. The COUNTY reserves the right to recover any costs from the AIRLINE that may result from the AIRLINE's failure to comply with this Section of the LEASE.

C. The AIRLINE will designate a representative as a Ground Security Coordinator ("GSC") to handle issues that may arise from time to time with the BHS. The GSC will be the point of contact with the TSA and the COUNTY for all issues concerning checked passenger baggage and/or BHS performance. The GSC must be available during the AIRLINE's operational hours.

D. The AIRLINE acknowledges that all oversized checked baggage must be delivered to a designated oversized area for screening.

E. The AIRLINE acknowledges it may have a more stringent screening requirement for checked passenger baggage than that of TSA. As such, the AIRLINE will be responsible for providing these additional screening services and associated staffing to meet such requirements, including, but not limited to, X-Ray screening, and any additional training for additional services, and/or any additional services at no additional cost to the COUNTY. The AIRLINE must provide evidence of proper training for such additional measures to the Director upon request. The COUNTY may, at its sole discretion, provide and maintain the X-ray screening device.

F. The AIRLINE shall be responsible for ordering, pick-up and maintaining an appropriate level of any and all consumables related to the Common Use Equipment and/or BHS, including, but not limited to, RFID embedded bag tag stock, boarding pass stock, toner cartridges for laser printers, or other similar items, in accordance with policies and procedures established by the COUNTY in the event AIRLINE uses propriety consumables.

ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE

The AIRLINE agrees that it shall abide with all applicable Hazardous Substances laws, rules and regulations, relating to Hazardous Substances including, but not limited to, 49 C.F.R. Parts 171 *et seq*. The AIRLINE shall not cause any Hazardous Substances to be brought upon, kept, used, stored, generated, treated, managed or disposed of in, on or about or transferred to or from the Airport, except to the extent that such Hazardous Substances are (i) necessary for or useful to the AIRLINE's business and (ii) used, kept and stored in a manner that complies with all applicable

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Environmental Laws, the Airport Rules and Regulations, and all other applicable laws.

The AIRLINE shall comply with all applicable Environmental Laws and shall not engage in any activity on or about the Airport that violates any applicable Environmental Law. In conducting its operations and maintenance on the Airport under this LEASE, the AIRLINE shall comply with such regulations regarding the storage, distribution, processing, handling and/or disposal, including the Stormwater discharge requirements, of Hazardous Substances including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

The AIRLINE shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental agency having jurisdiction or any applicable Environmental Law for clean-up and removal of any contamination involving any Hazardous Substances caused by the AIRLINE. In conducting a clean-up of a Hazardous Substance release under this LEASE, the AIRLINE shall comply with applicable Environmental Laws. Hazardous waste generated by the AIRLINE or its contractors shall be disposed properly and under the AIRLINE's EPA ID number.

The AIRLINE shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Stormwater drainage system unless authorized by applicable Environmental Law and the Airport's Stormwater Discharge Permit. The AIRLINE shall not allow or cause the entry of any Unauthorized Non Stormwater Discharge that is under its control into the Stormwater drainage system of the Airport or into the Stormwater drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the COUNTY for that purpose, and the AIRLINE complies with recommendations made by the state and/or federal Environmental Protection Agency and the Airport's Stormwater Discharge Permit requirements. The AIRLINE shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by any applicable Environmental Law.

The AIRLINE shall provide all notices required pursuant to the SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986, CAL. HEALTH & SAF. CODE § 25249 *et seq*. The AIRLINE shall provide prompt written notice to the COUNTY within three (3) days of receipt of all written notices of violation of any applicable Environmental Law received by the AIRLINE.

SECTION 7.02 SPILL RESPONSE PLAN

Airlines and fueling companies are required to provide (separately or collectively) a Local Spill Response Action Plan to address specific spill response management. Airlines are encouraged to coordinate response efforts between the airlines and fueling contractors. At a minimum, the plan should address the following:

a) Response team organization, members, and responsibilities;
b) Spill response procedures (including notifications);

c) Personnel training;
d) Personal protective equipment; and
e) Spill kit inventory and management

The AIRLINE shall immediately notify the Airport Director and the AOC of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings. The AIRLINE is responsible to mitigate such spills and perform any remediation necessary to satisfy the applicable federal, state, or local oversight agencies. If the COUNTY personnel, equipment, or third party services are needed to support mitigation, the COUNTY will be reimbursed by the AIRLINE for labor, equipment, and third party costs for all services provided. In addition to reimbursing the COUNTY for the costs of all services provided by third parties to mitigate such spills, the AIRLINE shall pay to County administrative costs in the amount of one thousand dollars ($1,000) per incident. Said costs shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the COUNTY.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE’s operation under this LEASE, including, but not limited to, the payment of any fines or penalties arising from any breach of security, fire, emergency, accident, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, Non-Stormwater Discharge, or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE’s operation under this LEASE.

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION

Federal regulations for Stormwater discharges were issued by the U.S. Environmental Protection Agency (U.S. EPA) (40 CFR Parts 122, 123, and 124). The U.S. EPA, through the NPDES permitting program, regulates discharges of potentially contaminated wastewater and Stormwater into waters of the United States. California has been delegated NPDES general permitting authority by the U.S. EPA. California's State Water Board has issued NPDES permits to regulate municipal, industrial, and construction Stormwater discharges under the NPDES permitting program.

Section 402(p) of the Clean Water Act (CWA) requires NPDES permits for Stormwater discharges from municipal separate storm sewer systems (MS4s). The County of Orange is the principal permittee for Orange County's MS4 Permit Order No. R8-2009-0030 (or currently effective permit) No. CAS 618030 (MS4 Permit). As a facility owned and operated by the County of Orange, the Airport implements requirements in the MS4 permit and is responsible for discharges

into the system. One of the MS4 Permit requirements is to establish the legal authority to control discharges. The County's Water Quality Ordinance (OCCO Title 4, Division 13, Sections 4-13-10 et. seq.) regulates non-stormwater discharges into the MS4 to reduce the discharge of pollutants into the waters of the State. The CWA and the resulting MS4 permit require the County to take steps to reduce pollutants leaving its systems to the maximum extent practicable. The MS4 permit requires the County to develop and implement a Local Implementation Plan (LIP) describing the programs and procedures required by the MS4 permit. The Airport will enforce these Stormwater requirements on municipal areas of the Airport

AIRLINE shall not have prohibited discharge to the MS4 system or on-site storm drains. Some non-stormwater discharges (i.e., fire sprinkler tests) require additional permits with the Regional Water Quality Control Board (RWQCB). AIRLINE is responsible for obtaining and implementing monitoring requirements associated with any non-stormwater discharge permits. AIRLINE shall notify COUNTY prior to any non-stormwater discharge.

In the furtherance of these regulations and Section 402 of the Clean Water Act (CWA), the State of California has adopted a General Permit for discharges of Stormwater associated with industrial activities: “State Water Resources Control Board (State Water Board) Water Quality Order No. 2014-0057-DWQ, NPDES General Permit No. CAS 000001 (Industrial General Permit or IGP).” JWA has applied for and received coverage to discharge Stormwater and authorized non-stormwater discharges pursuant to the general permit for industrial activities and is subject to the permit’s requirements, conditions, and penalties. The permit requires the development and implementation of an effective Industrial Stormwater Pollution Prevention Plan (SWPPP) and Monitoring Implementation Plan (MIP). This plan is developed by COUNTY and covers AIRLINE. The airside portion of JWA where industrial activities take place is covered by the IGP. Industrial activities include maintenance, fueling, equipment cleaning, storage areas, and material handling activities. AIRLINE shall comply with applicable Stormwater discharge requirements and Best Management Practices for industrial facilities described in the SWPPP. COUNTY will provide the required annual training for AIRLINE as part of the SWPPP training requirements. AIRLINE shall have all personnel working within the airside portion of John Wayne Airport to attend annual training or AIRLINE shall provide annual training to personnel using JWA-approved training materials.

SECTION 7.04 ENVIRONMENTAL STEWARDSHIP

AIRLINE shall support the COUNTY’s Environmental Compliance and Stewardship program through participation in various efforts or implementation of Airport plans. COUNTY shall provide AIRLINE advance notice of any proposed changes to the following plans that may affect AIRLINE operations:

A. Air Quality Improvement Plan (AQIP) and Memorandum of Understanding (MOU) with the South Coast Air Quality Management District
B. Climate Action Plan.
C. Waste Management Plan.

D. Stormwater Pollution Prevention Plan.
E. Green Concessions Program.

AIRLINE shall implement and support the following environmental policies and provide reports and documents as required:

A. Adopt and adhere to the following GSE requirement: GSE associated with commercial operations shall achieve fleet average oxides of nitrogen (NOx) emission factor of 1.7 grams per brake horsepower per hour (g/bhp-hr)upon lease initiation through 2030 and 0.9 g/bhp-hr by January 1, 2031, respectively, as calculated in accordance with the Airport's AQIP and MOU with SCAQMD. Within 30 days of lease execution the AIRLINE shall develop and provide to JWA a GSE improvement plan to demonstrate how the GSE requirement will be met. Annually AIRLINE shall provide GSE data as required by the MOU by March 30.
B. AIRLINE has been provided a copy of the COUNTY's Environmentally Preferable Purchasing Policy (2022) and shall consider developing a similar policy that addresses the AIRLINE's procurement of goods and services as applicable.
C. AIRLINE shall affirm its commitment to Environmental Sustainability at the Airport. The Policy commitment shall be submitted to the JWA within 30 days of LEASE execution.
D. Upon request, AIRLINE shall provide reports necessary for environmental compliance, regulatory requirements and Airport mitigation measure obligations including but not limited to GSE data, fuel usage, spills, and business emergency plans.

Conservation: All AIRLINE facilities and improvements shall meet the Airport's Tenant Design and Construction Guidelines, as may be amended from time to time. All improvements shall meet the California Green Building Code (Title 24) CALGreen Tier 1. In particular, the AIRLINE shall implement the following conservation measures and policies as applicable:

A. Use equipment and appliances that are ENERGY STAR rated or equivalent and EPA Water Sense or equivalent, as applicable, when replacing existing equipment and appliances.
B. Use high-efficiency light fixtures and bulbs (including compact fluorescents) when replacing or installing new fixtures and bulbs.
C. Install sensors in office areas to turn off lights when unoccupied when these areas are being renovated or updated.
D. Install energy-efficient heating and cooling equipment when replacing or upgrading.
E. Use energy-efficient computers and servers when replacing this equipment.
F. Select equipment with variable-speed motors and fan drives when possible.
G. Use paperless receipt technology when possible.

Waste Minimization and Diversion: AIRLINE is expected to meet all recycling and organics (food waste) reduction requirements to facilitate JWA's solid waste reduction program per the requirements of California Public Resources Code Section 42648. To the fullest extent possible, AIRLINE shall cooperate with COUNTY to reduce and divert waste from landfills. AIRLINE

shall participate in COUNTY's waste diversion program, which may include waste reduction practices, including recycling, compostable containers (no Styrofoam), composting of food waste, and reuse/recycling of fats, oils, and grease.

SECTION 7.05 RESERVED

SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION

To the fullest extent authorized by law, the AIRLINE shall indemnify, defend, and hold the COUNTY, its officers, and employees harmless from and against any and all applicable Environmental Law claims, judgments, damages, penalties, fines, costs, liabilities, losses, orders, and lawsuits arising out of any actions or inaction by the AIRLINE, the AIRLINE's operations at the Airport or any action arising from and which involve the AIRLINE's officers, agents, subcontractors, and employees, including the cost of defense arising therefrom, including but not limited to the following:

(1) The AIRLINE'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 the AIRLINE's release of Hazardous Substances on the Airport since the time the AIRLINE first occupied the Airport.

(2) The AIRLINE's release of Hazardous Substances upon or within the Airport.

(3) The AIRLINE's violation of any applicable Environmental Law, except that the AIRLINE's obligations under this paragraph shall not extend to known and pre-existing conditions that are, as of the date of this LEASE, the subject of investigation and remediation by the COUNTY or others, or remediation conditions that arise from operations of third parties that are not affiliated with the AIRLINE that take place off of the Airport. For purposes of this provision, a party shall be deemed to be affiliated with the AIRLINE if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of the AIRLINE or if it is controlled by or under common control with the AIRLINE.

(4) The AIRLINE's causing or allowing any discharge into the Airport Drainage System that is prohibited by Section 7.01 of this LEASE.

This indemnification includes, without limitation, reasonable attorney's fees/costs and other costs incurred by the COUNTY in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental entity because of any Hazardous Substances being present in the soil or groundwater under the Airport. However, the AIRLINE'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 the COUNTY or its agents, servants or independent contractors who are directly responsible to the COUNTY.

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In the event the indemnitees described hereinabove are named as defendants or respondents in any lawsuit or administrative proceeding, the AIRLINE shall, at the request of the COUNTY, represent the indemnitee with qualified counsel approved in writing by the COUNTY.

In the event that a monetary judgment is awarded against the COUNTY and the AIRLINE because of the concurrent negligence of the COUNTY and the AIRLINE or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Both the COUNTY and the AIRLINE agree that neither party shall request a jury apportionment. Nothing stated in this LEASE and in this indemnity obligation shall be construed as authorizing any award of attorney's fees/costs in any action to enforce the terms of this LEASE.

The rights and obligations set forth in this indemnification shall survive the termination of this LEASE.

SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS

In the event that any of the terms of the environmental requirements codified in this Article conflict with any other terms of this LEASE, the environmental requirements contained in this Article shall apply.

SECTION 7.08 ANTI-IDLING POLICY

Within six months of LEASE execution, AIRLINE must develop, implement, and submit to the Airport Director or designee for approval a fleet-wide anti-idling policy. At a minimum, the anti-idling policy shall include the requirement that vehicle engines shall be turned off when vehicles are not occupied and that occupied vehicles be turned off after no more than a five-minute idling period. AIRLINE’s policy shall also include all sublicensee and third-party vehicles that enter Airport property at the direction of the AIRLINE.

ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS

SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY

The COUNTY may alter, repair, maintain, remodel, expand, remove, or improve any of the facilities at the Airport or any of its appurtenances.

In addition, the COUNTY may reassign or relocate the AIRLINE's Exclusive Use Area. The COUNTY shall provide the AIRLINE advance notice of such action and shall make every reasonable effort to provide the AIRLINE alternative space that is reasonably comparable to the AIRLINE's operations at the same rates and charges that the AIRLINE would have paid for the

space being surrendered. In the event no alternative space is available, the AIRLINE shall surrender its space promptly to the COUNTY, provided that the AIRLINE shall be reimbursed for the reasonable cost of any such reassignment, reallocation, or relocation and the cost of the AIRLINE's unamortized investment, if any, as documented by the AIRLINE to the satisfaction of the COUNTY and mutually agreed to by the Airport Director and AIRLINE. All of such costs, as well as the COUNTY's cost of providing the alternative space aforementioned, shall be included in the cost of the particular project requiring such reassignment, reallocation or relocation.

SECTION 8.02 IMPROVEMENTS BY THE AIRLINE

The AIRLINE shall not perform any construction upon the Leased Premises, nor shall the AIRLINE modify, alter, or remove any permanent improvements lying within the Leased Premises without prior written approval of the COUNTY. Any construction, modifications, alterations, or removal of any permanent improvements by the AIRLINE shall be at the AIRLINE's expense.

A. **Consent Required From the COUNTY**. No structures, improvements, or facilities shall be constructed, erected, altered, removed, or made within the Leased Premises without prior written consent of the COUNTY, which consent may be withheld or conditioned in the COUNTY's discretion. Minor repairs, replacement, and maintenance proposed for the Leased Premises, the cost of which does not exceed one hundred seventy-five thousand dollars ($175,000) annually, shall be approved by the Airport Director. All other structures, improvements, facilities, repairs, replacement, removal, and maintenance items shall be approved by the Board of Supervisors.

B. **Compliance with Plans and Construction Standards**. All improvements constructed by the AIRLINE within the Leased Premises shall be constructed in strict compliance with detailed plans and specifications approved by the Airport Director. All construction shall be conducted in a good and workmanlike manner and shall conform to applicable building codes, rules, regulations, and the Airport's architectural standards as contained in reference document "John Wayne Airport, Architect and Engineer Guide," which can be provided by Airport upon request. All work shall be done in conformity with Airport-approved plans, valid building, and other necessary permits and shall be acceptable to the COUNTY and the appropriate governmental entity inspecting such work. The AIRLINE shall be responsible for filing Form 7460 for any construction and/or height of construction equipment with the FAA if required.

All improvements constructed by the AIRLINE, including the plans and specifications therefor, shall conform in all respects to the applicable statutes, ordinances, building codes, rules, and regulations of the COUNTY and such other governmental authority as may have jurisdiction. The Airport Director's approval shall not constitute a representation or warranty as to such conformity, which shall remain the AIRLINE's responsibility. The AIRLINE, at its own cost and expense, shall procure all permits necessary for such construction.

C. **Insurance Requirements**. The AIRLINE shall obtain aviation commercial general liability insurance during construction. If the construction is done by an independent contractor, insurance shall be procured by the contractor in the name of the AIRLINE and the COUNTY. All insurance shall be within the limits and coverages acceptable to the COUNTY's Risk Management Services.

D. **Noninterference**. The AIRLINE warrants that it or its contractor shall in no way delay, cause delays to or interfere with any Airport operations or other contractors working in the terminal or on the Airport, except with the prior written approval of the Airport Director, as set out herein. The AIRLINE agrees to hold the COUNTY harmless from the cost of any time lost by the COUNTY or any damages to the COUNTY due to the actions or failure to act of the AIRLINE or its contractor.

E. **Trailers and Modular Structures**. All improvements constructed by the AIRLINE shall be of a permanent nature. Trailers and modular buildings are prohibited on the Leased Premises. This provision shall not apply to the use of the COUNTY-approved temporary modular buildings or trailers during construction. Upon completion of construction, all trailers or modulars must be immediately removed from the Leased Premises.

F. **The AIRLINE's Cost and Expense**. All renovation or construction by the AIRLINE pursuant to this Section shall be at the AIRLINE's sole cost and expense. The AIRLINE shall keep its existing or future Exclusive Use Area, and the improvements constructed thereon free and clear of all liens and, shall pay all costs for labor and material arising out of such construction, and shall hold the COUNTY harmless from any liability in respect thereto. The AIRLINE shall have the right to contest any and all liens filed against its existing or future Exclusive Use Area. The AIRLINE further agrees that the COUNTY shall have the right to post notices of non-responsibility as provided by Sections 3094 and 3129 of the California Civil Code.

G. **Ownership of Improvements**. All improvements and facilities, exclusive of trade fixtures, constructed or placed within the Leased Premises by the AIRLINE must, upon completion, be free and clear of all liens, claims, or liability for labor or material and at the COUNTY's option shall become the property of the COUNTY at the expiration of this LEASE or upon earlier termination hereof. The COUNTY retains the right to require the AIRLINE, at the AIRLINE's cost, to remove any or all improvements located within the Leased Premises at the expiration or termination hereof.

SECTION 8.03 AIRLINE REIMBURSEMENT

In the event the COUNTY should require the Leased Premises, or any portion thereof, for any Airport purpose and removes any portion of the AIRLINE's Leased Premises from this LEASE or terminates the LEASE for convenience pursuant to Section 2.03, the COUNTY shall reimburse the AIRLINE for improvements completed during the term of this LEASE.

Compensation for improvements located on the Leased Premises shall be calculated by means of the following formula:

$$\text{COMPENSATION} = A \times \frac{B}{C}$$

A = The AIRLINE's actual leasehold improvement construction costs submitted in accordance with Section 8.07 in this LEASE.

B = Number of full months remaining in the term of the LEASE.

C = Number of full months between the date the AIRLINE completed construction of leasehold improvements and the date the LEASE would expire by its terms if the COUNTY did not exercise its right to early termination.

The AIRLINE shall submit to the COUNTY within sixty (60) days of completion of construction of any leasehold improvement notifications of completion of construction and submit detailed supporting documentation of construction costs together with "As-Built Documents" and "Record Documents" as required by Section 8.07 of this LEASE. The AIRLINE acknowledges and agrees if the AIRLINE fails to submit notifications and supporting documentation for any such leasehold improvements in a timely manner, the AIRLINE waives its right to compensation for such improvements.

SECTION 8.04 EXCLUSIVE REMEDY

The compensation provided pursuant to Section 8.03 in this LEASE shall be the AIRLINE's sole and exclusive remedy and form of compensation, costs or damages, including but not limited to, the eminent domain law and inverse condemnation (CAL. CODE CIV. PROC. §§1230.010 *et seq.*), and Relocation Assistance benefits (CAL. GOV. CODE §§7260 *et seq.*), due to termination, re-entry or acquisition of the leasehold by the COUNTY.

The AIRLINE agrees that exercise by the COUNTY of its termination rights hereunder shall not be construed as a taking by the COUNTY of any part of the Leased Premises, nor of the AIRLINE's rights under this LEASE, nor shall the AIRLINE, except as provided herein, be entitled to payment for any loss of goodwill, income, moving expenses or other amount because of partial or full termination of this LEASE.

SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION

Prior to commencement of construction of approved facilities, the AIRLINE shall furnish to the COUNTY evidence that assures the COUNTY that sufficient monies will be available to the AIRLINE and the COUNTY to complete the proposed construction. The amount of money available shall be at least the total estimated construction cost. Such evidence may take one of the following forms:

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A. Completion Bond issued to the COUNTY as obligee.

B. Irrevocable Letter of Credit issued to the COUNTY that will remain in effect until the COUNTY acknowledges satisfactory completion of construction.

C. Any combination of the above.

All bonds and letters of credit must be issued by a surety company, financial institution or advising bank qualified and admitted to conduct business in the State of California and issued in an approved form approved by the COUNTY. All bonds and letters of credit shall ensure faithful and full observance and performance by the AIRLINE of all terms, conditions, covenants, and agreements relating to the construction of improvements within the Leased Premises.

It is not the intent of the contracting Parties herein to create a third-party beneficiary, and nothing in this Section shall be construed to do so.

SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES

The AIRLINE shall at all times indemnify and hold the COUNTY harmless from all Mechanics Liens, Stop-Notices, claims, losses, demands, damages, costs, expenses or liability costs for labor or materials in connection with construction, repair, alteration, or installation of structures, improvements, equipment, or facilities within the Leased Premises undertaken by the AIRLINE, and from the cost of defending against such claims, including attorneys' fees and costs.

In the event a mechanics lien or stop-notice is imposed upon the Leased Premises, the AIRLINE shall either:

A. Record a valid Release of Lien; or

B. Procure and record a bond in accordance with Section 8424 of the California Civil Code, which frees the Leased Premises from the claim of the lien or stop notice and from any action brought to foreclose the lien.

Should the AIRLINE fail to accomplish either of the two (2) optional actions above within fifteen (15) days after the filing of such a lien or stop notice, the LEASE shall be in default and shall be subject to immediate termination.

SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS

Within sixty (60) days following completion of any improvement within the Leased Premises, the AIRLINE shall furnish the Airport Director a complete package of “As-Built Documents” and "Record Documents," which include but are not limited to construction documents, specifications, cost estimates, engineering studies, and calculations. The aforementioned information shall be submitted on two (2) thumb drives containing digital copies of the “As-Built Documents” and "Record Documents," organized in a detailed, logical, and comprehensible folder structure, which

is in a form that is usable and accepted by the COUNTY, to the COUNTY's satisfaction, as described below, unless otherwise allowed by the Airport Director.

A. Drawings and Models:

1. All 2-D and 3-D architectural, engineering, design, and/or construction drawing and/or modeling files for the project shall be completed using AutoCAD 2019 and REVIT 2019 or a newer version of either software if approved by John Wayne Airport.
2. All geographic data, spatial analysis, geographic information system (GIS) mappings, drawings, exhibits, and/or figures for the project shall be completed using Environmental Systems Research Institute (ESRI) ArcGIS.
3. All 2-D and 3-D drawing and/or modeling files created via computer-aided design and drafting (CADD), building information modeling (BIM), and/or GIS for the project shall conform to the John Wayne Airport CADD/BIM/GIS standards and specifications.
4. In addition to the 2-D and 3-D drawing and/or modeling files indicated above, a PDF format (scaled to ARCH E1 format where applicable) of those drawings, exhibits, figures, etc. shall be generated and submitted digitally.

B. Documents and Reports:

1. All specifications, reports, and/or studies (e.g., geotechnical report, etc.), calculations, and other project information (e.g., construction submittals, operations, and maintenance (O&M) manuals, warranties, etc.) for the project shall be completed using MS Office suite applications and also generated and submitted digitally in a PDF format.

Note: "Record Documents," e.g., record drawings, specifications, calculations, etc., shall be prepared, stamped, and signed by the Architect and/or Engineer of Record for the project and shall reflect all updates and/or modifications that were approved during design and construction, i.e., separate from the as-built documents, which include contractor redlines, contract changes, etc. Refer to the "John Wayne Airport Construction Standards" for additional information.

In addition, two (2) sets of hard prints of the stamped and signed record drawings for the project, as described above, must be furnished by the AIRLINE with the thumb drives containing the "As-Built Documents" and "Record Documents." Basic specifications, standards, and requirements for BIM, CAD, and/or GIS produced information at the Airport can be located on the www.ocair.com website or provided by the Airport upon request.

Furthermore, the AIRLINE shall furnish the Airport Director with an itemized statement of the actual, direct construction costs of such improvement. The construction costs may include actual, direct fees paid to contractors, architects, engineers, surveyors, laborers, and suppliers, or permit

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fees required by governmental agencies to allow construction. Construction costs shall not include indirect costs such as financing costs, holding costs, legal fees, interest, administrative and overhead expenses, bond premiums, or developer fees. The statement of cost shall be sworn to and signed by the AIRLINE or its responsible agent under penalty of perjury. The AIRLINE must obtain the Airport Director's approval of acceptance of the "As-Built Documents" and "Record Documents" and the form and content of the itemized statement.

SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS

The AIRLINE shall be responsible for any damage caused by the AIRLINE, or the AIRLINE's aircraft, equipment, employees, agents, visitors, or suppliers, to common use areas of the Terminal or Airport facilities, including but not limited to runways, taxiways, access roads, navigational aids, apron areas and loading bridges. Should such damage require immediate repairs or replacement, and the AIRLINE is unable to respond immediately to complete said repairs or replacement, the Airport Director may cause to be made or make any necessary repairs or replacements, and the cost thereof shall be paid by the AIRLINE. Said cost shall include all labor, materials, equipment costs, and an administrative fee equal to fifteen percent (15%) of the sum of those items. Said cost shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the Airport Director.

In the event of damage to or destruction of the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises or in the event the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises are declared unsafe or unfit for use or occupancy by the COUNTY or any other public entity with jurisdiction to make and enforce such a declaration, the AIRLINE shall, within thirty (30) days, commence and diligently pursue completion of the repair, replacement or reconstruction of improvements to the same size and floor area as they existed immediately prior to the event causing the damage or destruction, as necessary to permit full use and occupancy of the Leased Premises for the purposes required by the LEASE. Repair, replacement, or reconstruction or improvements within the Leased Premises shall be accomplished in a manner and according to plans approved by the Airport Director. Except as otherwise provided herein, termination of this LEASE shall not reduce or nullify the AIRLINE's obligation under this paragraph. With respect to damage or destruction to be repaired by the COUNTY or which the COUNTY elects to repair, the AIRLINE waives and releases its rights under California Civil Code Sections 1932(2) and 1933(4).

SECTION 8.09 HEALTH AND SAFETY

The AIRLINE shall comply with all applicable California Occupational Safety & Health Administration (Cal/OSHA) requirements and all federal, state, or local safety orders. The AIRLINE shall post on the Lease Premises and at all construction sites a copy of "Construction Safety Orders" and "General Industry Safety Orders" issued by the California State Division of Industrial Safety.

The AIRLINE shall, within thirty (30) days after the execution of this LEASE, submit to the COUNTY a comprehensive Safety Plan outlining the code of safe work practices and procedures. The plan must include emergency response procedures, notification procedures, and personnel training procedures. The AIRLINE shall convene safety meetings at regularly scheduled times as described in its Safety Plan and as required by Cal/OSHA. The AIRLINE and/or AIRLINE's contractor shall submit, prior to the start of any tenant improvements, the AIRLINE or AIRLINE's contractor required Cal/OSHA Safety Plan for approval by the Airport.

The AIRLINE shall submit to the COUNTY an annual report detailing the status of all permits required and issued to the AIRLINE by CAL OSHA or any other federal, state, or local government agency. Said report shall be due on or before January 31 of each calendar year.

ARTICLE IX - ACCOMMODATION

SECTION 9.01 JOINT USE REQUIREMENT

The AIRLINE and/or other airlines may be provided the opportunity by the COUNTY to initiate or expand service at the Airport and may have a need or requirement for certain types of Airport space and facilities. Such initiation or expansion of service may be reasonably implemented by the Airport Director based upon provisions of the Access Plan.

The AIRLINE agrees to make every reasonable effort to offer to any airline initiating service at the Airport the opportunity to share use of its Exclusive Use Area. In determining whether the use of another incoming airline initiating service at the Airport is reasonable and possible, the AIRLINE will have the right to consider the compatibility of the proposed operations of those with whom the AIRLINE has subleases or handling arrangements, the AIRLINE's existing and future flight schedules, the need for labor cooperation, the adverse competitive impacts resulting from the presence of the other aircraft operator on the AIRLINE's Exclusive Use Area and the availability of other such space at the Airport. Should the AIRLINE deny another airline initiating service at the Airport the opportunity to use the AIRLINE's Exclusive Use Area, the COUNTY may review the AIRLINE's space usage, and should it reasonably determine, considering all the factors noted herein (including the AIRLINE's reasons for such refusal), that the AIRLINE unreasonably refused usage by such other airline, it may require the AIRLINE to permit the other airline to use the AIRLINE's Exclusive Use Area, subject to the initiating airline executing an agreement with the AIRLINE acceptable to the COUNTY that complies with the material terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE shall, by separate agreement with such certificated and/or commuter airline as the COUNTY may designate, or by other arrangement as provided by the Airport Director, provide space and/or services within Leased Premises to accommodate said airlines' operation. Any said agreement for joint use shall be subject to the Airport Director's approval and subject to the terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE agrees that in the event it subleases its Leased Premises to another airline, any sublease rental rate shall be calculated on a per-square-foot basis.

Sublease per square foot rental rates for sublet space shall reflect a reasonable pro-rata allocation of the AIRLINE's actual and direct costs related to said space and shall be based upon the following factors:

A. The square foot per annum rental rate currently paid by the AIRLINE to the COUNTY for space to be sublet; and

B. A reasonable square foot charge to compensate the AIRLINE for the pro-rata costs per square foot applicable to the AIRLINE improvement costs, maintenance costs, and a reasonable administrative fee.

The annual sublease rental rate shall not exceed two (2) times the square foot per annum rental rate currently paid by the AIRLINE to the COUNTY unless the AIRLINE can demonstrate to the satisfaction of the Airport Director that its costs for the subleased premises, exclusive of the administrative fee, justify a higher rate.

ARTICLE X - ASSIGNMENT AND SUBLEASE

SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING

The provisions of this Section are subject and subordinate to the limitations of Section 5.04 of this LEASE.

A. **Transfers**. The AIRLINE shall not transfer, assign, sublet, or hypothecate (hereinafter referred to as "Transfer") any interest of the AIRLINE in the Leased Premises without the prior written approval of the COUNTY. The AIRLINE shall give the COUNTY thirty (30) days' prior written notice of all proposed Transfers. The AIRLINE shall not make any such Transfers for a period longer than the remaining term of the LEASE.

If the COUNTY approves such Transfers, such approval does not constitute a waiver of any of the terms of the LEASE. All Transfer documents shall be consistent with the terms, covenants, and conditions of the LEASE, and in the event of any inconsistency, the provisions of this LEASE shall govern.

If the AIRLINE is a corporation, an unincorporated association, or a partnership, Transfers include the acquisition by any person other than the AIRLINE of any stock or interest in said corporation, unincorporated association, or partnership in the aggregate amount of fifty-one percent (51%) or more.

The failure by the AIRLINE to obtain the prior written approval by the COUNTY of any Transfer of the LEASE or any interest in the Leased Premises shall constitute a material

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breach of this LEASE and shall not confer any leasehold rights upon the transferee. Such failure shall be grounds for termination of this LEASE for default pursuant to Section 11.02.

B. **Conditions of the COUNTY Approval**. The COUNTY agrees that it will not arbitrarily withhold consent to any Transfer, but the COUNTY may withhold consent at its sole discretion if any of the following conditions exist:

(1) The AIRLINE, its successors, or assigns are in default of any term, covenant, or condition of this LEASE, whether notice of default has or has not been given by the COUNTY.

(2) The prospective subtenant, assignee, or transferee has not agreed in writing to keep, perform, and be bound by all the terms, covenants, and conditions of this LEASE.

(3) The prospective subtenant, assignee, or transferee is not financially capable or experienced in performing the LEASE obligations, as determined by the Airport Director.

(4) Subtenant's use is in conflict with the terms of this LEASE.

(5) All the terms, covenants, and conditions of Transfer, including the consideration therefore, of any and every kind, have not been revealed in writing to the Airport Director.

(6) Any construction required of the AIRLINE as a condition of this LEASE has not been completed to the satisfaction of the COUNTY.

(7) The AIRLINE has not provided the Airport Director with a copy of all documents relating to the Transfer, including, but not limited to, appraisals, notes, trust deeds, title reports, escrow instructions, *etc*.

(8) The AIRLINE attempts to hypothecate the leasehold for an amount greater than the cost of new improvements to be constructed on the Leased Premises. Hypothecation of the leasehold shall not be permitted for any reason other than to obtain loan proceeds necessary to construct new improvements on the Leased Premises.

C. **Affiliate Transactions**. The COUNTY has adopted in the Access Plan policies and regulations regarding transactions and aircraft operations at the Airport involving affiliations of commercial airlines operating, or desiring to operate, at the Airport ("the affiliate policy"). The AIRLINE acknowledges that the COUNTY considers the affiliate policy to be an important and significant policy in support of the COUNTY's regulation of the Airport.

The AIRLINE acknowledges that there is a rational basis for this policy under the operational and historical circumstances affecting the Airport, that under such circumstances, this policy maintains appropriate equity between the rights and privileges of competing commercial operators using the Airport, and that the affiliate policy does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The AIRLINE agrees to comply fully and completely with the affiliate policy and all related regulations that appear in the Access Plan and/or this LEASE.

Any affiliate transaction described and defined in the Access Plan, and any affiliate transaction between the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, shall constitute a Transfer within the meaning of Paragraph A, above. In the event an affiliate transaction involving the AIRLINE is initiated, then not later than the time when the affiliate transaction is publicly announced:

(1) The AIRLINE shall notify the Airport Director of the fact of the initiation of the affiliate transaction.

(2) If the affiliate transaction is initiated by the AIRLINE, the AIRLINE shall promptly provide to the Airport Director copies of all agreements, or written offers or proposals, made with respect to the transaction and copies of all documents filed with federal authorities with respect to the transaction. If the affiliate transaction is initiated by some other person in respect of the AIRLINE, the AIRLINE shall promptly and continuously provide such documentation or other information regarding the transaction as may be available to the AIRLINE.

(3) In addition to all other obligations of the AIRLINE, if the affiliate transaction involves the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, the AIRLINE shall promptly arrange to negotiate with the Airport Director regarding the terms and conditions upon which the Director would recommend consent by the Board of Supervisors to a Transfer of this LEASE, or Transfer of the written agreement(s) between the other person or entity involved in the affiliate transaction and the COUNTY.

Notwithstanding any other provision of this LEASE, the LEASE may be terminated by the COUNTY on thirty (30) days' notice to the AIRLINE without further obligation of the COUNTY, and without any liability of the COUNTY to the AIRLINE whatsoever, if:

(4) The AIRLINE fails to comply with Paragraph C of this Section; or if

(5) The Airport Director fails to make a favorable recommendation to the Board of Supervisors regarding the Transfer within sixty (60) days after initiation and public announcement of the affiliate transaction, which contains terms and conditions agreed to by the AIRLINE and its affiliate(s); or if

(6) The Board of Supervisors fails to consent to the Transfer on terms and conditions which have been accepted by the AIRLINE within thirty (30) days after receipt of the recommendations of the Airport Director.

D. **Bankruptcy Transaction**. If the AIRLINE assumes this LEASE or proposes to assign the same pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, then notice of such proposed assignment shall be given to the COUNTY. The following information shall be provided to the COUNTY:

(1) The name and address of proposed assignee;

(2) All of the terms and conditions of such offer; and

(3) Adequate assurance to the COUNTY of the proposed assignee's future performance under the LEASE, including, without limitation, the assurance referred to in the U.S. BANKRUPTCY CODE, 11 U.S.C. §365(b)(3).

Any person or entity to which this LEASE is assigned pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, shall be deemed without further act or deed to have assumed all of the obligations arising under this LEASE on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to the COUNTY an instrument confirming such assumption.

E. **Non-Transferable Privileges.** Aircraft operations and ADDs authorized by Section 5.05 in this LEASE and the Access Plan are not property interests of the AIRLINE and are non-transferable in any form, and as such, are not subject to sale, assignment, hypothecation, and transfer by the AIRLINE under the terms of this Section. Any such attempted hypothecation, assignment, encumbrance, sale, or other such attempted transfer of operations, privileges, or ADDs is in violation of the public policy of the COUNTY and shall be void and shall constitute a breach and default of this LEASE.

SECTION 10.02 SUCCESSORS IN INTEREST

Unless otherwise provided in this LEASE, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all Parties hereto, all of whom shall be jointly and severally liable hereunder.

ARTICLE XI - TERMINATION AND DEFAULT

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS

It is mutually agreed that this LEASE shall terminate and supersede any prior leases or agreements between the Parties hereto for the purpose of commercial air transportation and all related activities of the AIRLINE at the Airport.

SECTION 11.02 TERMINATION FOR DEFAULT

The COUNTY may terminate this LEASE and all of its obligations hereunder with prior written notice to the AIRLINE and may exercise all rights of entry for default and breach if the AIRLINE fails to perform any of its obligations under this LEASE, including, but not limited to:

A. Payment of rents, fees, charges and PFCs;

B. A general assignment for the benefit of creditors and any Transfer without the prior written approval by the COUNTY;

C. The issuance of any execution or attachment against the AIRLINE at the Airport that is undischarged within sixty (60) days of levy or seizure or if the Leased Premises are occupied by someone other than the AIRLINE;

D. The voluntary vacation or abandonment by the AIRLINE of the conduct of air transportation business at the Airport;

E. The violation by the AIRLINE of any of the terms of any insurance policy referred to in the LEASE;

F. If the AIRLINE is found by the FAA, TSA, or other government regulatory or successor agency to have violated specified safety standards in the conduct of the AIRLINE's business;

G. The violation or breach of any provision of the Access Plan;

H. The violation of any written directions of the Airport Director;

I. The appointment of a receiver to take possession of all or substantially all, the assets of the AIRLINE located at the Leased Premises or of the AIRLINE's leasehold interest in the Leased Premises.

Where applicable, and unless otherwise stated in this LEASE, or by written notice, the AIRLINE shall have fifteen (15) calendar days to cure any default prior to termination of this LEASE, or such longer period as may be reasonably necessary to cure such default considering the nature thereof, at the Airport Director’s discretion.

SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION

Except as otherwise agreed to herein, upon termination of this LEASE, the AIRLINE shall redeliver possession of said Leased Premises to the COUNTY in substantially the same condition that existed immediately prior to the AIRLINE's entry thereon, reasonable wear and tear, flood, earthquakes, war and any act of war, excepted. References to the termination of the LEASE in this LEASE shall include termination by reason of expiration.

SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY

If the AIRLINE abandons or quits the Leased Premises or is dispossessed thereof by process of law or otherwise, title to any personal property belonging to the AIRLINE and left on the Leased Premises fifteen (15) days after such event shall be deemed to have been transferred to the COUNTY. The COUNTY shall have the right to remove and to dispose of such property without liability therefor to the AIRLINE or to any person claiming under the AIRLINE and shall have no need to account therefor. Personal property left on the Leased Premises after termination, expiration, or abandonment of the LEASE shall not be construed as giving the AIRLINE possession of the Leased Premises during the fifteen (15) days after termination, expiration, or abandonment of the LEASE.

SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER

The AIRLINE agrees to yield and peaceably deliver possession of the Leased Premises to the COUNTY on the date of termination of this LEASE, whatsoever the reason for such termination.

Upon giving written notice of termination to the AIRLINE, the COUNTY shall have the right to re-enter and take possession of the Leased Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the LEASE and re-entry of the Leased Premises by the COUNTY shall in no way alter or diminish any obligation of the AIRLINE under the LEASE terms and shall not constitute an acceptance or surrender.

The AIRLINE waives any and all rights of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Leased Premises for any lawful reason or in the event the COUNTY re-enters and takes possession of the Leased Premises in a lawful manner.

ARTICLE XII - SECURITY

SECTION 12.01 AIRPORT SECURITY

The AIRLINE shall comply with all current and applicable Airport, FAA, TSA, CBP, security-related rules, regulations, plans, and procedures. The AIRLINE is responsible for fines imposed by any regulatory agency as a result of the AIRLINE’s failure to comply with applicable rules, regulations, orders, plans, and procedures regarding airport security.

The AIRLINE employees, subtenants/contractors shall be required to obtain airport security clearance in order to perform work under this LEASE. The AIRLINE must maintain a current, updated list of Authorized Signatories responsible for the Airport-Issued Identification Credential ("Airport ID/Security Credential") process, a list of current Airport ID/Security Credentialed AIRLINE employees and subtenants/contractors, and respond to scheduled and unscheduled audits at the request of the Airport. The AIRLINE employees and subtenants/contractors applying for an Airport ID/Security Credential must successfully complete a Criminal History Records Check ("CHRC") and a Security Threat Assessment ("STA") in accordance with current regulations. The AIRLINE employees and subtenants/contractors must also attend and successfully pass all related Security Identification Display Area ("SIDA") classes and tests for access to secure areas and a driver's permit with an appropriate and valid California Driver's License to drive on the airfield. The AIRLINE must attend all mandatory security-related exercises, and monthly security consortium meetings hosted by the Airport.

A. **Local Security**. The AIRLINE shall be responsible for the security of gates or doors that are located on the Leased Premises. Said gates and/or doors on the Leased Premises permitting entry to the restricted areas of the Airport shall be locked when not in use and/or under the AIRLINE's constant surveillance. The AIRLINE shall install such security equipment, including, but not limited to, video monitoring equipment, as may be required by the Airport Director to ensure compliance with all regulations of the FAA, TSA, or other governmental agencies having jurisdiction over Airport security. The AIRLINE shall exercise control over any person or vehicle escorted by the AIRLINE onto restricted or secure areas of the Airport, or to whom an Airport ID/Security Credential was issued by or at the request of the AIRLINE and ensure that such person or vehicle shall comply with all Airport security regulations.

B. **Federal Security**. As of the date of this LEASE, the TSA provides for all passenger and baggage screening conducted at the Airport. The AIRLINE may be required to provide assistance to TSA in its efforts to carry out its federal mandates. At some point during the term of this LEASE, the Airport or another entity may be authorized to provide these security services in lieu of the TSA.

C. **Penalties and Fines.** The AIRLINE shall promptly pay any penalties for which the AIRLINE is responsible. These penalties include, but are not limited to, civil penalties or fines assessed against the Airport or the AIRLINE by the FAA, TSA, or any other governmental agency for the violation of any security-related laws, rules, policies, or regulations at the Airport.

D. **Airport ID/Security Credential Application and Lifecycle.** Prior to issuance of an Airport ID/Security Credential(s), designated AIRLINE Authorized Signatories who will be working onsite and engaged in the performance of work under this LEASE must pass the Airport's background check requirements, which includes an F.B.I. Criminal History Records Check ("CHRC") and a TSA Security Threat Assessment ("STA"), and the

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AIRLINE shall pay the applicable fees. Upon successful completion of the background checks, the AIRLINE's designated personnel will be required to attend a SIDA class and pass a written test. Those personnel who may be permitted by the Airport to drive on the Airport Operations Area ("AOA") perimeter road must also complete a Driver's Training class and written test. Airport ID/Security Credentials are not issued until designated AIRLINE personnel have: 1) completed appropriate application forms and submitted proof of identity and employment eligibility, 2) passed both background checks, 3) completed and passed appropriate training, and 4) paid an Airport ID/Security credential fee for each applicant. The AIRLINE should anticipate a minimum of fourteen (14) business days to complete the Airport ID/Security Credential process if all requirements listed above are fulfilled by individual Airport ID/Security Credential applicants in a timely manner, but factors outside the Airport's control can contribute to longer durations. If an applicant is applying for a CBP Seal due to their operational need to work international air service operations, this process may take longer. Authorized Signatories must be in constant contact with the Airport's ID/Access Control Office. The AIRLINE's designated personnel must successfully complete the Airport ID/Security Credential acquisition process unless other arrangements have been approved by the Airport. The AIRLINE shall be responsible for all applicable fees and costs associated with the background checks and badging process. The amount of such fees is subject to change without notice.

E. **Airport ID/Security Credential Applicant Requirements and Responsibilities.** The Airport Security Plan (ASP) requires that each person issued an Airport ID/Security Credential be made aware of their responsibilities regarding the privilege of access to restricted areas of the Airport.

The AIRLINE and all AIRLINE personnel within an access-controlled area (AOA, SIDA, secured area, or sterile area) are required to display on their person an Airport ID/Security Credential, unless they are escorted by an appropriately credentialed Airport individual with escort privileges. When working in a secure area, each Airport-credentialed person is responsible for challenging any individual who is not properly displaying an Airport-issued or approved and valid Airport ID/Security Credential. AIRLINE personnel and their subtenants/contractors must also validate Airport ID/Security Credential employees as described in security training. Any person who is not properly displaying or who cannot produce a valid Airport ID/Security Credential, unless they are being escorted, must immediately be referred to the Sheriff's Department – Airport Police Services Office for proper handling.

The Airport ID/Security Credential is the property of the County of Orange and must be returned upon termination of AIRLINE personnel employment and/or termination of the Lease. The loss of an Airport ID/Security Credential shall be reported within twenty-four (24) hours to the Sheriff's Department–Airport Police Services by calling (949) 252-5000. The AIRLINE or AIRLINE personnel who lose their Airport ID/Security Credential shall be required to pay a fee before receiving a replacement Airport ID/Security Credential. The charge for lost Airport ID/Security Credential replacement will be posted in the Airport

Administration Office and is subject to change without notice. A report shall be made before a replacement Airport ID/Security Credential will be issued.

The Airport ID/Security Credential is nontransferable.

In the event that the AIRLINE's employee's or contractor's Airport ID/Security Credential is not returned within three (3) business days to the Airport upon: 1) termination of AIRLINE personnel or contractor, 2) Airport ID badge expiration, or 3) upon termination of the LEASE, the AIRLINE shall be liable to the Airport for a fine in the amount of $250.00 per unreturned Airport ID/Security Credential. The amount of the fine is subject to change without notice. The AIRLINE's Security Deposit may be applied to cover the cost of the fine.

ARTICLE XIII - INSURANCE AND INDEMNITY

SECTION 13.01 INSURANCE

The AIRLINE agrees to carry all required insurance at the AIRLINE's expense and to provide the COUNTY current Certificates of Insurance, including all endorsements required herein, necessary to satisfy the COUNTY that the insurance provisions of this LEASE have been complied with. AIRLINE shall keep such insurance coverage current, provide Certificate of Insurance, and endorsements to the COUNTY during the entire term of this LEASE.

The AIRLINE agrees that the AIRLINE shall not operate on the Airport Premises at any time the required insurance is not in full force and effect as evidenced by a Certificate of Insurance and necessary endorsements or, in the interim, an official binder being in the possession of Airport Director. In no cases shall assurances by the AIRLINE, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. Airport Director will only accept valid Certificates of Insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. The AIRLINE also agrees that upon cancellation, termination, or expiration of the AIRLINE's insurance, the COUNTY may take whatever steps are necessary to interrupt any operation from or on the Airport Premises until such time as the Airport Director reinstates the LEASE.

If the AIRLINE fails to provide Airport Director with a valid Certificate of Insurance and endorsements, or binder at any time during the term of the LEASE, the COUNTY and the AIRLINE agree that this shall constitute a material breach of the LEASE. Whether or not a notice of default has or has not been sent to the AIRLINE, said material breach shall permit the COUNTY to take whatever steps necessary to interrupt any operation from or on the Airport Premises, and to prevent any persons, including, but not limited to, members of the general public, and the AIRLINE'S employees and agents, from entering the Premises until such time as Airport Director is provided with adequate evidence of insurance required herein. The AIRLINE further agrees to hold the COUNTY harmless for any damages resulting from such interruption of business and

possession, including, but not limited to, damages resulting from any loss of income or business resulting from the COUNTY's action.

The AIRLINE may occupy the Airport Premises only upon providing to the COUNTY, the required insurance stated herein and maintain such insurance for the entire term of this LEASE. The COUNTY reserves the right to terminate this LEASE at any time the AIRLINE's insurance is canceled or terminated and not reinstated within ten (10) days of said cancellation or termination. The AIRLINE shall pay the COUNTY a fee of $300.00 for processing the reinstatement of the LEASE. The AIRLINE shall provide to the COUNTY immediate notice of said insurance cancellation or termination.

All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the same terms and conditions as set forth herein for the AIRLINE; excluding General Aviation Liability. All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the following required minimum limits: Commercial General Liability $1,000,000 per occurrence with a $2,000,000 aggregate; Commercial Auto Liability $1,000,000 combined single limit each accident for non-air operations area (AOA); and, $5,000,000 combined single limit each accident for air operations area. Pollution Liability will be required when hazardous materials or waste are involved with limits commensurate with the exposure. The AIRLINE shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by the COUNTY from the AIRLINE under this LEASE. It is the obligation of the AIRLINE to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Airport Premises. Such proof of insurance must be maintained by the AIRLINE through the entirety of this LEASE and be available for inspection by a COUNTY representative at any reasonable time.

All self-insured retentions (SIRs) shall be clearly stated on the Certificate of Insurance. Any self-insured retention (SIR) in excess of Fifty Thousand Dollars ($50,000) shall specifically be approved by the County's Risk Manager. The COUNTY reserves the right to require current audited financial reports from the AIRLINE. If the AIRLINE is self-insured, AIRLINE will indemnify and defend the COUNTY for any and all claims resulting or arising from AIRLINE's use of the Airport Premises, services or other performance in accordance with the indemnity provision states in this LEASE.

If the AIRLINE fails to maintain insurance acceptable to the COUNTY for the full term of this LEASE, the COUNTY may terminate this LEASE.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com**).

If the insurance carrier does not have an A.M. Best Rating of A-VIII, the CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the AIRLINE shall provide the minimum limits and coverage as set forth below:

Coverages	Minimum Limits
Aviation Commercial General Liability (Including but not limited to General Liability, Passenger Legal Liability, War/Extended Perils Liability, Personal Injury, Contractual Liability, Premises, Products and Completed Operations, Ground Hangarkeepers and liability for vehicles and mobile equipment operated on restricted airport premises.)	$250,000,000 per occurrence $250,000,000 aggregate
Workers' Compensation	Statutory
Employers' Liability Insurance	$1,000,000 per accident or disease
Pollution Liability Insurance	$1,000,000 per claims made or per occurrence
Commercial Property Insurance on an "All Risk" or "Special Causes of Loss" basis covering all contents and any tenant improvements including Business Interruption/Loss of Rents with a 12-month limit.	100% of the Replacement Cost Value and no coinsurance provision

Increased insurance limits may be satisfied with Excess/Umbrella policies. Excess/Umbrella policies when required must provide Follow Form coverage.

Required Endorsements

The Aviation Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees, agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by County of Orange shall be excess and non-contributing.

The Pollution Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

Pollution Liability insurance must include coverage for bodily injury and property damage, including coverage for loss of use and/or diminution in property value, and for clean-up costs arising out of, pertaining to, or in any way related to the actual or alleged discharge, dispersal, seepage, migration, release or escape of contaminants or pollutants resulting from any services or work performed by, or behalf of, AIRLINE, including the transportation of hazardous waste, hazardous materials, or contaminants.

If AIRLINE's Pollution Liability policy is a claims-made policy, AIRLINE shall agree to the following:

1. The retroactive date must be shown and must be before the date of the contract or the beginning of the LEASE.

2. Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after expiration or earlier termination of LEASE.

3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the contract services, AIRLINE must purchase an extended reporting period for a minimum of three (3) years after expiration of earlier termination of the LEASE.

The Workers' Compensation policy shall contain a Waiver of Subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees. Blanket coverage may also be provided which will state – **As Required by Written Agreement.**

All insurance policies required by this LEASE shall waive all rights of subrogation against County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

The Commercial Property policy shall contain a Loss Payee endorsement naming the County of Orange as respects the COUNTY's financial interest when applicable.

Insurance certificates should be forwarded to the COUNTY address provided in the Clause (NOTICES) below or to an address provided by Airport Director. AIRLINE has ten (10) business days to provide adequate evidence of insurance, or this LEASE may be cancelled.

AIRLINE shall provide thirty (30) days prior written notice of any policy cancellation or non-renewal and ten (10) days prior written notice where cancellation is due to non-payment of premium and provide a copy of the cancellation notice to COUNTY. Failure to provide written notice of cancellation may constitute a material breach of the LEASE, upon which the COUNTY may suspend or terminate this Contract

The COUNTY expressly retains the right to require AIRLINE to increase or decrease insurance of any of the above insurance types throughout the term of this LEASE. Any increase or decrease in insurance will be as deemed by the County of Orange Risk Manager as appropriate to adequately protect the COUNTY.

The COUNTY shall notify AIRLINE in writing of changes in the insurance requirements. If the AIRLINE does not deposit copies of acceptable certificates of insurance and endorsements with the COUNTY incorporating such changes within thirty (30) days of receipt of such notice, this LEASE may be in breach without further notice to the AIRLINE, and the COUNTY shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit the AIRLINE's liability hereunder nor to fulfill the indemnification provisions and requirements of this LEASE, nor in any way to reduce the policy coverage and limits available from the insurer.

SECTION 13.02 INDEMNITY

The AIRLINE agrees to indemnify, defend with counsel approved in writing by the COUNTY, and hold the COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies which the COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by the AIRLINE pursuant to this LEASE. If judgment is entered against the AIRLINE and the COUNTY by a court of competent jurisdiction because of the concurrent active negligence of the COUNTY or the COUNTY INDEMNITEES, the AIRLINE and the COUNTY agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION

A. In all its activities within the scope of its airport program, AIRLINE 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 (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance

If AIRLINE transfers its obligation to another, the transferee is obligated in the same manner as AIRLINE.

B. During the performance of this LEASE, AIRLINE, for itself, its assignees, and successors in interest, agrees as follows::

1) **Compliance with Regulations:** AIRLINE 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 LEASE.

2) **Nondiscrimination:** AIRLINE, with regard to the work performed by it during the LEASE, will not discriminate on the grounds of race, color, or national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The AIRLINE 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.

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

4) **Information and Reports:** AIRLINE 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 COUNTY or the FAA to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive

possession of another who fails or refuses to furnish the information, AIRLINE will so certify to the COUNTY or the FAA, as appropriate, and will set forth what efforts it has made to obtain this information.

5) **Sanctions for Noncompliance:** In the event of the AIRLINE's noncompliance with the non-discrimination provisions of this LEASE, the COUNTY will impose such sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

a. Withholding payments under the LEASE until the AIRLINE complies, and/or

b. cancelling, terminating, or suspending the LEASE, in whole or in part.

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

C. AIRLINE, for itself, 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 Leased Premises for a purpose for which an FAA activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, AIRLINE 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 said facilities.

2) 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.

3) In the construction of any improvements on, over, or under the Leased Premises 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.

4) AIRLINE will use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title VI List of Pertinent Nondiscrimination Acts and Authorities.

D. AIRLINE shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service.

E. AIRLINE, for itself, its assignees, and successors in interest, agrees to comply with the following nondiscrimination 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);

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

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programs or activities of the Federal-aid recipients, subrecipients and contractors, 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) The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex)

10) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations); [rescinded January 21, 2025];

11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)][rescinded March 1, 2025]; and

12) 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).

F. In the event of a breach of any of the above Nondiscrimination covenants, the COUNTY shall have the right to terminate the LEASE and to re-enter and repossess said lands and facilities thereon and hold the same as if said LEASE had never been made or issued.

SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT

The COUNTY reserves the right to develop further or improve the Airport as it sees fit, regardless of the desires or views of the AIRLINE, and without interference or hindrance.

The COUNTY reserves the right, but shall not be obligated to the AIRLINE, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of the AIRLINE in this regard.

SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A.

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This LEASE shall be subordinate to the provisions and requirements of any existing or future agreement between the COUNTY and the United States or any lawful requirement of the United States relative to the development, operation, or maintenance of the Airport.

SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS

The AIRLINE agrees that the AIRLINE's use of the Leased Premises, including all construction thereon, shall conform to applicable FEDERAL AVIATION REGULATIONS.

The AIRLINE agrees to comply with the applicable notification and review requirements covered in Part 77 of the FEDERAL AVIATION REGULATIONS (as same may be amended from time to time or such other regulation replacing Part 77 as may be adopted by Federal authority) prior to the construction of the improvements described herein and prior to the construction of any future structure or building upon the Leased Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

SECTION 14.05 FEDERAL LAW PREEMPTION

Notwithstanding any provisions of this LEASE, to the contrary and notwithstanding any provision of any other agreements, laws, or ordinances to the contrary, any requirement that is imposed on the AIRLINE in this LEASE, or any local authorities, shall not apply to the AIRLINE to the extent that such requirement is or would otherwise be preempted by federal law, including but not limited to the Airline Deregulation Act (49 U.S.C. § 41713).

SECTION 14.06 NONEXCLUSIVE RIGHT

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to conduct aeronautical activities or provide aeronautical services to the public as prohibited by 49 U.S.C. § 40103(e) and 47107(a)(4), as amended from time to time, and the COUNTY reserves the right to grant others the privilege and right of conducting any or all activities of an aeronautical nature.

SECTION 14.07 WAR OR NATIONAL EMERGENCY

This LEASE 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.

SECTION 14.08 RESERVED

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SECTION 14.09 AMERICANS WITH DISABILITIES ACT

The AIRLINE shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 ("ADA") in connection with: (a) the Leased Premises or any portion thereof and its operations thereon, the AIRLINE's furnishings, trade fixtures, and equipment; (b) removing physical barriers; (c) providing auxiliary aids and services for use of the AIRLINE's furnishings, trade fixtures and equipment, where necessary or required; and (d) modifying its policies, practices and procedures to comply with the ADA. The AIRLINE shall develop a work plan to correct or avoid any violations or non-compliance with the ADA and to address the processing of disability complaints. The AIRLINE shall deliver to the COUNTY, upon the COUNTY's request, a copy of each report and work plan. The COUNTY's approval of or acceptance of any aspect of the AIRLINE's activities under this LEASE shall not be deemed or construed in any way as a representation that such item or activity of practice complies with the ADA. The AIRLINE agrees to indemnify, defend, and hold the COUNTY harmless from and against any and all costs incurred by the COUNTY with respect to the AIRLINE's failure to comply with the ADA.

SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT

In accordance with 49 C.F.R. § 27.72, the AIRLINE shall ensure the provision of boarding equipment for passengers with mobility impairment, including, but not limited to, aircraft boarding chairs used to transfer passengers from their wheelchair or other apparatus to their seat in the aircraft cabin. The AIRLINE shall provide all related passenger assistance with this equipment. The equipment shall be provided and maintained in accordance with 49 C.F.R. § 27.72 and the applicable FAA Advisory Circulars, including AC 150/5220-21C.

The COUNTY owns and maintains ramps for utilization by the AIRLINE on the Airport apron in the event a ramp is needed for boarding or deplaning of the aircraft. The AIRLINE shall promptly notify the COUNTY if COUNTY-owned ramps require maintenance. If the AIRLINE owns and operates additional ramps, the AIRLINE shall maintain those ramps in proper working condition. The AIRLINE shall provide assistance to passengers with mobility impairment when ramps are used for boarding or deplaning of the aircraft.

ARTICLE XV - MISCELLANEOUS PROVISIONS

SECTION 15.01 TIME

Time is of the essence in this LEASE.

SECTION 15.02 LEASE ORGANIZATION

The various headings and numbers herein, the grouping of provisions of this LEASE into separate

sections and paragraphs, and the organization hereof, are for the purpose of convenience only and shall not be considered otherwise.

SECTION 15.03 AMENDMENTS

This LEASE sets forth all of the agreements and understandings of the Parties with regard to its subject matter, and any modification must be written and properly executed by both Parties.

SECTION 15.04 SIGNS

The AIRLINE agrees not to construct, maintain, or allow any sign upon the Leased Premises except as approved by the COUNTY. The AIRLINE shall submit for approval all new signage to be placed in the ticketing lobby, including baggage sizers, and pylon signs. Illustrative drawings and design dimensions must accompany all requests for approval. Unapproved signs, banners, flags, etc., may be removed by the COUNTY without prior notice to the AIRLINE.

The AIRLINE will not place any promotional signs or advertising materials in any location within the Leased Premises or within any Common Use Area of the Terminal without the prior consent of the COUNTY. All requests for the approval of temporary promotional signs for the AIRLINE shall be accompanied by illustrative drawings and design dimensions along with information about the type of signs proposed and proposed locations. All approved promotional signs shall be allowed to remain in the terminal for ninety (90) days. At the end of ninety (90) days, all temporary signage must be removed, or the AIRLINE may resubmit a request to COUNTY to extend past ninety (90) days.

The AIRLINE shall keep all ticket counter space used by the AIRLINE and any associated ticket lifts and podiums free of all signs, advertising materials, credit card application dispensing units, posters, and banners. The COUNTY may, without notice, remove any unauthorized signs or advertising materials, and may store them at the AIRLINE's expense; the COUNTY may dispose of items if they are not promptly claimed by the AIRLINE after notice from the COUNTY.

SECTION 15.05 PERMITS AND LICENSES

The AIRLINE shall be required to obtain any and all approvals, permits, and/or licenses that may be required in connection with the operation of the Leased Premises as set out herein. No permit, approval, or consent given hereunder by the COUNTY in its governmental capacity shall affect or limit the AIRLINE's obligations hereunder, nor shall any approvals or consents given by the COUNTY as a Party to this LEASE be deemed approval as to compliance or conformance with applicable governmental codes, laws, ordinances, rules, or regulations.

SECTION 15.06 RESERVED

SECTION 15.07 TAXES AND ASSESSMENTS

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This LEASE may create a possessory interest that is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) that become due and payable upon the Leased Premises or upon fixtures, equipment, or other property installed or constructed thereon shall be the full responsibility of the AIRLINE, and the AIRLINE shall cause said taxes and assessments to be paid promptly.

SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If either Party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental laws or regulations, or other cause without fault and beyond the control of the Party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse the AIRLINE from the prompt payment of any rental or other charge required of the AIRLINE except as may be expressly provided elsewhere in this LEASE.

SECTION 15.09 PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this LEASE is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 15.10 WAIVER OF RIGHTS

The failure of the COUNTY or the AIRLINE to insist upon strict performance of any of the terms, covenants, or conditions of this LEASE shall not be deemed a waiver of any right or remedy that the COUNTY or the AIRLINE may have and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of the LEASE thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this LEASE. Any waiver, in order to be effective, must be signed by the Party whose right or remedy is being waived.

SECTION 15.11 RESERVATIONS TO THE COUNTY

The Leased Premises are accepted "AS IS," and the AIRLINE is subject to any and all existing easements and encumbrances. The COUNTY reserves the right to install, lay, construct, maintain, repair, and operate sanitary sewers, drains, Stormwater sewers, pipelines, manholes and connections; water, oil and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, under and along the Leased Premises or any part thereof; and to enter the Leased Premises for any and all such purposes. The COUNTY also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, under, and along any and all portions of

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the Leased Premises. No right reserved by the COUNTY in this Section shall be so exercised as to interfere unreasonably with the AIRLINE's operations hereunder or to impair the security of any secured creditor of the AIRLINE.

The COUNTY agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The COUNTY further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Leased Premises by the AIRLINE.\, the AIRLINE shall only be entitled to a reduction in the rent payable to the COUNTY during the period of interference, which shall be reduced in proportion to the interference with the AIRLINE's use of the Leased Premises. The AIRLINE shall not be entitled to any other form of compensation.

SECTION 15.12 AUTHORITY OF THE AIRLINE

If the AIRLINE is a corporation, each individual executing this LEASE on behalf of said corporation represents and warrants that they are duly authorized to execute and deliver this LEASE on behalf of said corporation, in accordance with the by-laws of said corporation, and that this LEASE is binding upon said corporation.

SECTION 15.13 PUBLIC RECORDS

The AIRLINE understands that written information submitted to and/or obtained by the COUNTY from the AIRLINE related to this LEASE and/or the Leased Premises, either pursuant to this LEASE or otherwise, may be open to inspection by the public pursuant to the California Public Records Act (Cal. Gov. Code §§7920.000 *et seq.*) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public.

SECTION 15.14 RELATIONSHIP OF PARTIES

The relationship of the Parties hereto is that of lessor and lessee, and it is expressly understood and agreed that the COUNTY does not in any way or for any purpose become a partner of the AIRLINE in the conduct of the AIRLINE's business or otherwise or a joint venturer with the AIRLINE; and the provisions of this LEASE and the agreements relating to rent payable hereunder are included solely for the purpose of providing a method by which rental payments are to be measured and ascertained. This LEASE is intended for the sole benefit of the Parties hereto and their successors, and unless otherwise provided herein or by law, no rights are created, or are intended to be created, for the benefit of, or enforceable by, any third parties.

SECTION 15.15 GOVERNING LAW AND VENUE

This LEASE has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this LEASE, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

SECTION 15.16 ATTORNEY'S FEES

In any action or proceeding to enforce or interpret any provision of this LEASE, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorney's fees, costs, and expenses.

SECTION 15.17 EMERGENCY SERVICES

The Airport Director has the right to request that the AIRLINE'S employees aid in and use AIRLINE's inventory of goods in an emergency to assist in maintaining the welfare of persons at or near the Airport. The AIRLINE shall be reimbursed by the COUNTY for the cost of goods as soon as practicable at a rate not to exceed costs as existed immediately prior to the emergency.

SECTION 15.18 NOTICES

All notices pursuant to this LEASE shall be addressed to either Party as set forth below and shall be sent through the United States mail, duly registered or certified, return receipt requested with postage prepaid, or by an overnight carrier service. If any notice is sent by an overnight carrier service, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof. Notwithstanding the above, the COUNTY may also provide notices to the AIRLINE by personal delivery or by regular mail postage prepaid, and any such notice so given shall be deemed to have been given upon the date of personal delivery or three (3) days after the date of deposit in the United States Mail, respectively.

To: COUNTY
John Wayne Airport
3160 Airway Avenue
Costa Mesa, CA 92626
Attention: Airport Director

To: AIRLINE
Southwest Airlines, Co.
2702 Love Field Dr.
HDQ/4PF

Either Party hereto may, from time to time, by written notice to the other in the method described above, designate a different address, which shall be substituted for the one above specified.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first above written.

AIRLINE: Southwest Airlines, Co.

By: DocuSigned by: Andrew Watterson 69D8EFE7DAA64AC...

Its: Chief Operating Officer

Name: Andrew Watterson

APPROVED AS TO FORM:
County Counsel

By: DocuSigned by: Mark Sanchez 5EE66EC8DA7B48F...

APPROVED AS TO AUDIT AND ACCOUNTING:
Auditor-Controller

By: Signed by: Vivian Luz C. Grzeszczak 98187C051B2C443...

RECOMMENDED FOR APPROVAL:
John Wayne Airport

By: Signed by: A1A526A921AF49F...

Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this
document has been delivered to the Chair
of the Board per G.C. Sec. 25103, Reso 79-1535

Attest:

COUNTY:
COUNTY OF ORANGE

By: _____
Chairman, Board of Supervisors

Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT A
LEASED PREMISES DESCRIPTION

Project Management Number: PM 1121-0300-0084

Airline: Southwest Airlines, Co.

The Leased Premises referred to in this Lease shall mean all the premises shown on a floor plan marked "Exhibit B," attached hereto and made a part hereof, being those certain Exclusive Use Areas designated as follows:

Airline Ticket Office, and Airline Ticket Counter, containing 2,816 square feet and 1,112 square feet, respectively, located on the Terminal A concourse of the Departure Level.

Ramp/Operations Office containing 5,462 square feet of space located on the Terminal A ramp on the Arrival Level.

Baggage Service Office containing 1,519 square feet of space located on the Terminal A concourse of the Arrival Level.

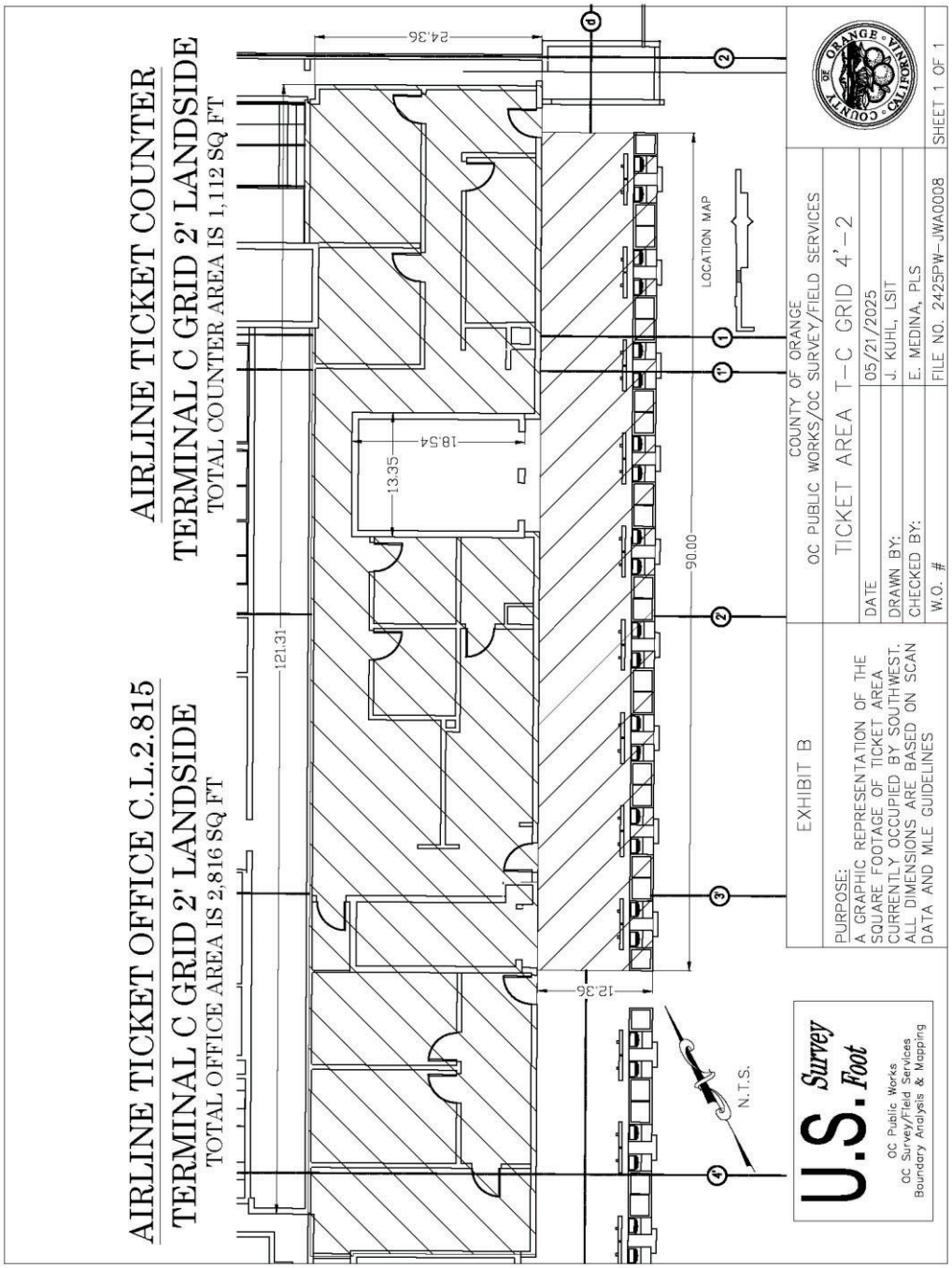
Said Exclusive Use Areas shall also include the premises shown on a map marked "Exhibit C," attached hereto and made a part hereof, being Apron Area. Said "Exhibit C" may be revised at any time by Airport Director.

The Leased Premises shall also include the premises shown on a map marked "Exhibit D," being those certain Common Use Areas designated as Baggage Claim/Baggage Make-up Areas, Holdrooms, Airside Concourses, Security Areas, and Loading Bridges,

Said Exclusive Use and Common Use Areas are situated at the Thomas F. Riley Terminal Building, John Wayne Airport, 18601 Airport Way, in the City of Santa Ana, County of Orange, State of California, and located on Lots 132 and 135 of Block 7 of the Irvine Subdivision, per map recorded in Book 1, Page 88 of Miscellaneous Maps in the Office of the County Recorder of Orange County, together with the right of ingress and egress thereto.

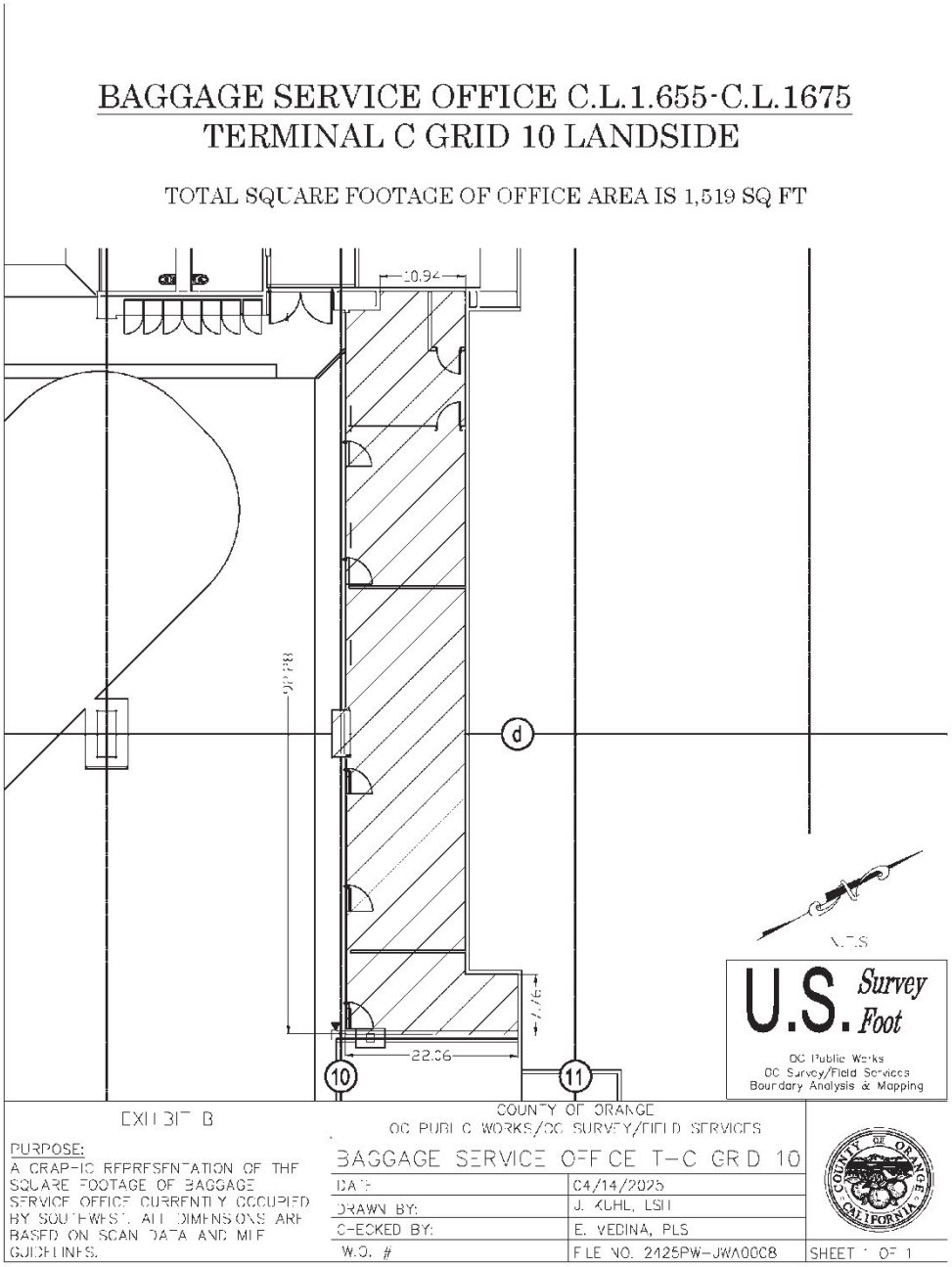
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES – EXCLUSIVE TERMINAL USE AREA



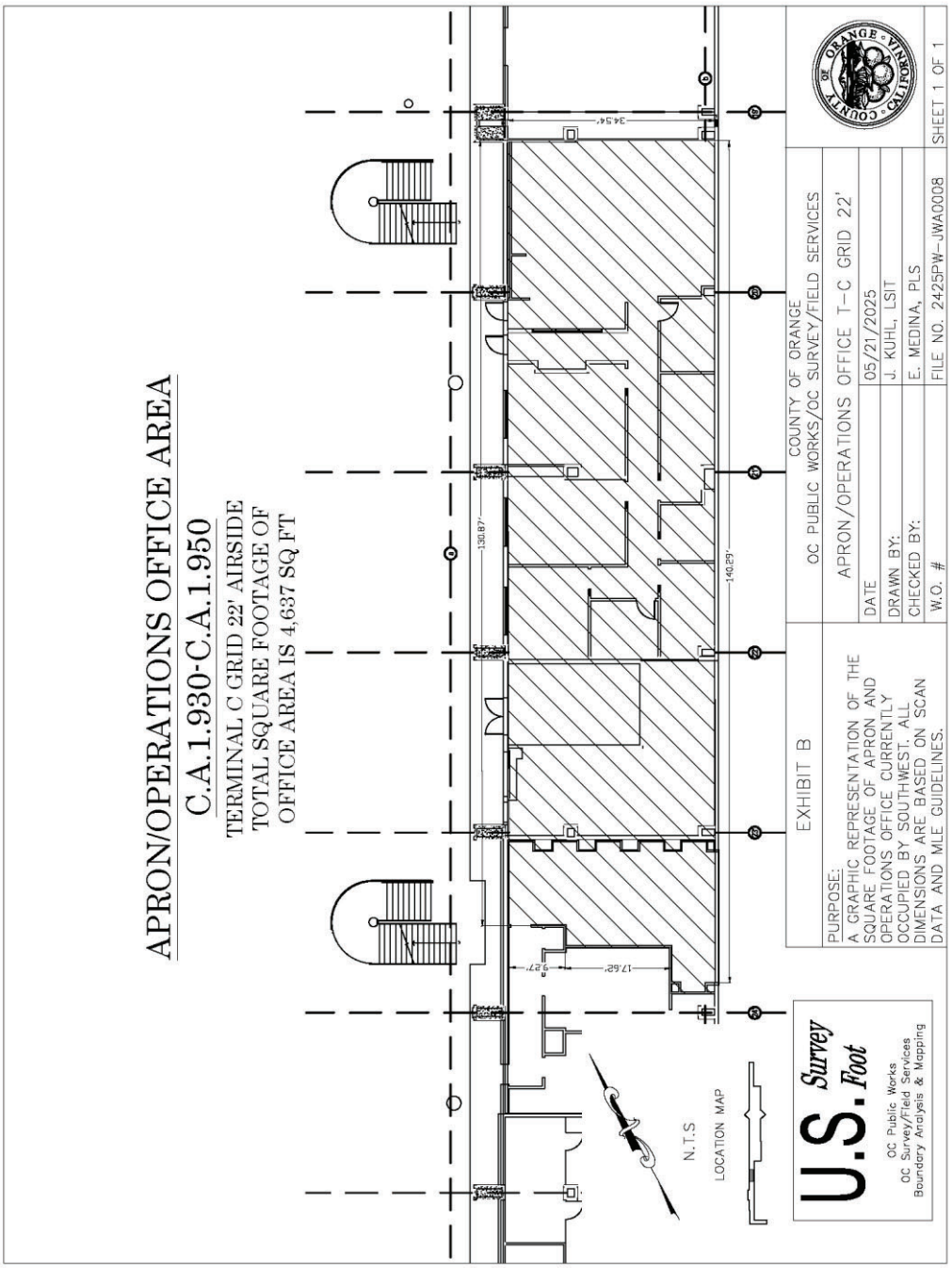
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

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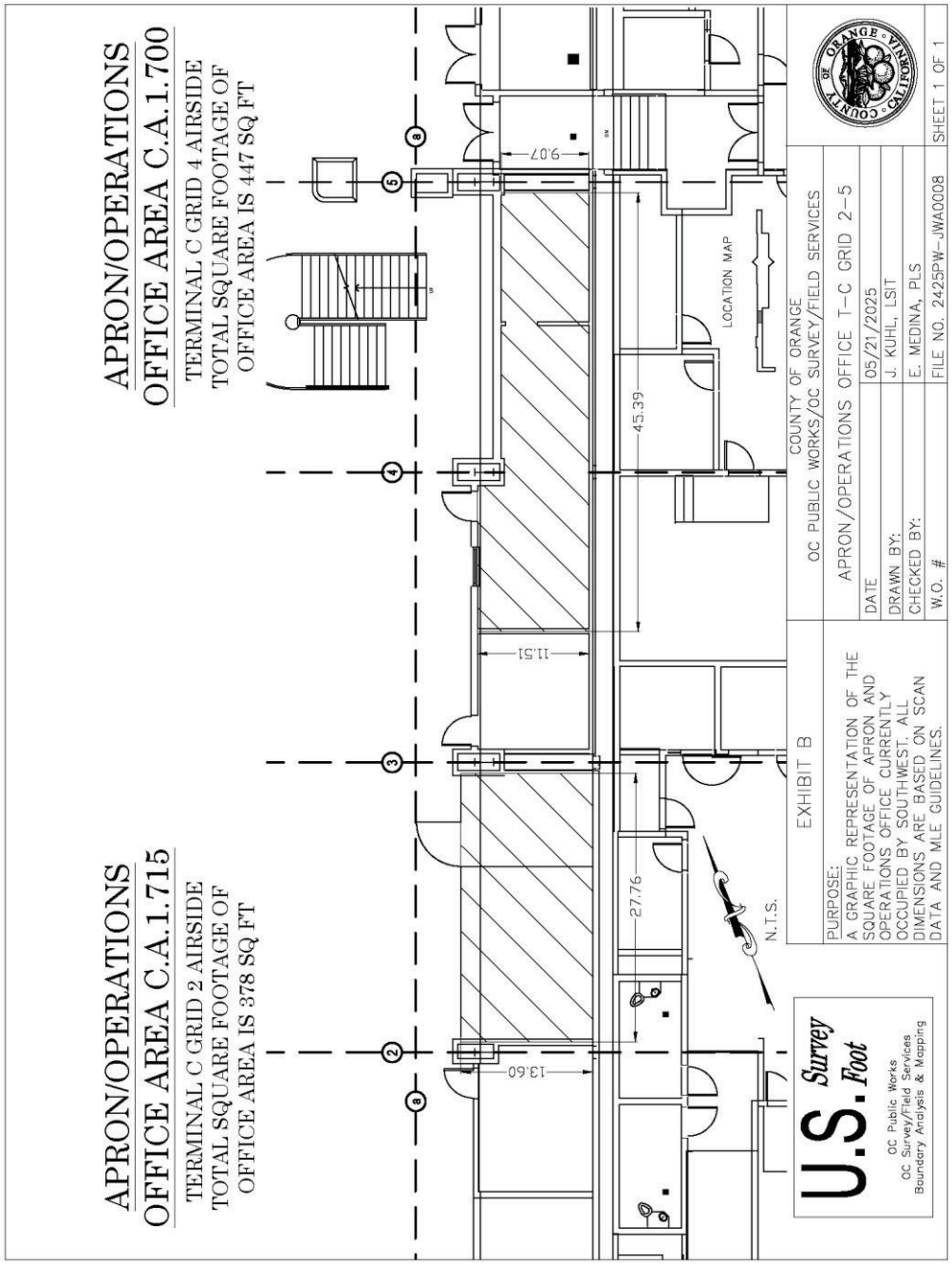
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

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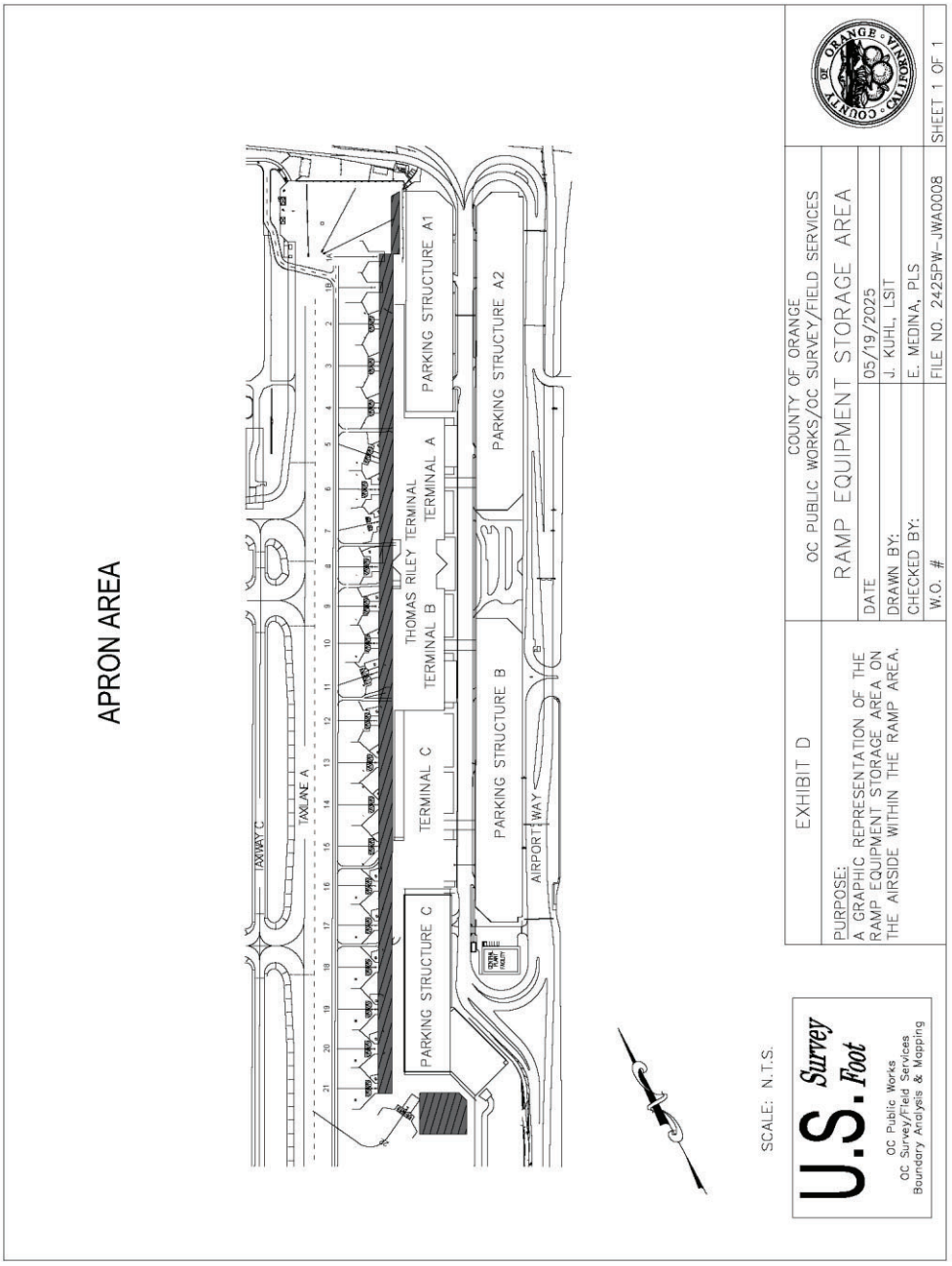
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AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

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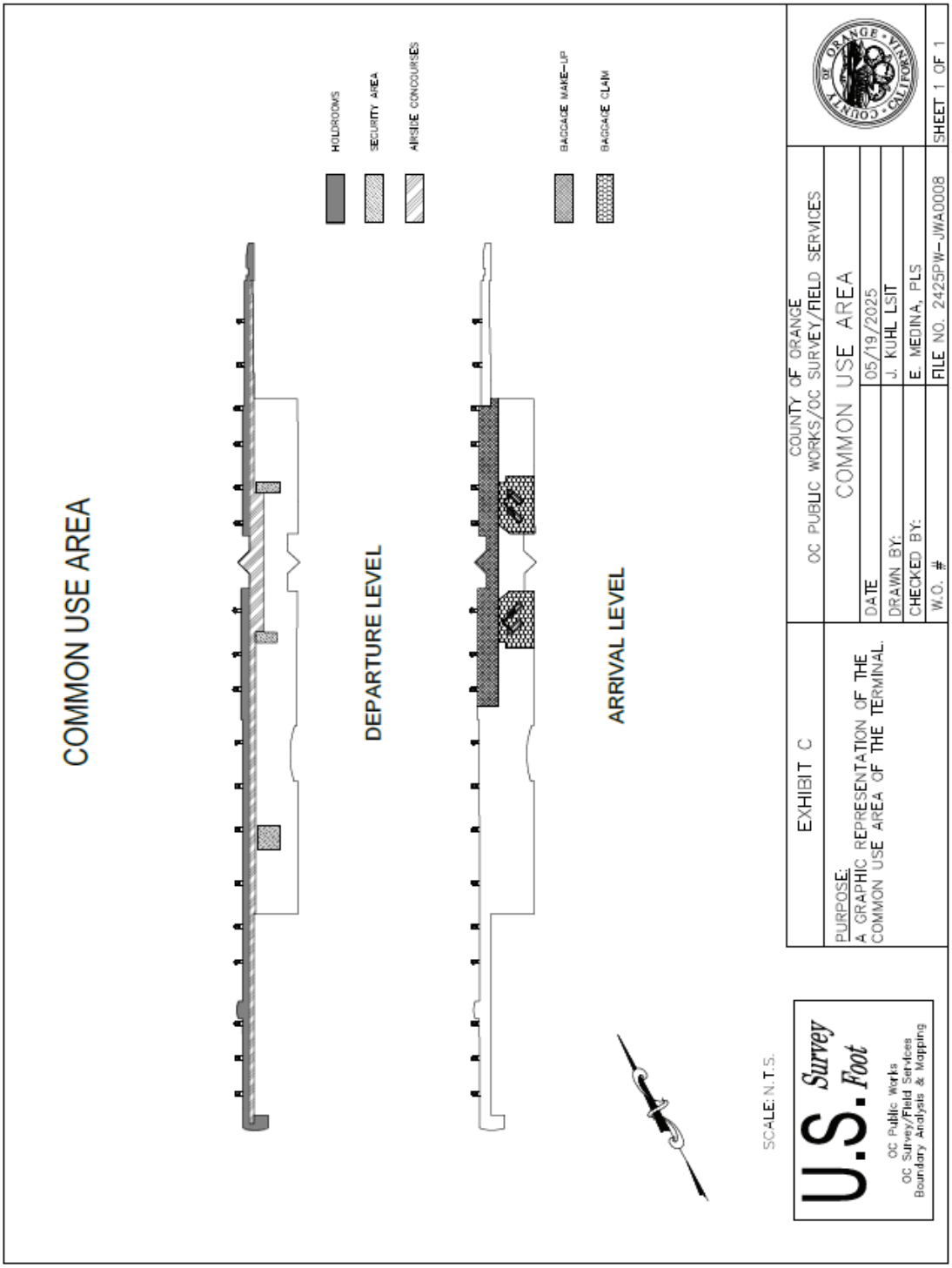
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT C
APRON AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT D
COMMON USE AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT E
JOHN WAYNE AIRPORT
SUMMARY OF OPERATION AND MAINTENANCE RESPONSIBILITIES

	Exclusive Use Areas	Common Use Areas	SIDA - Non Public Areas	Public Areas Sidewalks and Roadways	Airfield
Building Exteriors	C	C	C	C	C
Doors	A (1)	C (1)	C	C	-
Loading Bridges	C	C	C	-	C
Landscaping	-	C	C	C	C
Roadways	-	C	C	C	C
Law Enforcement, Fire Protection, Emergency Medical Services	C	C	C	C	C
Plumbing	C (1,2)	C	C	C	C
Electrical and Lighting	C (1,2)	C	C	C	C
HVAC	C (1)	C	C	C	C
Glass Breakage	C (1)	C	C	C	C
Communications Systems CU P PS	C (1)	C(1)	C	C	C
Custodial Service/Window Cleaning	A	C	C	C	C
Baggage Handling Systems	C	C	C	C	-
Bag-Claim Carousel Equipment	-	C	C	C	-
Baggage Scales (ticket counters)	C	C	-	-	-
People Movers (elevators, escalators)	C	C	C	C	-
Signage	A	C	C	C	C
Ramp	A	C (3)	C (3)	-	-

Key: A = Airline
C = County

1. Airline is responsible for maintenance, repair and replacement of Airline-installed devices and equipment.
2. Airline is responsible for routine maintenance, including relamping and ballast replacement.
3. Airline is responsible for cleaning ramp areas of trash and spills (from building to VSR).

If Airline fails to perform its maintenance and repair obligations as stated in the Lease, the County may perform the work after providing the Airline written notice and recover its entire cost plus a 15% charge from Airline as additional costs. Said cos ts shall be due and payable by the Airline to the County as stated in Article V, Section 5.07 of the Lease.

In the event the Airline makes any repairs or modifications to an area or equipment, at the request of the County, as per Section 4.01 subsection C of this Lease, and those areas or equipment are currently maintained by the County, the County will continue the maintenance responsibilities for those areas or equipment.

JOHN WAYNE AIRPORT
ORANGE COUNTY

AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

Dated _____

Between

County of Orange

and

Spirit Airlines, LLC.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

RECITALS 1
ARTICLE I - DEFINITIONS 2
SECTION 1.01 AAAC 2
SECTION 1.02 AAAC CHAIR 2
SECTION 1.03 ACCESS PLAN 2
SECTION 1.04 ADD 2
SECTION 1.05 AIRLINE RATES AND CHARGES 3
SECTION 1.06 AIRPORT 3
SECTION 1.07 AIRPORT DIRECTOR 3
SECTION 1.08 APRON AREA 3
SECTION 1.09 AUDITOR-CONTROLLER 3
SECTION 1.10 BOARD OF SUPERVISORS 3
SECTION 1.11 CBP 3
SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT 3
SECTION 1.13 COMMON USE AREA 3
SECTION 1.14 COUNTY 4
SECTION 1.15 CUPPS 4
SECTION 1.16 CUSS 4
SECTION 1.17 DOT 4
SECTION 1.18 EMV 4
SECTION 1.19 ENVIRONMENTAL LAWS 4
SECTION 1.20 EXCLUSIVE USE AREA 5
SECTION 1.21 FAA 5
SECTION 1.22 GSE 5
SECTION 1.23 HAZARDOUS SUBSTANCES 5
SECTION 1.24 IAF 6
SECTION 1.25 NON-STORMWATER DISCHARGE 6
SECTION 1.26 PFC 6
SECTION 1.27 POLLUTANT 6
SECTION 1.28 RON 7
SECTION 1.29 STORMWATER 7
SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES 7
SECTION 1.31 TERMINAL 7
SECTION 1.32 TSA 7
ARTICLE II – TERM OF LEASE 7
SECTION 2.01 TERM OF LEASE 7
SECTION 2.02 HOLDING OVER 7
SECTION 2.03 TERMINATION FOR CONVENIENCE 8
ARTICLE III – LEASED PREMISES 8
SECTION 3.01 LEASED PREMISES 8

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 3.02 NATURE OF AIRLINE'S ESTATE 9
SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES 9
ARTICLE IV - RENT, FEES AND CHARGES 9
SECTION 4.01 RENT, FEES AND CHARGES 9
SECTION 4.02 PAYMENT PROCEDURE 13
SECTION 4.03 CHARGE FOR LATE PAYMENT 14
SECTION 4.04 PASSENGER FACILITY CHARGE 14
SECTION 4.05 PROVISION AGAINST SET-OFFS 15
SECTION 4.06 SECURITY DEPOSIT 16
SECTION 4.07 NEW ENTRANT DEPOSIT 17
SECTION 4.08 MARKETING FUND FEE 17
ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES 18
SECTION 5.01 USE 18
SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES 19
SECTION 5.03 RULES AND REGULATIONS 19
SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE 20
SECTION 5.05 OPERATIONAL REQUIREMENTS 21
SECTION 5.06 RECORDS AND ACCOUNTS 22
SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS 25
SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON 27
SECTION 5.11 AIRCRAFT PARKING 27
SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT 30
SECTION 5.12 PORTER SERVICES 28
ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT 28
SECTION 6.01 COMMON USE EQUIPMENT 28
SECTION 6.02 COMMON USE EQUIPMENT STOCK 29
SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK 29
SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT 29
SECTION 6.06 NETWORK USAGE 30
SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES 32
SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES 32
ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION 33
SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE 33
SECTION 7.02 SPILL RESPONSE PLAN 34

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION 35
SECTION 7.04 ENVIRONMENTAL STEWARDSHIP 36
SECTION 7.05 RESERVED 38
SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION 38
SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS 39
SECTION 7.08 ANTI-IDLING POLICY 39
ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS 39
SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY 39
SECTION 8.02 IMPROVEMENTS BY THE AIRLINE 40
SECTION 8.03 AIRLINE REIMBURSEMENT 41
SECTION 8.04 EXCLUSIVE REMEDY 42
SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION 42
SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES 43
SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS 43
SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS 45
SECTION 8.09 HEALTH AND SAFETY 45
ARTICLE IX - ACCOMMODATION 46
SECTION 9.01 JOINT USE REQUIREMENT 46
ARTICLE X - ASSIGNMENT AND SUBLEASE 47
SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING 47
SECTION 10.02 SUCCESSORS IN INTEREST 50
ARTICLE XI - TERMINATION AND DEFAULT 50
SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS 51
SECTION 11.02 TERMINATION FOR DEFAULT 51
SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION 52
SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY 52
SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER 52
ARTICLE XII - SECURITY 52
SECTION 12.01 AIRPORT SECURITY 52
ARTICLE XIII - INSURANCE AND INDEMNITY 55
SECTION 13.01 INSURANCE 55
SECTION 13.02 INDEMNITY 59
ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS 59
SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION 60
SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT 63
SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A. 63
SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS . 64

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 14.05 FEDERAL LAW PREEMPTION 64
SECTION 14.06 NONEXCLUSIVE RIGHT 64
SECTION 14.07 WAR OR NATIONAL EMERGENCY 64
SECTION 14.08 RESERVED 64
SECTION 14.09 AMERICANS WITH DISABILITIES ACT 65
SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT 65
ARTICLE XV - MISCELLANEOUS PROVISIONS 65
SECTION 15.01 TIME 65
SECTION 15.02 LEASE ORGANIZATION 65
SECTION 15.03 AMENDMENTS 66
SECTION 15.04 SIGNS 66
SECTION 15.05 PERMITS AND LICENSES 66
SECTION 15.06 RESERVED 66
SECTION 15.07 TAXES AND ASSESSMENTS 66
SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE 67
SECTION 15.09 PARTIAL INVALIDITY 67
SECTION 15.10 WAIVER OF RIGHTS 67
SECTION 15.11 RESERVATIONS TO THE COUNTY 67
SECTION 15.12 AUTHORITY OF THE AIRLINE 68
SECTION 15.13 PUBLIC RECORDS 68
SECTION 15.14 RELATIONSHIP OF PARTIES 68
SECTION 15.15 GOVERNING LAW AND VENUE 69
SECTION 15.16 ATTORNEY'S FEES 69
SECTION 15.17 EMERGENCY SERVICES 69
SECTION 15.18 NOTICES 69

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

LIST OF EXHIBITS

EXHIBIT A LEASED PREMISES DESCRIPTION – TERMINAL EXCLUSIVE USE AREA

EXHIBIT B FLOOR PLAN OF LEASED PREMISES – TERMINAL EXCLUSIVE USE AREA

EXHIBIT C MAP OF APRON AREA

EXHIBIT D MAP COMMON USE AREA

EXHIBIT E AIRLINE MAINTENANCE OBLIGATIONS

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

THIS AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE ("LEASE") is made and entered into this ___ day of _____, 2025, by and between the COUNTY OF ORANGE, a political subdivision of the State of California ("COUNTY"), and Spirit Airlines, LLC. ("AIRLINE"), with COUNTY and AIRLINE sometimes individually referred to as "Party" or collectively referred to as "Parties."

RECITALS

WHEREAS, the COUNTY, through its Board of Supervisors, is the owner and proprietor of John Wayne Airport ("JWA" or "Airport"), located in the County of Orange, State of California, and operates and maintains the Airport as a governmental function for the primary purpose of providing air transportation to the public; and

WHEREAS, COUNTY and AIRLINE entered into a Certificated Passenger Airline Lease dated November 3, 2020, with a term effective January 1, 2021, through December 31, 2025 ("Existing Lease"); and

WHEREAS, the AIRLINE is engaged in the business of commercial air transportation of persons, property, cargo, and mail as a scheduled air carrier and is certificated or otherwise authorized by the United States of America to engage in such business; and

WHEREAS, the AIRLINE desires to enter into an agreement addressing certain premises, facilities, rights, licenses, services, and privileges at the Airport; and

WHEREAS, as part of its ongoing effort to operate the Airport in a manner sensitive to the residents who live under the Airport's approach and departure corridors, the COUNTY has developed one of the most stringent access and noise abatement programs in the country. The Airport monitors all aircraft operations, both commercial and private, for compliance with the program. These noise abatement and access restrictions derive from the 1985 Settlement Agreement between the COUNTY, City of Newport Beach, and other parties and are implemented through ordinances, resolutions (including Resolutions No. 85-255, 85-256, 85-259, 85-1231, 85-1232, and 85-1233), regulations (including the Phase 2 Commercial Airline Access Plan and Regulation) and policies of the COUNTY, as they may be amended from time to time; and

WHEREAS, the 1985 Settlement Agreement has been periodically amended by its parties to, among other things, increase the authorized passenger levels at the Airport; and

WHEREAS, the amendments to the 1985 Settlement Agreement preserve and continue to implement important restrictions on the use of JWA, "grandfathered" under the AIRPORT NOISE AND CAPACITY ACT OF 1990 ("ANCA"), which reflect and accommodate historical policy decisions of the Board of Supervisors regarding the appropriate point of balance between the competing interests of the air transportation and aviation community and local residents living in the vicinity of the Airport. These policy decisions address, among other issues, nighttime operational restrictions and maximum permitted single-event noise levels; and

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

WHEREAS, the COUNTY and the AIRLINE mutually desire to enter into this LEASE, which amends and restates the Existing Lease, in order to provide air transportation services to the community and its visitors through December 31, 2030; and

WHEREAS, the COUNTY has the right to permit and grant the use of its property at the Airport to the AIRLINE for the operation of the AIRLINE's air transportation services; and

WHEREAS, the AIRLINE acknowledges that this LEASE is being entered into under the provisions of CAL. PUBLIC UTIL. CODE §§21690.5 *et seq.*, and, in particular, §21690.9.

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained to be observed and performed by the respective Parties hereto:

THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I - DEFINITIONS

The following words, terms, and phrases, whenever used in this LEASE, shall have the meaning and significance attached to them in this Article unless otherwise apparent from context.

SECTION 1.01 AAAC

"AAAC" shall mean the JWA – Airport Airline Affairs Committee. The AAAC is composed of the airline properties representatives for the carriers serving JWA.

SECTION 1.02 AAAC CHAIR

"AAAC Chair" shall mean the Chairperson elected by the AAAC to act as the spokesperson for carriers serving JWA.

SECTION 1.03 ACCESS PLAN

"Access Plan" shall mean the Phase 2 Commercial Airline Access Plan and Regulation for John Wayne Airport, Orange County, as that plan existed when originally adopted and approved by the Orange County Board of Supervisors in 1990, as it has been amended by the Board of Supervisors from time to time, and as it may be amended by the Board of Supervisors at any time during the term of this LEASE.

SECTION 1.04 ADD

"ADD" shall mean Average Daily Departure, as defined in the Access Plan. Except as expressly provided in the Access Plan, all commercial air carrier departures at JWA are regulated departures and require an ADD allocation. ADD allocations are the exclusive property of the COUNTY.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 1.05 AIRLINE RATES AND CHARGES

"Airline Rates and Charges" shall mean all rates, fees, and charges payable to the COUNTY by the AIRLINE, as specified herein**.**

SECTION 1.06 AIRPORT

"Airport" shall mean the John Wayne Airport, Orange County, California.

SECTION 1.07 AIRPORT DIRECTOR

"Airport Director" shall mean the Director of JWA or his or her duly authorized designee.

SECTION 1.08 APRON AREA

"Apron Area" shall mean the land identified as Apron Area in Exhibit C attached hereto, and, except as otherwise provided herein, all facilities, equipment, and improvements now or hereafter located thereon.

SECTION 1.09 AUDITOR-CONTROLLER

"Auditor-Controller" shall mean the Auditor-Controller, County of Orange, or designee.

SECTION 1.10 BOARD OF SUPERVISORS

"Board of Supervisors" shall mean the COUNTY's governing body.

SECTION 1.11 CBP

"CBP" shall mean Customs and Border Protection, U.S. Department of Homeland Security.

SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT

"Certificated Maximum Landing Weight" shall mean the current maximum allowable gross landing weight of aircraft operated by the AIRLINE and certificated by the Federal Aviation Administration (FAA) for operation at the Airport.

SECTION 1.13 COMMON USE AREA

"Common Use Area" shall mean the nonexclusive use of space, in common with other airlines, located in the Terminal, as shown in Exhibit D.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 1.14 COUNTY

"COUNTY" shall mean the County of Orange, a political subdivision of the State of California.

SECTION 1.15 CUPPS

"CUPPS" shall mean the Airport's Common Use Passenger Processing System.

SECTION 1.16 CUSS

"CUSS" shall mean Common Use Self Service.

SECTION 1.17 DOT

"DOT" shall mean the U.S. Department of Transportation.

SECTION 1.18 EMV

"EMV" shall mean Europay, Mastercard, or Visa.

SECTION 1.19 ENVIRONMENTAL LAWS

“Environmental Laws” shall mean any federal, State, or local laws, statutes, ordinances, codes, judgments, orders, rules, or regulations pertaining to the environment and/or human health, Hazardous Substances, Pollutants, occupational safety and health, industrial hygiene, or the environmental conditions on, at, under or about the Airport, and includes, without limitation, the following: (i) the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; (ii) Clean Water Act, 33 U.S.C. § 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 C.F.R. Parts 173 and 175; (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 U.S.C. § 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 (“Proposition 65”); (ix) California Health and Safety Code §§25100, 25395.7, 25915 *et seq.*; (x) the Porter-Cologne Water Quality Control Act (California Water Code); (xi) California Civil Code § 3479 *et seq.*; (xii) Stormwater Discharge Rules, 40 C.F.R. §§ 122.26, 122.30-37; (xiii) the Carpenter-Presley-Tanner Hazardous Substances Account Act; (xiv) the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; (xv) the Safe Drinking Water Act, 24 U.S.C. § 300f, *et seq.*; xvi) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Industrial Activities, Order No. 2014-0057-DWQ (or most current); xvii) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, Order No. 2009-0009-DWQ amended by 2010-0014-DWQ & 2012-0006-DWQ; xviii) The County of Orange, Orange County Flood Control District, and The

Incorporated Cities of Orange County within the Santa Ana Region Areawide Urban Stormwater Runoff Orange County Municipal Separate Storm Sewer System (MS4) Permit Order No. R8-2009-0030 (National Pollutant Discharge Elimination System No. CAS618030) as amended by Order No. R8-2010-0062; xix) South Coast Air Quality Management District Regulations and Rules; and (xx) all other federal, State, and local laws, rules, orders, directives, and codes, regulations, judgments, and orders relating to (a) emissions, discharges, releases, and/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 (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Substances, as such laws are amended, and the regulations and administrative codes applicable thereto.

SECTION 1.20 EXCLUSIVE USE AREA

"Exclusive Use Area" shall mean the areas of the Terminal and on the Terminal Apron that the COUNTY has granted the AIRLINE the right to use on an exclusive-use basis, subject to the Joint Use Requirement, during the term of this LEASE. The AIRLINE's Exclusive Use Area is described in Exhibit A and shown in Exhibits B and C.

SECTION 1.21 FAA

"FAA" shall mean the Federal Aviation Administration created under the FEDERAL AVIATION ACT OF 1958 or such successor agency as may have similar jurisdiction over the AIRLINE or its business and the Airport.

SECTION 1.22 GSE

"GSE" shall mean Ground Service Equipment and include any auxiliary power unit, mobile stairs, aircraft support equipment, machinery, spare parts, or other equipment used or stored by any qualified air carrier or ground service provider in support of operations at JWA.

SECTION 1.23 HAZARDOUS SUBSTANCES

“Hazardous Substances” shall mean any pollutant, contaminant, chemical, compound, substance, hazardous or toxic substance, material, waste, and/or any other matter, which is or shall become regulated by any governmental entity, including, but not limited to COUNTY acting in its governmental capacity, the State of California, and/or the United States Government. 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, nuisance, and/or is controlled or governed under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos-containing materials; (iv) flammable or explosive substances; (v) mold-containing materials; poly-chlorinated biphenyl compounds; and/or (vi) substances designated by any governmental entity to cause cancer and/or reproductive toxicity.

SECTION 1.24 IAF

"IAF" shall mean the International Arrival Facility and include the areas of the Terminal that house U.S. Customs and Border Protection and are for the use of arriving international passengers.

SECTION 1.25 NON-STORMWATER DISCHARGE

"Non-Stormwater Discharge" shall mean any discharge to storm sewer systems that is not entirely composed of Stormwater. "Non-Stormwater Discharge" includes "Unauthorized Non-Stormwater Discharges" and "Authorized Non-Stormwater Discharges" as defined by the California Environmental Protection Agency State Water Resources Control Board's National Pollutant Discharge Elimination System General Permit for Discharges of Stormwater Associated with Industrial Activities and Construction Activities.

SECTION 1.26 PFC

"PFC" shall mean federally approved Passenger Facility Charges or passenger facility fees, as authorized by 49 U.S.C. §40117 and regulated by 14 C.F.R. Part 158, as such statute and regulation currently exist or as they may be amended during the term of this LEASE.

SECTION 1.27 POLLUTANT

“Pollutant” means any chemical, compound, substance, liquid, solid or semi-solid substance, or combination thereof, including but not limited to:

a. Artificial materials (such as floatable plastics, wood products or metal shavings);

b. Household waste (such as trash, paper, and plastics; cleaning chemicals, yard wastes, animal fecal materials, used oil and fluids from vehicles, lawnmowers, and other common household equipment);

c. Metals and nonmetals, including compounds of metals and nonmetals (such as cadmium, lead, zinc, copper, silver, nickel, chromium, cyanide, phosphorus, and arsenic) with characteristics that cause an adverse effect on living organisms;

d. Petroleum and related hydrocarbons (such as fuels, lubricants, surfactants, waste oils, solvents, coolants, and grease);

e. Substances having a pH less than 6.5 or greater than 8.6, or unusual coloration, turbidity, or odor;

f. Materials causing an increase in biochemical oxygen demand, chemical oxygen demand, or total organic carbon;

g. Materials that contain base/neutral or acid-extractable organic compounds;

h. Those pollutants defined in Section 1362(6) of the Federal Clean Water Act;

i. Any other constituent or material, including but not limited to pesticides, herbicides, fertilizers, fecal coliform, fecal streptococcus, or enterococcus, or eroded soils, sediment, and particulate materials in quantities that will interfere with or adversely affect the beneficial use of the receiving waters, flora or fauna of the State; and

j. Any substance listed under Health and Safety Code, §25316.

SECTION 1.28 RON

"RON" shall mean the remain overnight positions where the AIRLINE's aircraft are required to park when they "remain overnight" at JWA.

SECTION 1.29 STORMWATER

"Stormwater" shall mean stormwater runoff, snowmelt runoff, and stormwater surface runoff and drainage.

SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES

"Tenant Design and Construction Guidelines" shall mean the Tenant Criteria Manual, CAD Standards, BIM Standards Manual, and GIS Data Standard which can be found on the OCAIR.COM website.

SECTION 1.31 TERMINAL

"Terminal" shall mean the Thomas F. Riley commercial passenger terminal and concourses at JWA, as may be modified at any time during the term of this LEASE.

SECTION 1.32 TSA

"TSA" shall mean the Transportation Security Administration of the U.S. Department of Homeland Security, the federal agency responsible for regulation of airport security, or any such successor agency.

ARTICLE II – TERM OF LEASE

SECTION 2.01 TERM OF LEASE

The term of this LEASE shall commence on January 1, 2021, and expire on December 31, 2030.

SECTION 2.02 HOLDING OVER

In the event the AIRLINE shall continue in possession of the Leased Premises after the term of this LEASE, such possession shall not be considered an extension or renewal of this LEASE but

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a tenancy from month-to-month and shall be governed by the conditions and covenants contained in this LEASE.

SECTION 2.03 TERMINATION FOR CONVENIENCE

This LEASE may be terminated for convenience by either Party for any reason and without cause upon ninety (90) days' written notice.

ARTICLE III – LEASED PREMISES

SECTION 3.01 LEASED PREMISES

The COUNTY leases to the AIRLINE that certain property hereinafter referred to as "Leased Premises." Said premises shall be leased to the AIRLINE in "as-is" condition and shall consist of the following:

A. **Exclusive Use Area**. Exclusive use of the space, subject to the requirements set forth in Section 9.01 of this LEASE entitled "JOINT USE REQUIREMENT," located in the Terminal and on the Apron and Airfield, as described on Exhibit A and shown in Exhibits B and C, which exhibits are attached hereto and by reference made a part hereof and hereinafter referred to as "Exclusive Use Area."

B. **Common Use Area**. Nonexclusive use, in common with other airlines, of space located in the Terminal as shown on Exhibit D, which exhibit is attached hereto and by reference made a part hereof, and hereinafter referred to as "Common Use Areas." Common Use Areas include:

(1) Baggage Claim and Baggage Make-up Areas;

(2) Hold rooms (departure lounges);

(3) Airside Concourses;

(4) Landside Concourses;

(5) Loading Bridges

(6) Baggage and Passenger Screening Areas;

(7) Security Areas.

The use of these Common Use Areas shall be subject to the reasonable control and regulation of the Airport Director.

SECTION 3.02 NATURE OF AIRLINE'S ESTATE

The AIRLINE acknowledges and agrees:

A. That the COUNTY has granted to the AIRLINE a leasehold interest in the Leased Premises only.

B. That the COUNTY retains a fee ownership for federal income tax purposes in and to the Leased Premises, as well as all other ownership burdens and benefits connected with such fee ownership.

C. That the AIRLINE has not been granted any direct or indirect right or option to purchase the Leased Premises from the COUNTY at any time during or after the termination of this LEASE.

SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES

The AIRLINE shall not install equipment of any kind outside the Leased Premises unless authorized in writing by the Airport Director and/or designee prior to installation.

ARTICLE IV - RENT, FEES AND CHARGES

SECTION 4.01 RENT, FEES AND CHARGES

The rents, fees, and charges contained in this LEASE are established in accordance with (i) Resolution 02-062 dated March 12, 2002 (or as subsequently amended), which reasserts and establishes the John Wayne Airport Revenue Planning Policy, and (ii) the Bond Indenture for the Airport Revenue Bonds, Series 1987, and the First Supplemental, Second Supplemental, Third Supplemental, Fourth Supplemental, Fifth Supplemental, and Sixth Supplemental Indenture Series 1993, 1997, 2003, 2009 and 2019, as well as any future bond indentures or supplemental indentures that may be issued or adopted from time to time. The Airport Director and the AAAC Chair shall present any modifications to the rents, fees, and charges to the AAAC prior to implementation.

A. The AIRLINE shall make payment of the following rents, fees, and charges, which shall be due and payable monthly in advance on the first day of each month with a 15-day grace period, and the AIRLINE agrees that the COUNTY will not invoice for such rents, fees, and charges:

(1) **Exclusive Use Areas**

(a) Terminal Building. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use terminal space.

Exclusive use terminal space consists of the airline ticket counter, airline ticket office, baggage service office, and operations/ramp office.

For the purpose of calculating terminal building rent, the AIRLINE's Exclusive Use Area(s) of the terminal building contains the square feet described in Exhibit A and shown in Exhibit B.

(b) Terminal Apron. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use of terminal apron space used for GSE. For purposes of calculating terminal apron rent, the AIRLINE's Exclusive Use Area(s) of the apron contains the square feet shown on Exhibit C. Exhibit C may be modified at any time by Airport Director.

(c) Airport Tenant Improvement Amortization Schedule. The AIRLINE shall reimburse the COUNTY for tenant improvement by the COUNTY based on the amortization schedule established by the Airport Director.

(2) **Common Use Areas**

(a) Arrival Level. The COUNTY shall establish fees for shared use of baggage claim and baggage make-up areas. Said fees shall be established on the basis of allocating the Airport's total costs and expenses associated with the baggage claim and baggage make-up areas to the commercial airlines in the terminal accordingly: twenty percent (20%) of the costs to be shared evenly among the commercial airlines and eighty percent (80%) of the costs to be shared based on each commercial airline's percentage of total deplaned passengers at the Airport, including their commuter affiliates.

(b) Departure Level. The COUNTY shall establish fees for shared use of departure level common areas, including hold-rooms, airside concourses, baggage/passenger screening areas, and security areas. Said fees shall be established by allocating the Airport's total costs and expenses associated with departure level common areas accordingly: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

The COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Modifications may include fee revisions, the establishment of new fee classifications, or such

other changes as needed to respond to the AIRLINE's use of the Airport. At the end of each modification period, the COUNTY shall establish monthly fees and issue credits for any overpayments by the AIRLINE or invoice the AIRLINE for any underpayments for the previous period.

In the event an obligation to pay fees begins or terminates on some day other than the first or last day of the month, the fees shall be prorated to reflect the actual period of use based on a thirty (30) day month. The fees for any partial calendar month during which this LEASE becomes effective will be payable on such effective date.

(c) IAF. Fees shall be established by the COUNTY for shared use of the IAF. Said fees shall be established based on the Airport's total costs and expenses associated with the IAF area. The IAF fees shall be allocated to commercial carriers operating international flights according to the carrier's ratio of international deplaned passengers and the fee schedule established by the COUNTY.

(d) CBP. Costs shall be passed through to commercial carriers operating international flights based on international deplaned passengers at JWA and the fee schedule established by the COUNTY.

(e) CUPPS. Fees shall be established by the COUNTY for the implementation, maintenance, support, services and supplies, and periodic upgrades of the Common Use Passenger Processing System (CUPPS). Said fees shall be established and allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

In the event of future CUPPS upgrade implementation due to technological requirements or regulatory compliance, the cost of CUPPS upgrade shall be amortized over three years, allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each airlines percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

(1) The JWA CUPPS has EMV credit card capability. JWA will not activate this capability until the JWA AAAC agrees to its activation, in whole or in part, using a processing system acceptable to the affected airlines and JWA.

(2) In the event AIRLINE does not use JWA's installed EMV credit card chip processing system, the COUNTY will not be liable for fraudulent credit card transactions by AIRLINE customers, and AIRLINE shall indemnify the COUNTY pursuant to Section 13.02 of this LEASE for such transactions.

(3) **Additional Fees**

The COUNTY shall establish additional fees including, but not limited to, utility expenses, janitorial expenses, and annual security expenses resulting from any security measures implemented after September 11, 2001. Such fees shall be established annually by allocating the Airport's total cost accordingly: ten percent (10%) of the cost to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the cost to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

B. The AIRLINE shall pay the following fees and charges payable monthly in arrears on or before the twentieth (20th) day of each month with no grace period. The AIRLINE agrees that the COUNTY will not invoice for the following fees and charges and may require the AIRLINE to submit future monthly reports electronically via JWA's portal and prescribed format. Airport will make reasonable efforts to develop an electronic format that allows AIRLINE to report requested information efficiently.

(1) Landing fees based on the latest schedule established by the COUNTY covering the operation of scheduled airlines and commercial operations at the Airport. Landing fees shall be expressed in terms of a rate per one thousand (1,000) pounds of maximum gross landing weight of aircraft certified by the FAA.

(2) Aircraft RON parking fees based on the latest schedule established by the COUNTY. Aircraft parking fees shall be expressed in dollars per night.

(3) Operations fees (gate use fees) based on the schedule established by the COUNTY. Operations fees shall be expressed in dollars per daily departure.

Upon thirty (30) days' written notice from the Airport Director, the COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Changes may include fee revisions, establishment of new fee classifications, or such other changes as needed to respond to the AIRLINE's use of the Airport, the need for the COUNTY to receive fair and equitable rents, fees, and charges for all uses of the Airport, and to ensure the Airport is operated at no cost to the local taxpayer. With regard to any dispute as to what may constitute reasonable rents, fees, and charges, the AIRLINE shall first exhaust all remedies provided by applicable federal law and FAA regulations. At the end of each modification period, the COUNTY shall establish monthly fees and apply any underpayments or overpayments by the AIRLINE to the subsequent rates and charges period. At the discretion of the COUNTY, overpayments may be refunded via credit memo and underpayments may be invoiced.

C. Based upon prior written agreement between the AIRLINE and the COUNTY, the AIRLINE may pay for facilities repairs or modifications that would normally be the responsibility of the COUNTY. Costs for such repairs or modifications shall be deducted from the AIRLINE rent by the COUNTY upon submittal to the COUNTY of invoices, receipts, statements, or other documentation acceptable to the COUNTY for said repairs or modifications. All invoices, receipts, statements, or other documentation shall include a detailed description of the nature of the work performed and the associated costs. Upon completion of all repairs or modifications, the AIRLINE shall submit to the COUNTY a written request for rent credit and all documentation for the repairs or modifications.

Notwithstanding anything in this LEASE to the contrary, all amounts payable by the AIRLINE to or on behalf of the COUNTY under this LEASE, whether or not expressly denominated as rent, shall constitute rent for the purposes of the U.S. BANKRUPTCY CODE, 11 U.S.C. §502(b)(6).

The AIRLINE shall notify the Airport in writing within thirty (30) days of filing a petition for bankruptcy.

SECTION 4.02 PAYMENT PROCEDURE

A. **Place of Payment and Filing**. Payments and statements required by Sections 4.01, 4.08, and 5.06 in this LEASE shall be delivered to the County of Orange, Office of the Auditor-Controller, John Wayne Airport Accounting Services, 3160 Airway Avenue, Costa Mesa, California 92626. The designated place of payment and filing may be changed at any time by the COUNTY upon ten (10) days' written notice to the AIRLINE. Payments may be remitted by automated clearing house (ACH) deposit to the COUNTY's designated bank account or made by check payable to the County of Orange. The AIRLINE assumes all risk of loss if payments are made by mail.

B. **Form of Payment**. All sums due under this LEASE shall be paid in lawful money of the United States of America without offset, deduction, or prior notice or demand. No payment by the AIRLINE or receipt by the COUNTY of a lesser amount than the payment due shall

be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and the COUNTY shall accept such check or payment without prejudice to the COUNTY's right to recover the balance of the amount due or pursue any other remedy in this LEASE. All electronic payments must be remitted by Automated Clearing House (ACH) deposit to the COUNTY's designated bank account, or any future mode prescribed by the COUNTY. Any fees assessed to the COUNTY's bank account due to the use of another form of payment (e.g., wire transfer) not prescribed or approved by the COUNTY shall be passed through to AIRLINE plus a twenty-five dollars ($25.00) processing fee.

C. **Penalty for NSF Check** In the event a check submitted by AIRLINE is returned for non-sufficient funds ("NSF"), the AIRLINE agrees to pay the COUNTY a service charge in the amount of twenty-five dollars ($25) for the first returned check, and thirty-five dollars ($35) for each subsequent check. AIRLINE may also be liable for treble damages pursuant to California Civil Code Section 1719.

SECTION 4.03 CHARGE FOR LATE PAYMENT

The AIRLINE hereby acknowledges that the late payment of rent or any other sums due hereunder will cause the COUNTY to incur costs not contemplated by this LEASE, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices, increased accounting costs, or lost interest income.

Accordingly, if any payment of rent as specified in Section 4.01 in this LEASE or of any other sum due the COUNTY is not received by the COUNTY by the due date, a late charge of one and one-half percent (1.5%) of the payment due shall be added to the payment, and the total sum shall become immediately due and payable to the COUNTY. An additional charge of one and one-half percent (1.5%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

The AIRLINE and the COUNTY hereby agree that such late charges represent a fair and reasonable estimate of the costs that the COUNTY will incur by reason of the AIRLINE's late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by the COUNTY shall in no event constitute a waiver of the AIRLINE's default with respect to such overdue payment or prevent the COUNTY from exercising any of the other rights and remedies granted hereunder.

SECTION 4.04 PASSENGER FACILITY CHARGE

The COUNTY expressly reserves the right to impose PFCs on airline passengers for the use of the Airport in accordance with 49 U.S.C. §40117 and applicable implementing regulations adopted by

the FAA, including 14 C.F.R. Part 158, as they may be amended from time to time (the "PFC Regulations").

The AIRLINE shall hold in trust for the COUNTY the net principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY. For the purposes of Section 4.04, net principal amount shall mean the total principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY, reduced by any amount that the AIRLINE is permitted to retain pursuant to 49 U.S.C. §40117 and the PFC Regulations. Monthly PFCs collected by the AIRLINE shall be remitted to the COUNTY no later than the last day of the following calendar month or, if that date falls on a weekend or holiday, the first business day thereafter. In addition, PFCs collected by the AIRLINE shall be remitted to the COUNTY at the address specified in Section 4.02, Part A, "Place of Payment and Filing" or at such other place as designated by the COUNTY.

Should the AIRLINE fail to remit the net principal amount of all PFCs to the COUNTY within five (5) days following the remittance date specified above, the AIRLINE shall be deemed to be in default pursuant to Article XI hereof. In addition, any late payment of PFCs shall be subject to late fees computed at the rate of one and one-half percent (1.5%) per month of the payment due and/or the highest rate allowable under applicable state law from the due date until paid in accordance with Section 4.03 of this LEASE.

Nothing contained herein shall be construed to supersede the rights and obligations provided in 14 C.F.R. Part 158 regarding PFCs. In the event that a conflict exists between such federal regulation and this agreement, the federal regulation shall govern.

Reporting and Auditing Requirement: Airlines are required to comply with Part 158 Subpart D Reporting, Recordkeeping and Audits of PFC accounts maintained by the collecting carriers, specifically refer to Part §158.65, §158.69 and §158.71. The PFC report must be filed by the last day of the month following the calendar quarter by the collecting carrier to the County/Airport. The collecting air carrier's quarterly report must state:

(i) The collecting air carrier and airport involved
(ii) The total PFC revenue collected
(iii) The total PFC revenue refunded to passengers
(iv) The collected revenue withheld for reimbursement of expenses under §158.53
(v) The dates and amounts of each remittance for the quarter

SECTION 4.05 PROVISION AGAINST SET-OFFS

It is the obligation of the AIRLINE to pay all fees and charges, free of any set-offs or claims, in the amount and at the times specified in this LEASE. In the event that the AIRLINE desires to contest the validity or amount of any such fees and charges, the AIRLINE shall first pay the same to the COUNTY and may then seek a refund in any appropriate forum.

SECTION 4.06 SECURITY DEPOSIT

The AIRLINE, prior to the commencement of operations, shall deposit with the COUNTY a security deposit approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director ("Security Deposit").

Concurrently with each revision of the rent pursuant to Section 4.01 in this LEASE, the Security Deposit to be provided by the AIRLINE shall be adjusted to approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director to guarantee the faithful performance by the AIRLINE of its obligations under this LEASE and the payment of all rents, fees, and charges due hereunder. In no event shall the amount of the Security Deposit be less than the existing Security Deposit. The amount of the Security Deposit will not be increased unless the adjusted Security Deposit is equal to or more than one hundred twenty percent (120%) of the prevailing Security Deposit. PFCs shall be excluded from the rents, fees, and charges used to determine the AIRLINE's Security Deposit.

The Security Deposit shall take one of the forms set out below and shall guarantee the AIRLINE's full and faithful performance of all the terms, covenants, and conditions of this LEASE:

A. A Letter of Credit from one or more financial institutions, subject to regulation by the State of California or Federal government, pledging that funds necessary to secure performance of the terms, covenants, and conditions of this LEASE are on deposit and guaranteed for payment, and agreeing that said funds shall be trust funds securing AIRLINE'S performance and that all or any part shall be paid to COUNTY, or order upon demand by Airport Director. Both the financial institution(s) and the form of the instrument(s) must be approved by Airport Director, or designee. The financial institution shall have a minimum long-term credit rating by two of the three Nationally Recognized Statistical Rating Organizations (NRSROs): Moody's (AA3), S&P Global (AA-), and Fitch (AA-).

B. A Faithful Performance Bond executed by a surety company or financial institution qualified and admitted to do business in the State of California and issued in a form approved by the COUNTY. The surety company must have a minimum A. M. Best rating of A-/VIII as determined by the most current edition of ambest.com. Under the bond, the surety company shall guarantee to COUNTY full and complete performance of all the terms, conditions and covenants herein to be performed on the part of AIRLINE, including the payment of use fees as well as any and all other payments. Said bond shall be maintained at the cost of AIRLINE throughout the existence of this LEASE. Said Surety shall give Airport Director or designee a minimum thirty (30) days' prior written notice of cancellation or material change in said bond. Such cancellation or material change without Airport Director's or designee's prior written consent shall constitute a default under this LEASE.

Regardless of the form in which the AIRLINE elects to make said Security Deposit, all or any portion of the principal sum shall be available unconditionally to the COUNTY for correcting any

default or breach of this LEASE by the AIRLINE, its successors or assigns, or for payment of expenses incurred by the COUNTY as a result of the failure of the AIRLINE, its successors or assigns, to faithfully perform all terms, covenants, and conditions of this LEASE.

Should the AIRLINE elect to provide either a Letter of Credit or a Faithful Performance Bond to fulfill the Security Deposit requirements of this LEASE, said Letter of Credit or bond shall have the effect of releasing the depository or creditor therein from liability on account of the payment of any or all of the principal sum to the COUNTY, or order upon demand by the Airport Director.

In the event the Airport Director withdraws all or any portion of the Security Deposit as provided herein, the AIRLINE shall, within ten (10) days of any withdrawal by the Airport Director, replenish the Security Deposit to maintain it at amounts herein required throughout the term of this LEASE. Failure to do so shall be deemed a default and shall be grounds for immediate termination of this LEASE as per Article XI of this LEASE.

The AIRLINE shall be obligated to maintain the Security Deposit in effect until the expiration date or earlier termination of this LEASE.

The Security Deposit, after deduction of all amounts due the COUNTY, shall be rebated, reassigned, released or endorsed by the COUNTY to the AIRLINE or order, as applicable, after one hundred twenty (120) days have elapsed, or at an earlier time to be determined by the Airport Director, following the expiration date of the term of this LEASE, provided the AIRLINE has fully and faithfully performed each and every term, covenant, and condition of this LEASE.

SECTION 4.07 NEW ENTRANT DEPOSIT

A cash security deposit in the sum of FIVE HUNDRED THOUSAND DOLLARS ($500,000.00) shall be provided by a new entrant AIRLINE prior to the commencement of operations.

This deposit shall be returned to the new entrant AIRLINE after six (6) months of continuous operation.

SECTION 4.08 MARKETING FUND FEE

The COUNTY has established a marketing fund for the Airport to conduct sales promotions, Airport-wide advertising, and related activities intended to promote the Airport and its tenants. Commencing January 1 of each calendar year, AIRLINE shall be required to make an annual marketing fund payment in the amount of ten thousand dollars ($10,000.00). AIRLINE agrees to pay this amount on or before January 1 of each year. All monies received by the Airport for the marketing fund shall be used solely for the purpose of Airport tenants' promotions and directly related expenses. In the event any year of this LEASE contains less than 12 months, AIRLINE shall pay a pro-rata portion of the annual amount corresponding to the number of months remaining in that calendar year.

For example, if the LEASE commenced on November 1, AIRLINE would pay the monthly pro-rata portion ($833.33 per month) of the annual marketing fund amount for November and December (totaling $1,666.66). Then, commencing on January 1, AIRLINE would make the full annual marketing fund payment of $10,000.00. Should the LEASE expire on September 15, AIRLINE would pay a pro-rata portion of the annual amount for the months of January through September.

ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES

SECTION 5.01 USE

The AIRLINE's use of the Leased Premises and its operations shall be limited to conducting a scheduled commercial airline operation. Subject to the limitations set forth in this Section and Sections 5.03, 5.04, 5.05, and 9.01 in this LEASE, AIRLINE'S operations are subject to the following authorized uses:

A. Loading and unloading of passengers.

B. Loading and unloading of baggage.

C. Passenger processing operations.

D. Flight operations office.

E. The AIRLINE shall have the right to have its aircraft and other equipment serviced by suppliers of its choice. Such suppliers may provide materials and services, including, but not limited to, aviation fuel, ground vehicle fuel, lubricating oil, greases, parts, and all other materials and supplies and services required by AIRLINE in the conduct of its air transportation service.

F. Mail, freight, and cargo operations, but only when such activity is incidental to, and conducted in connection with, regularly scheduled commercial passenger operations. The AIRLINE shall not conduct any operations at the Airport with aircraft which are:

1) Used at the Airport exclusively or primarily for mail, freight, or cargo services; or

2) Which have been modified in any manner for the purpose or the primary effect of reducing the passenger carrying capacity and increasing the cargo or freight carrying capacity of the aircraft.

G. Air charter activities in compliance with Access Plan.

H. Commissary services for the AIRLINE's employees at the Airport and in-flight catering services in support of the AIRLINE's air operations at the Airport. This does not permit

the AIRLINE to conduct commissary or in-flight services for any other airline or other person at the Airport without first obtaining a separate license to allow commissary or in-flight services for other airlines.

I. Handling of other airlines' operations and ticketing pursuant to Section 9.01 in this LEASE.

J. Employee training incidental to the other uses permitted under this Section.

K. Areas identified on the attached "Exhibits A, B, and C" as the AIRLINE Ticket Counter, AIRLINE Ticket Office, Baggage Service Office, Ramp/Operations Office, and Apron Equipment Storage are strictly limited to their identified uses.

L. Other uses as authorized by the Airport Director.

SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES

The COUNTY grants the AIRLINE a license for the nonexclusive use of all public Airport facilities including, but not limited to, taxiways, runways, navigational aids, and facilities relating thereto for purposes of landings, takeoffs, and taxiing of the AIRLINE's aircraft. All such use shall be in accordance with the laws of the United States of America, State of California, and the rules and regulations promulgated by their authority with reference to aviation and air navigation, and in accordance with all reasonable and applicable rules, regulations, and ordinances of the COUNTY now in force or hereafter prescribed or promulgated by ordinance or by law, including the Access Plan. The use of these areas shall be subject to the control and regulation of the Airport Director.

This license for non-exclusive use is subject to all rights reserved by the COUNTY to license, permit, authorize, regulate, and relocate concessionaires and other Airport tenants, including but not limited to booths, counters, offices, lockers, and wall space.

SECTION 5.03 RULES AND REGULATIONS

The COUNTY may adopt and enforce “Airport Rules and Regulations” that the AIRLINE agrees to observe and obey with respect to the use of the Airport and its appurtenances, facilities, improvements, equipment, and services, provided that such rules and regulations shall not be inconsistent with safety, with applicable rules, regulations and orders including those of the FAA and TSA with respect to all operations of the Airport, and with the terms of and AIRLINE’s rights under this LEASE. Except in the case of emergency, the COUNTY shall give the AIRLINE written notice and opportunity to comment on any proposed changes or additions to the Airport Rules and Regulations that could impact the AIRLINE's operations at the Airport before such proposed rules and regulations are adopted by the COUNTY. If requested, the COUNTY shall promptly provide a copy of such Airport Rules and Regulations to the AIRLINE.

The AIRLINE's operations under this LEASE shall comply with all Airport Rules and Regulations and shall observe, obey, comply with, and not otherwise hinder or obstruct any and all rules, regulations, laws, ordinances, statutes, or orders of any governmental authority, whether federal, state, or local, lawfully exercising authority over the Airport or the activities thereon, including compliance with FAA, TSA, and Airport security rules, regulations and plans.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines, or penalties of any nature whatsoever that may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE's operation under this LEASE, including, but not limited to, the payment of any fines or penalties for any breach of security, arising from the unauthorized entry of any person or vehicle onto the Airport or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE's operation under this LEASE.

The COUNTY shall not be liable to the AIRLINE for any diminution or deprivation of possession, or of its rights hereunder, on account of the exercise of such right or authority provided in this LEASE, nor shall the AIRLINE be entitled to terminate the whole or any portion of the leasehold estate herein created by reason of the exercise of such right or authority, unless the exercise thereof shall so interfere with the AIRLINE's use and occupancy of the Leased Premises so as to constitute a termination in whole or in part of this LEASE by operation of law in accordance with the laws of the State of California.

SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE

The AIRLINE agrees that:

A. Notwithstanding any provision in this LEASE to the contrary, the AIRLINE shall conduct all of its operations and activities at the Airport in strict conformity with the Access Plan and each of its regulations and limitations on the AIRLINE's activities and operations at the Airport.

B. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are privileges that may be revoked or modified by the COUNTY at any time during the term of this LEASE, and that such privileges do not constitute property rights of the AIRLINE.

C. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are not transferable, assignable, or delegable by the AIRLINE to any other person or entity by operation of law or otherwise, and that such allocations and other operating privileges may not be pledged, hypothecated or encumbered by the AIRLINE at any time for any purpose.

D. The remedies specified in the Access Plan for any Access Plan violation by the AIRLINE are not the exclusive remedies of the COUNTY, but shall constitute additional nonexclusive remedies that the COUNTY may enforce separately or cumulatively with other remedies under the enforcement provisions of this LEASE.

E. The AIRLINE shall not at any time, or for any reason, make any assertion to any court, administrative agency, administrative tribunal, or other similar forum that is in any respect inconsistent with the terms and provisions of this Section, except that nothing in this Section shall prevent the AIRLINE from making any argument or asserting any position to the COUNTY, as applicable, in connection with any action by the COUNTY to revoke or modify allocations of operating privileges or any amendments to the Access Plan.

F. All provisions of Section 5.01 and Article XI in this LEASE are subject to the terms, provisions, and limitations of this Section.

SECTION 5.05 OPERATIONAL REQUIREMENTS

The AIRLINE agrees to abide by the following operational conditions and requirements:

A. **Flight Operations and Reallocations**. The number of allocated ADDs, including "regularly scheduled," "charter," "maintenance, and "cargo," shall not exceed the number of departures authorized and allocated to the AIRLINE under the Access Plan. In addition to any and all remedies available to the COUNTY under this LEASE and all provisions of the Access Plan, the COUNTY may reallocate ADDs or other operating privileges granted to the AIRLINE under the provisions of the Access Plan. The AIRLINE shall not operate at JWA unless it conducts its operations with ADDs, allocated seat capacity, or other Authorized Departures directly and formally allocated to the AIRLINE by action of the Board of Supervisors; the AIRLINE conducts all of its operations with aircraft that have been certified for operation at the Airport consistent with Access Plan requirements; and, the AIRLINE has met all other applicable COUNTY requirements.

B. **Hours of Operation**. Except as expressly authorized, the AIRLINE's aircraft shall not depart from the Airport between the hours of 10:00 p.m. and 7:00 a.m. (8:00 a.m. on Sundays) and shall not arrive at the Airport between the hours of 11:00 p.m. and 7:00 a.m. (8:00 a.m. Sundays), as measured at any JWA noise monitoring station. All times shown are Pacific Time.

The AIRLINE acknowledges that the COUNTY may, by regulation, permit some operations by general aviation (nonscheduled, noncommercial) users of the Airport during the nighttime hours with certain specific aircraft types that have noise characteristics similar to the noise characteristics of aircraft that can operate as "Class E" aircraft, as that term is defined in the Access Plan. The AIRLINE does now, or may during the term of this LEASE, operate Class E aircraft at the Airport; nevertheless, the AIRLINE agrees that

the limitations on hours of operations contained in this Section shall be applicable to all of its operations at the Airport, including its Class E operations.

The AIRLINE further acknowledges that there is a rational basis for the COUNTY to distinguish between general aviation operations and regularly scheduled operations by Class E (or noise equivalent) aircraft during the nighttime hours and that this distinction does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The COUNTY agrees that this provision is, and during the term of this LEASE shall be, included in all leases, operating agreements, or other service operating agreements between the COUNTY and any person conducting regularly scheduled commercial operations at the Airport.

C. **Aircraft Types**. The AIRLINE agrees that it will not operate any aircraft at the Airport unless and until that aircraft type has been certified and qualified for operation by the COUNTY in accordance with the provisions and procedures of the Access Plan. The AIRLINE further agrees that it will abide by all aircraft-type restrictions and limitations contained in the Access Plan, as amended, or as it may hereafter be amended, and any other restrictions on aircraft types which may hereafter be adopted by the Board of Supervisors of the County of Orange.

D. **Gate Management.** AIRLINE agrees to utilize gate management software, access/equipment provided by Airport, to upload and maintain current daily arrival and departure information for aircraft operations to jetbridge/hardstand gates and RONs utilized by AIRLINE. Airport will make reasonable efforts to develop gate management software that allows for efficient uploading and maintaining of current daily arrival and departure information by AIRLINE.

E. **Noninterference**. The AIRLINE shall cooperate with and not interfere with the COUNTY's and other airlines' use of and operations at the Airport. The AIRLINE shall not place any ropes, barricades, and/or stanchions on the public or Common Use Area without prior written approval of the Airport Director.

F. **Disposal of Refuse from International Operations**. Airlines operating international service shall contract with a CBP-approved vendor for the disposal of refuse from arriving international flights.

SECTION 5.06 RECORDS AND ACCOUNTS

A. **Records**. The AIRLINE shall at all times keep true and complete records of all transactions in the operation of all business activities, of whatever nature, conducted in pursuance of the rights granted by this LEASE. The AIRLINE shall maintain such records for a period of five (5) years beyond the expiration or earlier termination of this LEASE.

B. **Reports**. The AIRLINE shall provide to the Auditor-Controller and the Airport Director at the end of each calendar month, on forms to be supplied by the COUNTY, statistical information respecting the AIRLINE's operations at the Airport, including, but not limited to, the total number of all aircraft operations conducted by the AIRLINE; the total combined certificated gross landing weight of all such aircraft operations; the total number of enplaned, deplaned and through passengers; the total number of pounds of airmail, cargo and express mail enplaned and deplaned; and the total number of aircraft stored daily and monthly at the Airport. Such reports shall be submitted to the Airport Director no later than fifteen (15) calendar days following the last day of each month. The AIRLINE must attest that the list is an accurate representation of the AIRLINE's activity for the month.

The AIRLINE shall also provide to the Airport Director, for each day, a copy of the AIRLINE's flight dispatch logs or a listing made from such logs, certified as correct by a responsible station manager or dispatcher, showing the type of equipment used for each flight and the actual takeoff and landing times, and not gate times. Said copy of logs or listing shall be made available for each day's activities by noon (12:00 p.m., Pacific Time) of the following day.

C. **Audits**. All the AIRLINE's records and supporting source documents related to rates and fees in this LEASE or business operations conducted within or from the Leased Premises shall be kept and made available to the COUNTY at one location within the geographical limits of the COUNTY or shall be made available at offices in the COUNTY within ten (10) working days after written notice to produce said records and source documents. The COUNTY shall, through its duly authorized agents or representatives, have the right to examine and audit said records and supporting source documents at any and all reasonable times, as set out herein, for the purpose of determining the accuracy thereof and of the monthly statements to the COUNTY.

The COUNTY, upon request of the AIRLINE, may authorize the above-referenced records and supporting source documents to be kept in a single location outside the limits of the COUNTY provided the AIRLINE shall agree to pay all expenses including, but not limited to transportation, food and lodging necessary for the COUNTY to send a representative to audit said records. Said right shall not, unless determined necessary by the COUNTY, be exercised by the COUNTY more than once each accounting year.

The full cost of said audit, as determined by the COUNTY, shall be borne by the AIRLINE if either or both of the following conditions exist:

(1) The audit reveals an underpayment of more than two percent (2%) between the rents and fees due as reported and paid by the AIRLINE in accordance with this LEASE and the rent due as determined by said audit; and/or

(2) The AIRLINE has failed to maintain true and complete records and supporting source documents in accordance with paragraph A above. The adequacy of records shall be determined at the sole discretion of the COUNTY.

Otherwise, the COUNTY shall bear the cost of said audit, excluding the aforementioned expenses related to an audit of documents kept outside the limits of the COUNTY. The cost of said audit, if due from the AIRLINE, shall be included as rent for the first month following invoice to the AIRLINE.

Upon the request of the COUNTY, the AIRLINE shall promptly provide necessary data to enable the COUNTY to fully comply with the requirements of the State of California or the United States of America for information or reports directly relating to this LEASE and to the AIRLINE's use of the Leased Premises.

D. **Failure to Maintain Adequate Records**. In addition to any other remedies available to the COUNTY under this LEASE, at law or in equity, in the event that the AIRLINE fails to maintain and keep records and accounts from business operations conducted on or from the Leased Premises and/or source documents relating thereto, or to make the same available to the COUNTY for examination and audit as required by this LEASE, the COUNTY, at the COUNTY's option, may:

(1) Perform such examinations, audits, and/or investigations itself or through agents or employees as the COUNTY and/or its auditors may deem appropriate to confirm the amount of rents, fees, and charges payable by the AIRLINE under this LEASE; and any and all costs and/or expenses incurred by the COUNTY in connection therewith shall be promptly reimbursed to the COUNTY by the AIRLINE upon demand.

(2) Require that the AIRLINE pay rents and fees based on the COUNTY's best good faith estimate of the AIRLINE's activities from business operations conducted on or from the Leased Premises and Airport; and any such determination made by the COUNTY shall be conclusive and binding upon the AIRLINE.

Costs payable by the AIRLINE pursuant to this Section shall include reimbursement to the COUNTY of the services provided at such rates as the COUNTY may, from time to time, in good faith, establish for such services. In the case of services provided by the COUNTY's employees, such rates shall be sufficient to reimburse the COUNTY for employees' salaries, including employee taxes and benefits, and the COUNTY's overhead; or, at the COUNTY's option, may be at the rate for such services that would be charged by a qualified third party or parties, approved by the COUNTY, if engaged by the COUNTY to perform such services. Said costs payable by the AIRLINE shall be included as rent for the first month following invoice to the AIRLINE.

SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS

The AIRLINE agrees to maintain Exclusive Use Areas in a safe, clean, sanitary condition and in compliance with all applicable laws. The AIRLINE shall be responsible for making all necessary repairs required to maintain the Exclusive Use Areas and improvements in good condition. All repairs and improvements made by the AIRLINE to the Exclusive Use Areas shall be in compliance with all current federal, state, local laws, regulations, ordinances, and building codes, and all Airport regulations (collectively, "Codes") adopted consistent with Section 5.03. The Codes encompass all fire, life, and structural safety aspects and apply to the construction, alteration, moving, demolition, repair, and use of the Exclusive Use Areas. Any additions, alterations, repairs, and changes of use or occupancy in the Exclusive Use Areas shall comply with the provisions for new buildings and structures as set forth in the Codes. All devices or safeguards that are required by the Codes shall be maintained in conformance with the edition of the Codes under which it was installed. Maintenance obligations of the AIRLINE are shown on Exhibit E, which exhibit is attached hereto and by reference made a part hereof.

The AIRLINE shall immediately notify the Airport Director and the Airport Operations Center ("AOC") of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings.

The AIRLINE further agrees to provide approved containers for trash and recycling and to keep the Leased Premises free and clear of rubbish and litter. The Airport Director shall have the right to enter upon and inspect the AIRLINE's Leased Premises and other Airport facilities at any time for cleanliness, safety, and maintenance inspections as set out herein. The Airport Director shall attempt to provide reasonable notice prior to entering AIRLINE's Leased Premises.

The AIRLINE shall designate in writing to the Airport Director an on-site representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness, and general order.

If the AIRLINE fails to maintain or make repairs or replacements as required herein, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

If the AIRLINE fails to maintain or make repairs or replacements, including removal of all its GSE and/or any AIRLINE materials at its loading and unloading operations at the end of its approved hours of operation as required herein, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

The AIRLINE expressly waives any and all claims against the COUNTY for compensation for any and all loss or damage to the AIRLINE's property sustained by reason of any defect, deficiency, or impairment of any water supply system, drainage or sewer system, gas supply system, telephone system, electrical supply system or electrical apparatus or wires serving the Leased Premises, except to the extent caused by the COUNTY's negligence or willful misconduct.

SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES

The COUNTY will provide a means of access for aircraft between the terminal complex and the taxiway and runway system of the Airport, apron, airplane gate positions, and aircraft loading bridges in the area immediately adjacent to the passenger terminal building. No special possessory, exclusive, or vested right whatsoever, save and except the use in common with other airlines and other aircraft owners, shall vest in the AIRLINE by reason of the proximity of such facilities to the AIRLINE's gate loading positions.

The AIRLINE shall maintain, at its sole expense, apron, aircraft gate positions, and aircraft loading bridges in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum products, or grease that may result from activities of its passengers, employees, agents, or suppliers. AIRLINE shall promptly remove all oil and grease spillage attributable to AIRLINE’s aircraft or equipment.

If the AIRLINE fails to perform its obligations in such regard, to perform such as maintenance, cleaning, or repair as the COUNTY reasonably deems necessary, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES

All assignment of gate positions (*i.e.*, aircraft loading bridges and aircraft hardstand positions) shall be made in accordance with rules, regulations, and directives provided in the Access Plan

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and made at the complete discretion of the Airport Director, as he/she may determine is appropriate. The Airport Director, in making gate assignment (*i.e.*, loading bridge and hardstand) positions to the airlines, may take into account the needs and requirements of the airlines, as well as the requirements of other Airport users, for use of gate positions adjacent to the passenger terminal building, and other factors that the Airport Director determines are appropriate. Without liability, cost, or obligation to the COUNTY, gate assignment positions and aircraft loading bridge and hardstand positions may be changed from time to time as determined necessary by the Airport Director. The Airport Director may consider passenger activity, number of aircraft operations,

type of aircraft used, scheduling needs, and any other factors they may deem appropriate when assigning gate positions, loading bridges, and hardstand positions.

SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON

The COUNTY reserves the right to regulate, by the adoption of an ordinance, rules, or other means, adopted consistent with Section 5.03, the use of vehicles and automotive equipment upon, over, and across the apron and around the passenger terminal building. Vehicles and equipment used upon, over, and across the apron and around the passenger terminal building should be in good working order and free of leaks. In the event of an emergency not specifically provided for in said rules and regulations, the Airport Director shall have the power to take charge of the direction of such vehicle and automotive traffic in the area affected and regulate the same until the cause of such emergency has been removed. The existence of an emergency other than an aircraft emergency, shall be determined by the Airport Director.

SECTION 5.11 AIRCRAFT PARKING

The AIRLINE shall make arrangements with the Airport Director for each aircraft parking space that may be made available to the AIRLINE subject to Section 3.01 in this LEASE.

If, in the judgment of the Airport Director, it becomes necessary to move the AIRLINE's aircraft in order to ensure public safety, improve ramp area efficiency or otherwise, then the AIRLINE shall immediately move said aircraft to the location designated by the Airport Director.

Should any aircraft owned or operated by the AIRLINE, through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the landing and field facilities at the Airport, the AIRLINE shall:

A. Immediately remove said aircraft to such location as shall be designated by the Airport Director, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

B. In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal

agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by the Airport Director.

Should the AIRLINE fail to remove said aircraft, or should aircraft owned or operated by the AIRLINE be abandoned at the Airport, the COUNTY shall have the right to remove such aircraft by any means the Airport Director deems necessary under the circumstances, and the AIRLINE shall keep and hold the COUNTY harmless from any and all costs, loss, liability, damage or expense incurred by the COUNTY or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal as well as moving and storage costs therefor. The AIRLINE agrees that the designation of any aircraft parking positions anywhere on the Airport, if any, made for the AIRLINE's use is presently regulated by the Access Plan and that nothing in this Section obligates the COUNTY to provide, make available, or consent to any aircraft parking spaces for the AIRLINE's use. The AIRLINE agrees that it may not independently make arrangements for aircraft parking space at the Airport without express written consent of the Airport Director, which may be withheld in their sole discretion.

SECTION 5.12 PORTER SERVICES

The AIRLINE may provide directly or indirectly adequate porter (skycap) and/or assistance service for the convenience of its passengers in areas designated by the Airport Director. Porter services include baggage check-in services, wheelchair services, and ticket screening services. The AIRLINE shall provide the Airport Director a plan that enumerates the salient features of its porter services arrangements and a copy of its agreement if service is provided by other than the AIRLINE’s employees. All podiums utilized for porter service shall be approved in writing by the Airport Director. The size, shape, and color shall be coordinated with and must be identical to all other airlines' podiums. The AIRLINE's plan shall also provide the details of any podiums and their proposed locations necessary to provide porter services.

ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT

SECTION 6.01 COMMON USE EQUIPMENT

The COUNTY agrees to supply and maintain all equipment for the CUPPS/CUSS, which shall be situated in areas such as, but not limited to ticket counters, ticket lobbies, skycap, and gate podiums. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY’s service desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with CUPPS. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve

the efficiency of the Airport, including but not limited gate assignment, scheduling and implementation of any software updates.

SECTION 6.02 COMMON USE EQUIPMENT STOCK

The AIRLINE may be asked to supply its own ticket (kiosk) stock in the use of the CUPPS at Common Use Area positions from time to time as it pertains to Radio Frequency Identification (RFID) or specialty stock not provided by the COUNTY. In the event that multiple airlines share kiosk space, all airlines will be required to remove their own stock and allow the other airlines to use the COUNTY-supplied stock, as further outlined herein. When utilizing the COUNTY Common Use Area, the AIRLINE may use either its own stock or the COUNTY's common stock. If the AIRLINE elects to use its own stock, it shall be responsible for removing all stock from the COUNTY's equipment at the end of the usage period. AIRLINE stock shall be subject to approval by the COUNTY. In the event that the COUNTY deems the AIRLINE stock to be injurious to CUPPS, the AIRLINE will immediately cease usage of the offending stock upon such notice by the COUNTY.

SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK

The COUNTY will not supply RFID bag tag stock for use in as part of the Baggage Handling System unless RFID becomes standard common-use stock at all locations within the Airport. AIRLINE shall be required to meet the IATA / ATA standards for the twenty-one-inch (21") bag tag (or as the standard may be amended by IATA / ATA) prior to the start-up of operations at the Airport. In the event that RFID is deployed Airport-wide, the AIRLINE shall provide to the COUNTY the necessary Baggage Service Messages (BSMs) that will be required to facilitate the AIRLINE's baggage through the Baggage Handling System that utilizes RFID technology to track and route baggage to the appropriate baggage carrousel. The COUNTY makes no express warranty as to the operability of the technology and/or baggage handling system equipment, and the sole extent of liability of the COUNTY with respect to the technology and/or baggage handling system equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably possible to technical difficulties with the BHS equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with the RFID, BHS, and BSMs systems. The AIRLINE will not be allowed to use its own bag tag stock, unless specifically permitted to do so in writing by the COUNTY, which must at the time meet any and all standards that may be set forth by the COUNTY for such stock. The COUNTY reserves the right to sell and collect applicable advertising revenues that may be generated from the reverse side of any the COUNTY-supplied bag tag stock.

SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT

The AIRLINE will not install, deploy, or otherwise engage in the use of any proprietary self-service check-in kiosks and/or device, applications, and/or technologies on its Leased Premises, or any portion of the Airport with the expectation to screen any checked bags at the Airport without prior approval from the Airport Director. At the request of the Airport Director, the AIRLINE will work with the COUNTY and other related parties in the development of a Common Use Self Service (CUSS) compliant kiosk application, or other similar applications, and/or devices as may be required to have the AIRLINE operational on all CUSS kiosks at the Airport. The COUNTY reserves the right to establish the locations for implementation of such CUSS kiosks to meet the needs of its customers and the Air Transportation Companies, as well as the operational needs of the Airport. The COUNTY agrees to supply and maintain, with its personnel and at its expense, all common-use self-service kiosk equipment, which shall be situated at designated ticket counters, at various areas of the terminal lobby and customer service areas, and other such locations, and using such passenger processing models as determined by the Airport Director to be most beneficial to meet the operational needs of the Airport. The COUNTY will supply all of the boarding pass stock necessary for the use of the CUSS equipment. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the Common Use Equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE's vendor issues relating to the AIRLINE's applications that run in conjunction with the CUSS systems. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve the efficiency of the Airport.

SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT

The AIRLINE shall not install at any gate hold room, gate counter, skycap, ticket counter, or kiosk, any AIRLINE-owned or proprietary computer equipment, kiosks, phones, other electronic equipment, or similar equipment without the prior express written permission of Airport Director. The AIRLINE shall not make any modification to the COUNTY's Common Use Equipment, including but not limited to modifying the keyboards, adding adhesive or other markings, or otherwise modifying the equipment physically and/or electronically. Any such modifications and/or damage that is willfully or negligently caused by the AIRLINE shall be remedied by the AIRLINE, to the sole satisfaction of the COUNTY, at the sole cost of the AIRLINE. In the event that the damage is repaired by the COUNTY, the AIRLINE will reimburse the COUNTY for both the fully allocated cost of time and materials pertaining to the repairs plus fifteen percent (15%) administrative fees.

SECTION 6.06 NETWORK USAGE

The AIRLINE will not install any proprietary cabling and/or similar infrastructure at the Airport without prior written approval of the COUNTY. As such, AIRLINE shall make use of the

COUNTY's data communications backbone at the Airport for its communications needs to connect separate operating locations within the Airport campus (i.e., ticketing, baggage service, operations, maintenance, etc.). The AIRLINE shall be fully integrated into the COUNTY's infrastructure backbone prior to startup of operations and thereafter shall be responsible for removing all proprietary cabling and/or other similar infrastructure back to point of origin, at the AIRLINE's sole cost. Where authorized, at the discretion of the Airport Director, any and all data communication cabling installed by the AIRLINE shall be in accordance with the Airport's Tenant Design and Construction Guidelines and, upon installation, shall become the property of the COUNTY. Such improvements shall not be subject to any reimbursement or useful life clauses under Section 8.01 of this LEASE. The COUNTY may impose reasonable fees to AIRLINE for the use of such network, including but not limited to, any fees for unusual and/or excessive or non-standard usage, as reasonably determined by Airport Director.

A. The AIRLINE will assign a representative(s), hereinafter "Authorized Network Representative," to work with the COUNTY to determine user access and network connectivity information. The AIRLINE shall be solely responsible for ensuring that Authorized Network Representatives are not security risks and, upon the COUNTY's request, provide the COUNTY with any information reasonably necessary for the COUNTY to evaluate any security event or incident relating to any Authorized Network Representative or use of the COUNTY's network.

B. The AIRLINE shall be solely responsible for the selection, implementation, and maintenance of security procedures and policies that are sufficient to ensure that (i) the AIRLINE's use of the COUNTY's network is secure and is used only for authorized purposes stated herein, and (ii) the AIRLINE's business information and data are protected against improper access, use, loss, disclosure, alteration, or destruction. The AIRLINE agrees that it will not abuse or misuse the Network Connection, any of the components thereof, or any of the capabilities provided thereby. Unless otherwise explicitly provided herein, in no event shall the AIRLINE use the Network Connection as its internet service provider.

(1) The AIRLINE shall notify the COUNTY's Information Systems as soon as possible upon the discovery of any security breach or potential security breach that may affect the AIRLINE or the COUNTY's confidential information or the security of the Network or any Network Connection.

(2) The AIRLINE shall ensure adequate security protection for the COUNTY from any third-party connections established on the AIRLINE's network. Adequate security protection means (i) protection to preserve confidentiality, integrity, and availability of the Network and information of the COUNTY and (ii) protection from malicious codes and/or unauthorized intrusions.

(3) The AIRLINE and the COUNTY shall be responsible for maintaining the highest industry standards for security best practices on computing devices that

could affect the availability and health of the Network connection, the Network, systems, applications, or data of the AIRLINE and the COUNTY, respectively, specifically including, but not limited to, use of up-to-date antivirus protection, anti-SPAM, and establishment and use of a timely security patch management process.

SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES

The AIRLINE acknowledges that the COUNTY provides wireless capabilities for the AIRLINE's operational use in accordance with applicable Federal Communications Commission (FCC) regulations, rulings, and/or guidelines. The AIRLINE agrees that it will not install, deploy, or otherwise engage in the use of any transmitting wireless device, applications, and/or technologies in its Exclusive Use Areas, any portion of the Airport, or within the airport system (regardless of any Exclusive Use, Preferential Use, Common Use, and/or Joint Use assignments) without having first obtained the express written permission of the Airport Director. Such wireless applications shall only be for the AIRLINE's operational use. Use by any others or for the benefit of any other parties is specifically prohibited. At the request of the Airport Director, the AIRLINE will cease operation of a particular device due to interference with another transmitting device that is deemed necessary for operational and/or life-safety purposes.

SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES

A. The AIRLINE will have use of the In-Line Baggage Handling Systems (BHS) in a location as designated by the Director to meet the operational needs of the Airport. The AIRLINE will be responsible to verify that it has certified CUTE, CUSS, and Baggage Service Messages (BSM) applications to operate the BHS and RFID, where applicable, prior to the start-up of service at the Airport. The AIRLINE will actively work with the COUNTY staff and the AIRLINE's system provider(s) to expedite all information systems and/or technologies work that may be required to ensure such applications are properly certified by the COUNTY and its system provider(s), if applicable. The COUNTY shall have the right to charge the AIRLINE for any expenses incurred by the COUNTY, including staffing to manage passenger lines and/or additional maintenance staff if the AIRLINE fails to adhere to BHS system procedures and/or properly staff the baggage make-up areas to meet the demand and such failure results in an operational impact to the Airport and/or the BHS equipment.

B. Following the COUNTY's BHS training, provided by the COUNTY to the AIRLINE, the AIRLINE will be solely responsible for the proper operations, training, and supervision of its staff for its portion of the operational responsibilities of the BHS system. The AIRLINE shall ensure that it maintains staffing levels during all operational hours, including irregular operations, that are sufficient to retrieve baggage from the baggage make-up carrousels and/or piers in order to prevent the inefficient use of the in-line baggage handling system in a fully automated mode and to prevent the system from initiating a "die-back" situation,

which may require the COUNTY to intercede manually and/or cause additional staffing by the COUNTY, its contractors, or TSA staff to initiate baggage screening mitigation procedures as a result of baggage stacking up on the make-up carrousels and/or piers. The AIRLINE shall not initiate any procedures or work rules that, as determined by the Director, will negatively impact the in-line BHS without the prior written approval of the COUNTY and without concurrence from TSA. The COUNTY reserves the right to recover any costs from the AIRLINE that may result from the AIRLINE's failure to comply with this Section of the LEASE.

C. The AIRLINE will designate a representative as a Ground Security Coordinator ("GSC") to handle issues that may arise from time to time with the BHS. The GSC will be the point of contact with the TSA and the COUNTY for all issues concerning checked passenger baggage and/or BHS performance. The GSC must be available during the AIRLINE's operational hours.

D. The AIRLINE acknowledges that all oversized checked baggage must be delivered to a designated oversized area for screening.

E. The AIRLINE acknowledges it may have a more stringent screening requirement for checked passenger baggage than that of TSA. As such, the AIRLINE will be responsible for providing these additional screening services and associated staffing to meet such requirements, including, but not limited to, X-Ray screening, and any additional training for additional services, and/or any additional services at no additional cost to the COUNTY. The AIRLINE must provide evidence of proper training for such additional measures to the Director upon request. The COUNTY may, at its sole discretion, provide and maintain the X-ray screening device.

F. The AIRLINE shall be responsible for ordering, pick-up and maintaining an appropriate level of any and all consumables related to the Common Use Equipment and/or BHS, including, but not limited to, RFID embedded bag tag stock, boarding pass stock, toner cartridges for laser printers, or other similar items, in accordance with policies and procedures established by the COUNTY in the event AIRLINE uses propriety consumables.

ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE

The AIRLINE agrees that it shall abide with all applicable Hazardous Substances laws, rules and regulations, relating to Hazardous Substances including, but not limited to, 49 C.F.R. Parts 171 *et seq*. The AIRLINE shall not cause any Hazardous Substances to be brought upon, kept, used, stored, generated, treated, managed or disposed of in, on or about or transferred to or from the Airport, except to the extent that such Hazardous Substances are (i) necessary for or useful to the AIRLINE's business and (ii) used, kept and stored in a manner that complies with all applicable

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Environmental Laws, the Airport Rules and Regulations, and all other applicable laws.

The AIRLINE shall comply with all applicable Environmental Laws and shall not engage in any activity on or about the Airport that violates any applicable Environmental Law. In conducting its operations and maintenance on the Airport under this LEASE, the AIRLINE shall comply with such regulations regarding the storage, distribution, processing, handling and/or disposal, including the Stormwater discharge requirements, of Hazardous Substances including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

The AIRLINE shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental agency having jurisdiction or any applicable Environmental Law for clean-up and removal of any contamination involving any Hazardous Substances caused by the AIRLINE. In conducting a clean-up of a Hazardous Substance release under this LEASE, the AIRLINE shall comply with applicable Environmental Laws. Hazardous waste generated by the AIRLINE or its contractors shall be disposed properly and under the AIRLINE's EPA ID number.

The AIRLINE shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Stormwater drainage system unless authorized by applicable Environmental Law and the Airport's Stormwater Discharge Permit. The AIRLINE shall not allow or cause the entry of any Unauthorized Non Stormwater Discharge that is under its control into the Stormwater drainage system of the Airport or into the Stormwater drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the COUNTY for that purpose, and the AIRLINE complies with recommendations made by the state and/or federal Environmental Protection Agency and the Airport's Stormwater Discharge Permit requirements. The AIRLINE shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by any applicable Environmental Law.

The AIRLINE shall provide all notices required pursuant to the SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986, CAL. HEALTH & SAF. CODE § 25249 *et seq*. The AIRLINE shall provide prompt written notice to the COUNTY within three (3) days of receipt of all written notices of violation of any applicable Environmental Law received by the AIRLINE.

SECTION 7.02 SPILL RESPONSE PLAN

Airlines and fueling companies are required to provide (separately or collectively) a Local Spill Response Action Plan to address specific spill response management. Airlines are encouraged to coordinate response efforts between the airlines and fueling contractors. At a minimum, the plan should address the following:

a) Response team organization, members, and responsibilities;
b) Spill response procedures (including notifications);

c) Personnel training;
d) Personal protective equipment; and
e) Spill kit inventory and management

The AIRLINE shall immediately notify the Airport Director and the AOC of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings. The AIRLINE is responsible to mitigate such spills and perform any remediation necessary to satisfy the applicable federal, state, or local oversight agencies. If the COUNTY personnel, equipment, or third party services are needed to support mitigation, the COUNTY will be reimbursed by the AIRLINE for labor, equipment, and third party costs for all services provided. In addition to reimbursing the COUNTY for the costs of all services provided by third parties to mitigate such spills, the AIRLINE shall pay to County administrative costs in the amount of one thousand dollars ($1,000) per incident. Said costs shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the COUNTY.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE’s operation under this LEASE, including, but not limited to, the payment of any fines or penalties arising from any breach of security, fire, emergency, accident, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, Non-Stormwater Discharge, or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE’s operation under this LEASE.

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION

Federal regulations for Stormwater discharges were issued by the U.S. Environmental Protection Agency (U.S. EPA) (40 CFR Parts 122, 123, and 124). The U.S. EPA, through the NPDES permitting program, regulates discharges of potentially contaminated wastewater and Stormwater into waters of the United States. California has been delegated NPDES general permitting authority by the U.S. EPA. California's State Water Board has issued NPDES permits to regulate municipal, industrial, and construction Stormwater discharges under the NPDES permitting program.

Section 402(p) of the Clean Water Act (CWA) requires NPDES permits for Stormwater discharges from municipal separate storm sewer systems (MS4s). The County of Orange is the principal permittee for Orange County's MS4 Permit Order No. R8-2009-0030 (or currently effective permit) No. CAS 618030 (MS4 Permit). As a facility owned and operated by the County of Orange, the Airport implements requirements in the MS4 permit and is responsible for discharges

into the system. One of the MS4 Permit requirements is to establish the legal authority to control discharges. The County's Water Quality Ordinance (OCCO Title 4, Division 13, Sections 4-13-10 et. seq.) regulates non-stormwater discharges into the MS4 to reduce the discharge of pollutants into the waters of the State. The CWA and the resulting MS4 permit require the County to take steps to reduce pollutants leaving its systems to the maximum extent practicable. The MS4 permit requires the County to develop and implement a Local Implementation Plan (LIP) describing the programs and procedures required by the MS4 permit. The Airport will enforce these Stormwater requirements on municipal areas of the Airport

AIRLINE shall not have prohibited discharge to the MS4 system or on-site storm drains. Some non-stormwater discharges (i.e., fire sprinkler tests) require additional permits with the Regional Water Quality Control Board (RWQCB). AIRLINE is responsible for obtaining and implementing monitoring requirements associated with any non-stormwater discharge permits. AIRLINE shall notify COUNTY prior to any non-stormwater discharge.

In the furtherance of these regulations and Section 402 of the Clean Water Act (CWA), the State of California has adopted a General Permit for discharges of Stormwater associated with industrial activities: “State Water Resources Control Board (State Water Board) Water Quality Order No. 2014-0057-DWQ, NPDES General Permit No. CAS 000001 (Industrial General Permit or IGP).” JWA has applied for and received coverage to discharge Stormwater and authorized non-stormwater discharges pursuant to the general permit for industrial activities and is subject to the permit’s requirements, conditions, and penalties. The permit requires the development and implementation of an effective Industrial Stormwater Pollution Prevention Plan (SWPPP) and Monitoring Implementation Plan (MIP). This plan is developed by COUNTY and covers AIRLINE. The airside portion of JWA where industrial activities take place is covered by the IGP. Industrial activities include maintenance, fueling, equipment cleaning, storage areas, and material handling activities. AIRLINE shall comply with applicable Stormwater discharge requirements and Best Management Practices for industrial facilities described in the SWPPP. COUNTY will provide the required annual training for AIRLINE as part of the SWPPP training requirements. AIRLINE shall have all personnel working within the airside portion of John Wayne Airport to attend annual training or AIRLINE shall provide annual training to personnel using JWA-approved training materials.

SECTION 7.04 ENVIRONMENTAL STEWARDSHIP

AIRLINE shall support the COUNTY’s Environmental Compliance and Stewardship program through participation in various efforts or implementation of Airport plans. COUNTY shall provide AIRLINE advance notice of any proposed changes to the following plans that may affect AIRLINE operations:

A. Air Quality Improvement Plan (AQIP) and Memorandum of Understanding (MOU) with the South Coast Air Quality Management District
B. Climate Action Plan.
C. Waste Management Plan.

D. Stormwater Pollution Prevention Plan.
E. Green Concessions Program.

AIRLINE shall implement and support the following environmental policies and provide reports and documents as required:

A. Adopt and adhere to the following GSE requirement: GSE associated with commercial operations shall achieve fleet average oxides of nitrogen (NOx) emission factor of 1.7 grams per brake horsepower per hour (g/bhp-hr)upon lease initiation through 2030 and 0.9 g/bhp-hr by January 1, 2031, respectively, as calculated in accordance with the Airport's AQIP and MOU with SCAQMD. Within 30 days of lease execution the AIRLINE shall develop and provide to JWA a GSE improvement plan to demonstrate how the GSE requirement will be met. Annually AIRLINE shall provide GSE data as required by the MOU by March 30.
B. AIRLINE has been provided a copy of the COUNTY's Environmentally Preferable Purchasing Policy (2022) and shall consider developing a similar policy that addresses the AIRLINE's procurement of goods and services as applicable.
C. AIRLINE shall affirm its commitment to Environmental Sustainability at the Airport. The Policy commitment shall be submitted to the JWA within 30 days of LEASE execution.
D. Upon request, AIRLINE shall provide reports necessary for environmental compliance, regulatory requirements and Airport mitigation measure obligations including but not limited to GSE data, fuel usage, spills, and business emergency plans.

Conservation: All AIRLINE facilities and improvements shall meet the Airport's Tenant Design and Construction Guidelines, as may be amended from time to time. All improvements shall meet the California Green Building Code (Title 24) CALGreen Tier 1. In particular, the AIRLINE shall implement the following conservation measures and policies as applicable:

A. Use equipment and appliances that are ENERGY STAR rated or equivalent and EPA Water Sense or equivalent, as applicable, when replacing existing equipment and appliances.
B. Use high-efficiency light fixtures and bulbs (including compact fluorescents) when replacing or installing new fixtures and bulbs.
C. Install sensors in office areas to turn off lights when unoccupied when these areas are being renovated or updated.
D. Install energy-efficient heating and cooling equipment when replacing or upgrading.
E. Use energy-efficient computers and servers when replacing this equipment.
F. Select equipment with variable-speed motors and fan drives when possible.
G. Use paperless receipt technology when possible.

Waste Minimization and Diversion: AIRLINE is expected to meet all recycling and organics (food waste) reduction requirements to facilitate JWA's solid waste reduction program per the requirements of California Public Resources Code Section 42648. To the fullest extent possible, AIRLINE shall cooperate with COUNTY to reduce and divert waste from landfills. AIRLINE

shall participate in COUNTY's waste diversion program, which may include waste reduction practices, including recycling, compostable containers (no Styrofoam), composting of food waste, and reuse/recycling of fats, oils, and grease.

SECTION 7.05 RESERVED

SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION

To the fullest extent authorized by law, the AIRLINE shall indemnify, defend, and hold the COUNTY, its officers, and employees harmless from and against any and all applicable Environmental Law claims, judgments, damages, penalties, fines, costs, liabilities, losses, orders, and lawsuits arising out of any actions or inaction by the AIRLINE, the AIRLINE's operations at the Airport or any action arising from and which involve the AIRLINE's officers, agents, subcontractors, and employees, including the cost of defense arising therefrom, including but not limited to the following:

(1) The AIRLINE'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 the AIRLINE's release of Hazardous Substances on the Airport since the time the AIRLINE first occupied the Airport.

(2) The AIRLINE's release of Hazardous Substances upon or within the Airport.

(3) The AIRLINE's violation of any applicable Environmental Law, except that the AIRLINE's obligations under this paragraph shall not extend to known and pre-existing conditions that are, as of the date of this LEASE, the subject of investigation and remediation by the COUNTY or others, or remediation conditions that arise from operations of third parties that are not affiliated with the AIRLINE that take place off of the Airport. For purposes of this provision, a party shall be deemed to be affiliated with the AIRLINE if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of the AIRLINE or if it is controlled by or under common control with the AIRLINE.

(4) The AIRLINE's causing or allowing any discharge into the Airport Drainage System that is prohibited by Section 7.01 of this LEASE.

This indemnification includes, without limitation, reasonable attorney's fees/costs and other costs incurred by the COUNTY in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental entity because of any Hazardous Substances being present in the soil or groundwater under the Airport. However, the AIRLINE'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 the COUNTY or its agents, servants or independent contractors who are directly responsible to the COUNTY.

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In the event the indemnitees described hereinabove are named as defendants or respondents in any lawsuit or administrative proceeding, the AIRLINE shall, at the request of the COUNTY, represent the indemnitee with qualified counsel approved in writing by the COUNTY.

In the event that a monetary judgment is awarded against the COUNTY and the AIRLINE because of the concurrent negligence of the COUNTY and the AIRLINE or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Both the COUNTY and the AIRLINE agree that neither party shall request a jury apportionment. Nothing stated in this LEASE and in this indemnity obligation shall be construed as authorizing any award of attorney's fees/costs in any action to enforce the terms of this LEASE.

The rights and obligations set forth in this indemnification shall survive the termination of this LEASE.

SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS

In the event that any of the terms of the environmental requirements codified in this Article conflict with any other terms of this LEASE, the environmental requirements contained in this Article shall apply.

SECTION 7.08 ANTI-IDLING POLICY

Within six months of LEASE execution, AIRLINE must develop, implement, and submit to the Airport Director or designee for approval a fleet-wide anti-idling policy. At a minimum, the anti-idling policy shall include the requirement that vehicle engines shall be turned off when vehicles are not occupied and that occupied vehicles be turned off after no more than a five-minute idling period. AIRLINE’s policy shall also include all sublicensee and third-party vehicles that enter Airport property at the direction of the AIRLINE.

ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS

SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY

The COUNTY may alter, repair, maintain, remodel, expand, remove, or improve any of the facilities at the Airport or any of its appurtenances.

In addition, the COUNTY may reassign or relocate the AIRLINE's Exclusive Use Area. The COUNTY shall provide the AIRLINE advance notice of such action and shall make every reasonable effort to provide the AIRLINE alternative space that is reasonably comparable to the AIRLINE's operations at the same rates and charges that the AIRLINE would have paid for the

space being surrendered. In the event no alternative space is available, the AIRLINE shall surrender its space promptly to the COUNTY, provided that the AIRLINE shall be reimbursed for the reasonable cost of any such reassignment, reallocation, or relocation and the cost of the AIRLINE's unamortized investment, if any, as documented by the AIRLINE to the satisfaction of the COUNTY and mutually agreed to by the Airport Director and AIRLINE. All of such costs, as well as the COUNTY's cost of providing the alternative space aforementioned, shall be included in the cost of the particular project requiring such reassignment, reallocation or relocation.

SECTION 8.02 IMPROVEMENTS BY THE AIRLINE

The AIRLINE shall not perform any construction upon the Leased Premises, nor shall the AIRLINE modify, alter, or remove any permanent improvements lying within the Leased Premises without prior written approval of the COUNTY. Any construction, modifications, alterations, or removal of any permanent improvements by the AIRLINE shall be at the AIRLINE's expense.

A. **Consent Required From the COUNTY**. No structures, improvements, or facilities shall be constructed, erected, altered, removed, or made within the Leased Premises without prior written consent of the COUNTY, which consent may be withheld or conditioned in the COUNTY's discretion. Minor repairs, replacement, and maintenance proposed for the Leased Premises, the cost of which does not exceed one hundred seventy-five thousand dollars ($175,000) annually, shall be approved by the Airport Director. All other structures, improvements, facilities, repairs, replacement, removal, and maintenance items shall be approved by the Board of Supervisors.

B. **Compliance with Plans and Construction Standards**. All improvements constructed by the AIRLINE within the Leased Premises shall be constructed in strict compliance with detailed plans and specifications approved by the Airport Director. All construction shall be conducted in a good and workmanlike manner and shall conform to applicable building codes, rules, regulations, and the Airport's architectural standards as contained in reference document "John Wayne Airport, Architect and Engineer Guide," which can be provided by Airport upon request. All work shall be done in conformity with Airport-approved plans, valid building, and other necessary permits and shall be acceptable to the COUNTY and the appropriate governmental entity inspecting such work. The AIRLINE shall be responsible for filing Form 7460 for any construction and/or height of construction equipment with the FAA if required.

All improvements constructed by the AIRLINE, including the plans and specifications therefor, shall conform in all respects to the applicable statutes, ordinances, building codes, rules, and regulations of the COUNTY and such other governmental authority as may have jurisdiction. The Airport Director's approval shall not constitute a representation or warranty as to such conformity, which shall remain the AIRLINE's responsibility. The AIRLINE, at its own cost and expense, shall procure all permits necessary for such construction.

C. **Insurance Requirements**. The AIRLINE shall obtain aviation commercial general liability insurance during construction. If the construction is done by an independent contractor, insurance shall be procured by the contractor in the name of the AIRLINE and the COUNTY. All insurance shall be within the limits and coverages acceptable to the COUNTY's Risk Management Services.

D. **Noninterference**. The AIRLINE warrants that it or its contractor shall in no way delay, cause delays to or interfere with any Airport operations or other contractors working in the terminal or on the Airport, except with the prior written approval of the Airport Director, as set out herein. The AIRLINE agrees to hold the COUNTY harmless from the cost of any time lost by the COUNTY or any damages to the COUNTY due to the actions or failure to act of the AIRLINE or its contractor.

E. **Trailers and Modular Structures**. All improvements constructed by the AIRLINE shall be of a permanent nature. Trailers and modular buildings are prohibited on the Leased Premises. This provision shall not apply to the use of the COUNTY-approved temporary modular buildings or trailers during construction. Upon completion of construction, all trailers or modulars must be immediately removed from the Leased Premises.

F. **The AIRLINE's Cost and Expense**. All renovation or construction by the AIRLINE pursuant to this Section shall be at the AIRLINE's sole cost and expense. The AIRLINE shall keep its existing or future Exclusive Use Area, and the improvements constructed thereon free and clear of all liens and, shall pay all costs for labor and material arising out of such construction, and shall hold the COUNTY harmless from any liability in respect thereto. The AIRLINE shall have the right to contest any and all liens filed against its existing or future Exclusive Use Area. The AIRLINE further agrees that the COUNTY shall have the right to post notices of non-responsibility as provided by Sections 3094 and 3129 of the California Civil Code.

G. **Ownership of Improvements**. All improvements and facilities, exclusive of trade fixtures, constructed or placed within the Leased Premises by the AIRLINE must, upon completion, be free and clear of all liens, claims, or liability for labor or material and at the COUNTY's option shall become the property of the COUNTY at the expiration of this LEASE or upon earlier termination hereof. The COUNTY retains the right to require the AIRLINE, at the AIRLINE's cost, to remove any or all improvements located within the Leased Premises at the expiration or termination hereof.

SECTION 8.03 AIRLINE REIMBURSEMENT

In the event the COUNTY should require the Leased Premises, or any portion thereof, for any Airport purpose and removes any portion of the AIRLINE's Leased Premises from this LEASE or terminates the LEASE for convenience pursuant to Section 2.03, the COUNTY shall reimburse the AIRLINE for improvements completed during the term of this LEASE.

Compensation for improvements located on the Leased Premises shall be calculated by means of the following formula:

$$\text{COMPENSATION} = A \times \frac{B}{C}$$

A = The AIRLINE's actual leasehold improvement construction costs submitted in accordance with Section 8.07 in this LEASE.

B = Number of full months remaining in the term of the LEASE.

C = Number of full months between the date the AIRLINE completed construction of leasehold improvements and the date the LEASE would expire by its terms if the COUNTY did not exercise its right to early termination.

The AIRLINE shall submit to the COUNTY within sixty (60) days of completion of construction of any leasehold improvement notifications of completion of construction and submit detailed supporting documentation of construction costs together with "As-Built Documents" and "Record Documents" as required by Section 8.07 of this LEASE. The AIRLINE acknowledges and agrees if the AIRLINE fails to submit notifications and supporting documentation for any such leasehold improvements in a timely manner, the AIRLINE waives its right to compensation for such improvements.

SECTION 8.04 EXCLUSIVE REMEDY

The compensation provided pursuant to Section 8.03 in this LEASE shall be the AIRLINE's sole and exclusive remedy and form of compensation, costs or damages, including but not limited to, the eminent domain law and inverse condemnation (CAL. CODE CIV. PROC. §§1230.010 *et seq.*), and Relocation Assistance benefits (CAL. GOV. CODE §§7260 *et seq.*), due to termination, re-entry or acquisition of the leasehold by the COUNTY.

The AIRLINE agrees that exercise by the COUNTY of its termination rights hereunder shall not be construed as a taking by the COUNTY of any part of the Leased Premises, nor of the AIRLINE's rights under this LEASE, nor shall the AIRLINE, except as provided herein, be entitled to payment for any loss of goodwill, income, moving expenses or other amount because of partial or full termination of this LEASE.

SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION

Prior to commencement of construction of approved facilities, the AIRLINE shall furnish to the COUNTY evidence that assures the COUNTY that sufficient monies will be available to the AIRLINE and the COUNTY to complete the proposed construction. The amount of money available shall be at least the total estimated construction cost. Such evidence may take one of the following forms:

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A. Completion Bond issued to the COUNTY as obligee.

B. Irrevocable Letter of Credit issued to the COUNTY that will remain in effect until the COUNTY acknowledges satisfactory completion of construction.

C. Any combination of the above.

All bonds and letters of credit must be issued by a surety company, financial institution or advising bank qualified and admitted to conduct business in the State of California and issued in an approved form approved by the COUNTY. All bonds and letters of credit shall ensure faithful and full observance and performance by the AIRLINE of all terms, conditions, covenants, and agreements relating to the construction of improvements within the Leased Premises.

It is not the intent of the contracting Parties herein to create a third-party beneficiary, and nothing in this Section shall be construed to do so.

SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES

The AIRLINE shall at all times indemnify and hold the COUNTY harmless from all Mechanics Liens, Stop-Notices, claims, losses, demands, damages, costs, expenses or liability costs for labor or materials in connection with construction, repair, alteration, or installation of structures, improvements, equipment, or facilities within the Leased Premises undertaken by the AIRLINE, and from the cost of defending against such claims, including attorneys' fees and costs.

In the event a mechanics lien or stop-notice is imposed upon the Leased Premises, the AIRLINE shall either:

A. Record a valid Release of Lien; or

B. Procure and record a bond in accordance with Section 8424 of the California Civil Code, which frees the Leased Premises from the claim of the lien or stop notice and from any action brought to foreclose the lien.

Should the AIRLINE fail to accomplish either of the two (2) optional actions above within fifteen (15) days after the filing of such a lien or stop notice, the LEASE shall be in default and shall be subject to immediate termination.

SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS

Within sixty (60) days following completion of any improvement within the Leased Premises, the AIRLINE shall furnish the Airport Director a complete package of “As-Built Documents” and "Record Documents," which include but are not limited to construction documents, specifications, cost estimates, engineering studies, and calculations. The aforementioned information shall be submitted on two (2) thumb drives containing digital copies of the “As-Built Documents” and "Record Documents," organized in a detailed, logical, and comprehensible folder structure, which

is in a form that is usable and accepted by the COUNTY, to the COUNTY's satisfaction, as described below, unless otherwise allowed by the Airport Director.

A. Drawings and Models:

1. All 2-D and 3-D architectural, engineering, design, and/or construction drawing and/or modeling files for the project shall be completed using AutoCAD 2019 and REVIT 2019 or a newer version of either software if approved by John Wayne Airport.
2. All geographic data, spatial analysis, geographic information system (GIS) mappings, drawings, exhibits, and/or figures for the project shall be completed using Environmental Systems Research Institute (ESRI) ArcGIS.
3. All 2-D and 3-D drawing and/or modeling files created via computer-aided design and drafting (CADD), building information modeling (BIM), and/or GIS for the project shall conform to the John Wayne Airport CADD/BIM/GIS standards and specifications.
4. In addition to the 2-D and 3-D drawing and/or modeling files indicated above, a PDF format (scaled to ARCH E1 format where applicable) of those drawings, exhibits, figures, etc. shall be generated and submitted digitally.

B. Documents and Reports:

1. All specifications, reports, and/or studies (e.g., geotechnical report, etc.), calculations, and other project information (e.g., construction submittals, operations, and maintenance (O&M) manuals, warranties, etc.) for the project shall be completed using MS Office suite applications and also generated and submitted digitally in a PDF format.

Note: "Record Documents," e.g., record drawings, specifications, calculations, etc., shall be prepared, stamped, and signed by the Architect and/or Engineer of Record for the project and shall reflect all updates and/or modifications that were approved during design and construction, i.e., separate from the as-built documents, which include contractor redlines, contract changes, etc. Refer to the "John Wayne Airport Construction Standards" for additional information.

In addition, two (2) sets of hard prints of the stamped and signed record drawings for the project, as described above, must be furnished by the AIRLINE with the thumb drives containing the "As-Built Documents" and "Record Documents." Basic specifications, standards, and requirements for BIM, CAD, and/or GIS produced information at the Airport can be located on the www.ocair.com website or provided by the Airport upon request.

Furthermore, the AIRLINE shall furnish the Airport Director with an itemized statement of the actual, direct construction costs of such improvement. The construction costs may include actual, direct fees paid to contractors, architects, engineers, surveyors, laborers, and suppliers, or permit

fees required by governmental agencies to allow construction. Construction costs shall not include indirect costs such as financing costs, holding costs, legal fees, interest, administrative and overhead expenses, bond premiums, or developer fees. The statement of cost shall be sworn to and signed by the AIRLINE or its responsible agent under penalty of perjury. The AIRLINE must obtain the Airport Director's approval of acceptance of the "As-Built Documents" and "Record Documents" and the form and content of the itemized statement.

SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS

The AIRLINE shall be responsible for any damage caused by the AIRLINE, or the AIRLINE's aircraft, equipment, employees, agents, visitors, or suppliers, to common use areas of the Terminal or Airport facilities, including but not limited to runways, taxiways, access roads, navigational aids, apron areas and loading bridges. Should such damage require immediate repairs or replacement, and the AIRLINE is unable to respond immediately to complete said repairs or replacement, the Airport Director may cause to be made or make any necessary repairs or replacements, and the cost thereof shall be paid by the AIRLINE. Said cost shall include all labor, materials, equipment costs, and an administrative fee equal to fifteen percent (15%) of the sum of those items. Said cost shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the Airport Director.

In the event of damage to or destruction of the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises or in the event the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises are declared unsafe or unfit for use or occupancy by the COUNTY or any other public entity with jurisdiction to make and enforce such a declaration, the AIRLINE shall, within thirty (30) days, commence and diligently pursue completion of the repair, replacement or reconstruction of improvements to the same size and floor area as they existed immediately prior to the event causing the damage or destruction, as necessary to permit full use and occupancy of the Leased Premises for the purposes required by the LEASE. Repair, replacement, or reconstruction or improvements within the Leased Premises shall be accomplished in a manner and according to plans approved by the Airport Director. Except as otherwise provided herein, termination of this LEASE shall not reduce or nullify the AIRLINE's obligation under this paragraph. With respect to damage or destruction to be repaired by the COUNTY or which the COUNTY elects to repair, the AIRLINE waives and releases its rights under California Civil Code Sections 1932(2) and 1933(4).

SECTION 8.09 HEALTH AND SAFETY

The AIRLINE shall comply with all applicable California Occupational Safety & Health Administration (Cal/OSHA) requirements and all federal, state, or local safety orders. The AIRLINE shall post on the Lease Premises and at all construction sites a copy of "Construction Safety Orders" and "General Industry Safety Orders" issued by the California State Division of Industrial Safety.

The AIRLINE shall, within thirty (30) days after the execution of this LEASE, submit to the COUNTY a comprehensive Safety Plan outlining the code of safe work practices and procedures. The plan must include emergency response procedures, notification procedures, and personnel training procedures. The AIRLINE shall convene safety meetings at regularly scheduled times as described in its Safety Plan and as required by Cal/OSHA. The AIRLINE and/or AIRLINE's contractor shall submit, prior to the start of any tenant improvements, the AIRLINE or AIRLINE's contractor required Cal/OSHA Safety Plan for approval by the Airport.

The AIRLINE shall submit to the COUNTY an annual report detailing the status of all permits required and issued to the AIRLINE by CAL OSHA or any other federal, state, or local government agency. Said report shall be due on or before January 31 of each calendar year.

ARTICLE IX - ACCOMMODATION

SECTION 9.01 JOINT USE REQUIREMENT

The AIRLINE and/or other airlines may be provided the opportunity by the COUNTY to initiate or expand service at the Airport and may have a need or requirement for certain types of Airport space and facilities. Such initiation or expansion of service may be reasonably implemented by the Airport Director based upon provisions of the Access Plan.

The AIRLINE agrees to make every reasonable effort to offer to any airline initiating service at the Airport the opportunity to share use of its Exclusive Use Area. In determining whether the use of another incoming airline initiating service at the Airport is reasonable and possible, the AIRLINE will have the right to consider the compatibility of the proposed operations of those with whom the AIRLINE has subleases or handling arrangements, the AIRLINE's existing and future flight schedules, the need for labor cooperation, the adverse competitive impacts resulting from the presence of the other aircraft operator on the AIRLINE's Exclusive Use Area and the availability of other such space at the Airport. Should the AIRLINE deny another airline initiating service at the Airport the opportunity to use the AIRLINE's Exclusive Use Area, the COUNTY may review the AIRLINE's space usage, and should it reasonably determine, considering all the factors noted herein (including the AIRLINE's reasons for such refusal), that the AIRLINE unreasonably refused usage by such other airline, it may require the AIRLINE to permit the other airline to use the AIRLINE's Exclusive Use Area, subject to the initiating airline executing an agreement with the AIRLINE acceptable to the COUNTY that complies with the material terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE shall, by separate agreement with such certificated and/or commuter airline as the COUNTY may designate, or by other arrangement as provided by the Airport Director, provide space and/or services within Leased Premises to accommodate said airlines' operation. Any said agreement for joint use shall be subject to the Airport Director's approval and subject to the terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE agrees that in the event it subleases its Leased Premises to another airline, any sublease rental rate shall be calculated on a per-square-foot basis.

Sublease per square foot rental rates for sublet space shall reflect a reasonable pro-rata allocation of the AIRLINE's actual and direct costs related to said space and shall be based upon the following factors:

A. The square foot per annum rental rate currently paid by the AIRLINE to the COUNTY for space to be sublet; and

B. A reasonable square foot charge to compensate the AIRLINE for the pro-rata costs per square foot applicable to the AIRLINE improvement costs, maintenance costs, and a reasonable administrative fee.

The annual sublease rental rate shall not exceed two (2) times the square foot per annum rental rate currently paid by the AIRLINE to the COUNTY unless the AIRLINE can demonstrate to the satisfaction of the Airport Director that its costs for the subleased premises, exclusive of the administrative fee, justify a higher rate.

ARTICLE X - ASSIGNMENT AND SUBLEASE

SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING

The provisions of this Section are subject and subordinate to the limitations of Section 5.04 of this LEASE.

A. **Transfers**. The AIRLINE shall not transfer, assign, sublet, or hypothecate (hereinafter referred to as "Transfer") any interest of the AIRLINE in the Leased Premises without the prior written approval of the COUNTY. The AIRLINE shall give the COUNTY thirty (30) days' prior written notice of all proposed Transfers. The AIRLINE shall not make any such Transfers for a period longer than the remaining term of the LEASE.

If the COUNTY approves such Transfers, such approval does not constitute a waiver of any of the terms of the LEASE. All Transfer documents shall be consistent with the terms, covenants, and conditions of the LEASE, and in the event of any inconsistency, the provisions of this LEASE shall govern.

If the AIRLINE is a corporation, an unincorporated association, or a partnership, Transfers include the acquisition by any person other than the AIRLINE of any stock or interest in said corporation, unincorporated association, or partnership in the aggregate amount of fifty-one percent (51%) or more.

The failure by the AIRLINE to obtain the prior written approval by the COUNTY of any Transfer of the LEASE or any interest in the Leased Premises shall constitute a material

breach of this LEASE and shall not confer any leasehold rights upon the transferee. Such failure shall be grounds for termination of this LEASE for default pursuant to Section 11.02.

B. **Conditions of the COUNTY Approval**. The COUNTY agrees that it will not arbitrarily withhold consent to any Transfer, but the COUNTY may withhold consent at its sole discretion if any of the following conditions exist:

(1) The AIRLINE, its successors, or assigns are in default of any term, covenant, or condition of this LEASE, whether notice of default has or has not been given by the COUNTY.

(2) The prospective subtenant, assignee, or transferee has not agreed in writing to keep, perform, and be bound by all the terms, covenants, and conditions of this LEASE.

(3) The prospective subtenant, assignee, or transferee is not financially capable or experienced in performing the LEASE obligations, as determined by the Airport Director.

(4) Subtenant's use is in conflict with the terms of this LEASE.

(5) All the terms, covenants, and conditions of Transfer, including the consideration therefore, of any and every kind, have not been revealed in writing to the Airport Director.

(6) Any construction required of the AIRLINE as a condition of this LEASE has not been completed to the satisfaction of the COUNTY.

(7) The AIRLINE has not provided the Airport Director with a copy of all documents relating to the Transfer, including, but not limited to, appraisals, notes, trust deeds, title reports, escrow instructions, *etc*.

(8) The AIRLINE attempts to hypothecate the leasehold for an amount greater than the cost of new improvements to be constructed on the Leased Premises. Hypothecation of the leasehold shall not be permitted for any reason other than to obtain loan proceeds necessary to construct new improvements on the Leased Premises.

C. **Affiliate Transactions**. The COUNTY has adopted in the Access Plan policies and regulations regarding transactions and aircraft operations at the Airport involving affiliations of commercial airlines operating, or desiring to operate, at the Airport ("the affiliate policy"). The AIRLINE acknowledges that the COUNTY considers the affiliate policy to be an important and significant policy in support of the COUNTY's regulation of the Airport.

The AIRLINE acknowledges that there is a rational basis for this policy under the operational and historical circumstances affecting the Airport, that under such circumstances, this policy maintains appropriate equity between the rights and privileges of competing commercial operators using the Airport, and that the affiliate policy does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The AIRLINE agrees to comply fully and completely with the affiliate policy and all related regulations that appear in the Access Plan and/or this LEASE.

Any affiliate transaction described and defined in the Access Plan, and any affiliate transaction between the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, shall constitute a Transfer within the meaning of Paragraph A, above. In the event an affiliate transaction involving the AIRLINE is initiated, then not later than the time when the affiliate transaction is publicly announced:

(1) The AIRLINE shall notify the Airport Director of the fact of the initiation of the affiliate transaction.

(2) If the affiliate transaction is initiated by the AIRLINE, the AIRLINE shall promptly provide to the Airport Director copies of all agreements, or written offers or proposals, made with respect to the transaction and copies of all documents filed with federal authorities with respect to the transaction. If the affiliate transaction is initiated by some other person in respect of the AIRLINE, the AIRLINE shall promptly and continuously provide such documentation or other information regarding the transaction as may be available to the AIRLINE.

(3) In addition to all other obligations of the AIRLINE, if the affiliate transaction involves the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, the AIRLINE shall promptly arrange to negotiate with the Airport Director regarding the terms and conditions upon which the Director would recommend consent by the Board of Supervisors to a Transfer of this LEASE, or Transfer of the written agreement(s) between the other person or entity involved in the affiliate transaction and the COUNTY.

Notwithstanding any other provision of this LEASE, the LEASE may be terminated by the COUNTY on thirty (30) days' notice to the AIRLINE without further obligation of the COUNTY, and without any liability of the COUNTY to the AIRLINE whatsoever, if:

(4) The AIRLINE fails to comply with Paragraph C of this Section; or if

(5) The Airport Director fails to make a favorable recommendation to the Board of Supervisors regarding the Transfer within sixty (60) days after initiation and public announcement of the affiliate transaction, which contains terms and conditions agreed to by the AIRLINE and its affiliate(s); or if

(6) The Board of Supervisors fails to consent to the Transfer on terms and conditions which have been accepted by the AIRLINE within thirty (30) days after receipt of the recommendations of the Airport Director.

D. **Bankruptcy Transaction**. If the AIRLINE assumes this LEASE or proposes to assign the same pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, then notice of such proposed assignment shall be given to the COUNTY. The following information shall be provided to the COUNTY:

(1) The name and address of proposed assignee;

(2) All of the terms and conditions of such offer; and

(3) Adequate assurance to the COUNTY of the proposed assignee's future performance under the LEASE, including, without limitation, the assurance referred to in the U.S. BANKRUPTCY CODE, 11 U.S.C. §365(b)(3).

Any person or entity to which this LEASE is assigned pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, shall be deemed without further act or deed to have assumed all of the obligations arising under this LEASE on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to the COUNTY an instrument confirming such assumption.

E. **Non-Transferable Privileges.** Aircraft operations and ADDs authorized by Section 5.05 in this LEASE and the Access Plan are not property interests of the AIRLINE and are non-transferable in any form, and as such, are not subject to sale, assignment, hypothecation, and transfer by the AIRLINE under the terms of this Section. Any such attempted hypothecation, assignment, encumbrance, sale, or other such attempted transfer of operations, privileges, or ADDs is in violation of the public policy of the COUNTY and shall be void and shall constitute a breach and default of this LEASE.

SECTION 10.02 SUCCESSORS IN INTEREST

Unless otherwise provided in this LEASE, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all Parties hereto, all of whom shall be jointly and severally liable hereunder.

ARTICLE XI - TERMINATION AND DEFAULT

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS

It is mutually agreed that this LEASE shall terminate and supersede any prior leases or agreements between the Parties hereto for the purpose of commercial air transportation and all related activities of the AIRLINE at the Airport.

SECTION 11.02 TERMINATION FOR DEFAULT

The COUNTY may terminate this LEASE and all of its obligations hereunder with prior written notice to the AIRLINE and may exercise all rights of entry for default and breach if the AIRLINE fails to perform any of its obligations under this LEASE, including, but not limited to:

A. Payment of rents, fees, charges and PFCs;

B. A general assignment for the benefit of creditors and any Transfer without the prior written approval by the COUNTY;

C. The issuance of any execution or attachment against the AIRLINE at the Airport that is undischarged within sixty (60) days of levy or seizure or if the Leased Premises are occupied by someone other than the AIRLINE;

D. The voluntary vacation or abandonment by the AIRLINE of the conduct of air transportation business at the Airport;

E. The violation by the AIRLINE of any of the terms of any insurance policy referred to in the LEASE;

F. If the AIRLINE is found by the FAA, TSA, or other government regulatory or successor agency to have violated specified safety standards in the conduct of the AIRLINE's business;

G. The violation or breach of any provision of the Access Plan;

H. The violation of any written directions of the Airport Director;

I. The appointment of a receiver to take possession of all or substantially all, the assets of the AIRLINE located at the Leased Premises or of the AIRLINE's leasehold interest in the Leased Premises.

Where applicable, and unless otherwise stated in this LEASE, or by written notice, the AIRLINE shall have fifteen (15) calendar days to cure any default prior to termination of this LEASE, or such longer period as may be reasonably necessary to cure such default considering the nature thereof, at the Airport Director’s discretion.

SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION

Except as otherwise agreed to herein, upon termination of this LEASE, the AIRLINE shall redeliver possession of said Leased Premises to the COUNTY in substantially the same condition that existed immediately prior to the AIRLINE's entry thereon, reasonable wear and tear, flood, earthquakes, war and any act of war, excepted. References to the termination of the LEASE in this LEASE shall include termination by reason of expiration.

SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY

If the AIRLINE abandons or quits the Leased Premises or is dispossessed thereof by process of law or otherwise, title to any personal property belonging to the AIRLINE and left on the Leased Premises fifteen (15) days after such event shall be deemed to have been transferred to the COUNTY. The COUNTY shall have the right to remove and to dispose of such property without liability therefor to the AIRLINE or to any person claiming under the AIRLINE and shall have no need to account therefor. Personal property left on the Leased Premises after termination, expiration, or abandonment of the LEASE shall not be construed as giving the AIRLINE possession of the Leased Premises during the fifteen (15) days after termination, expiration, or abandonment of the LEASE.

SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER

The AIRLINE agrees to yield and peaceably deliver possession of the Leased Premises to the COUNTY on the date of termination of this LEASE, whatsoever the reason for such termination.

Upon giving written notice of termination to the AIRLINE, the COUNTY shall have the right to re-enter and take possession of the Leased Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the LEASE and re-entry of the Leased Premises by the COUNTY shall in no way alter or diminish any obligation of the AIRLINE under the LEASE terms and shall not constitute an acceptance or surrender.

The AIRLINE waives any and all rights of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Leased Premises for any lawful reason or in the event the COUNTY re-enters and takes possession of the Leased Premises in a lawful manner.

ARTICLE XII - SECURITY

SECTION 12.01 AIRPORT SECURITY

The AIRLINE shall comply with all current and applicable Airport, FAA, TSA, CBP, security-related rules, regulations, plans, and procedures. The AIRLINE is responsible for fines imposed by any regulatory agency as a result of the AIRLINE’s failure to comply with applicable rules, regulations, orders, plans, and procedures regarding airport security.

The AIRLINE employees, subtenants/contractors shall be required to obtain airport security clearance in order to perform work under this LEASE. The AIRLINE must maintain a current, updated list of Authorized Signatories responsible for the Airport-Issued Identification Credential ("Airport ID/Security Credential") process, a list of current Airport ID/Security Credentialed AIRLINE employees and subtenants/contractors, and respond to scheduled and unscheduled audits at the request of the Airport. The AIRLINE employees and subtenants/contractors applying for an Airport ID/Security Credential must successfully complete a Criminal History Records Check ("CHRC") and a Security Threat Assessment ("STA") in accordance with current regulations. The AIRLINE employees and subtenants/contractors must also attend and successfully pass all related Security Identification Display Area ("SIDA") classes and tests for access to secure areas and a driver's permit with an appropriate and valid California Driver's License to drive on the airfield. The AIRLINE must attend all mandatory security-related exercises, and monthly security consortium meetings hosted by the Airport.

A. **Local Security**. The AIRLINE shall be responsible for the security of gates or doors that are located on the Leased Premises. Said gates and/or doors on the Leased Premises permitting entry to the restricted areas of the Airport shall be locked when not in use and/or under the AIRLINE's constant surveillance. The AIRLINE shall install such security equipment, including, but not limited to, video monitoring equipment, as may be required by the Airport Director to ensure compliance with all regulations of the FAA, TSA, or other governmental agencies having jurisdiction over Airport security. The AIRLINE shall exercise control over any person or vehicle escorted by the AIRLINE onto restricted or secure areas of the Airport, or to whom an Airport ID/Security Credential was issued by or at the request of the AIRLINE and ensure that such person or vehicle shall comply with all Airport security regulations.

B. **Federal Security**. As of the date of this LEASE, the TSA provides for all passenger and baggage screening conducted at the Airport. The AIRLINE may be required to provide assistance to TSA in its efforts to carry out its federal mandates. At some point during the term of this LEASE, the Airport or another entity may be authorized to provide these security services in lieu of the TSA.

C. **Penalties and Fines.** The AIRLINE shall promptly pay any penalties for which the AIRLINE is responsible. These penalties include, but are not limited to, civil penalties or fines assessed against the Airport or the AIRLINE by the FAA, TSA, or any other governmental agency for the violation of any security-related laws, rules, policies, or regulations at the Airport.

D. **Airport ID/Security Credential Application and Lifecycle.** Prior to issuance of an Airport ID/Security Credential(s), designated AIRLINE Authorized Signatories who will be working onsite and engaged in the performance of work under this LEASE must pass the Airport's background check requirements, which includes an F.B.I. Criminal History Records Check ("CHRC") and a TSA Security Threat Assessment ("STA"), and the

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AIRLINE shall pay the applicable fees. Upon successful completion of the background checks, the AIRLINE's designated personnel will be required to attend a SIDA class and pass a written test. Those personnel who may be permitted by the Airport to drive on the Airport Operations Area ("AOA") perimeter road must also complete a Driver's Training class and written test. Airport ID/Security Credentials are not issued until designated AIRLINE personnel have: 1) completed appropriate application forms and submitted proof of identity and employment eligibility, 2) passed both background checks, 3) completed and passed appropriate training, and 4) paid an Airport ID/Security credential fee for each applicant. The AIRLINE should anticipate a minimum of fourteen (14) business days to complete the Airport ID/Security Credential process if all requirements listed above are fulfilled by individual Airport ID/Security Credential applicants in a timely manner, but factors outside the Airport's control can contribute to longer durations. If an applicant is applying for a CBP Seal due to their operational need to work international air service operations, this process may take longer. Authorized Signatories must be in constant contact with the Airport's ID/Access Control Office. The AIRLINE's designated personnel must successfully complete the Airport ID/Security Credential acquisition process unless other arrangements have been approved by the Airport. The AIRLINE shall be responsible for all applicable fees and costs associated with the background checks and badging process. The amount of such fees is subject to change without notice.

E. **Airport ID/Security Credential Applicant Requirements and Responsibilities.** The Airport Security Plan (ASP) requires that each person issued an Airport ID/Security Credential be made aware of their responsibilities regarding the privilege of access to restricted areas of the Airport.

The AIRLINE and all AIRLINE personnel within an access-controlled area (AOA, SIDA, secured area, or sterile area) are required to display on their person an Airport ID/Security Credential, unless they are escorted by an appropriately credentialed Airport individual with escort privileges. When working in a secure area, each Airport-credentialed person is responsible for challenging any individual who is not properly displaying an Airport-issued or approved and valid Airport ID/Security Credential. AIRLINE personnel and their subtenants/contractors must also validate Airport ID/Security Credential employees as described in security training. Any person who is not properly displaying or who cannot produce a valid Airport ID/Security Credential, unless they are being escorted, must immediately be referred to the Sheriff's Department – Airport Police Services Office for proper handling.

The Airport ID/Security Credential is the property of the County of Orange and must be returned upon termination of AIRLINE personnel employment and/or termination of the Lease. The loss of an Airport ID/Security Credential shall be reported within twenty-four (24) hours to the Sheriff's Department–Airport Police Services by calling (949) 252-5000. The AIRLINE or AIRLINE personnel who lose their Airport ID/Security Credential shall be required to pay a fee before receiving a replacement Airport ID/Security Credential. The charge for lost Airport ID/Security Credential replacement will be posted in the Airport

Administration Office and is subject to change without notice. A report shall be made before a replacement Airport ID/Security Credential will be issued.

The Airport ID/Security Credential is nontransferable.

In the event that the AIRLINE's employee's or contractor's Airport ID/Security Credential is not returned within three (3) business days to the Airport upon: 1) termination of AIRLINE personnel or contractor, 2) Airport ID badge expiration, or 3) upon termination of the LEASE, the AIRLINE shall be liable to the Airport for a fine in the amount of $250.00 per unreturned Airport ID/Security Credential. The amount of the fine is subject to change without notice. The AIRLINE's Security Deposit may be applied to cover the cost of the fine.

ARTICLE XIII - INSURANCE AND INDEMNITY

SECTION 13.01 INSURANCE

The AIRLINE agrees to carry all required insurance at the AIRLINE's expense and to provide the COUNTY current Certificates of Insurance, including all endorsements required herein, necessary to satisfy the COUNTY that the insurance provisions of this LEASE have been complied with. AIRLINE shall keep such insurance coverage current, provide Certificate of Insurance, and endorsements to the COUNTY during the entire term of this LEASE.

The AIRLINE agrees that the AIRLINE shall not operate on the Airport Premises at any time the required insurance is not in full force and effect as evidenced by a Certificate of Insurance and necessary endorsements or, in the interim, an official binder being in the possession of Airport Director. In no cases shall assurances by the AIRLINE, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. Airport Director will only accept valid Certificates of Insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. The AIRLINE also agrees that upon cancellation, termination, or expiration of the AIRLINE's insurance, the COUNTY may take whatever steps are necessary to interrupt any operation from or on the Airport Premises until such time as the Airport Director reinstates the LEASE.

If the AIRLINE fails to provide Airport Director with a valid Certificate of Insurance and endorsements, or binder at any time during the term of the LEASE, the COUNTY and the AIRLINE agree that this shall constitute a material breach of the LEASE. Whether or not a notice of default has or has not been sent to the AIRLINE, said material breach shall permit the COUNTY to take whatever steps necessary to interrupt any operation from or on the Airport Premises, and to prevent any persons, including, but not limited to, members of the general public, and the AIRLINE'S employees and agents, from entering the Premises until such time as Airport Director is provided with adequate evidence of insurance required herein. The AIRLINE further agrees to hold the COUNTY harmless for any damages resulting from such interruption of business and

possession, including, but not limited to, damages resulting from any loss of income or business resulting from the COUNTY's action.

The AIRLINE may occupy the Airport Premises only upon providing to the COUNTY, the required insurance stated herein and maintain such insurance for the entire term of this LEASE. The COUNTY reserves the right to terminate this LEASE at any time the AIRLINE's insurance is canceled or terminated and not reinstated within ten (10) days of said cancellation or termination. The AIRLINE shall pay the COUNTY a fee of $300.00 for processing the reinstatement of the LEASE. The AIRLINE shall provide to the COUNTY immediate notice of said insurance cancellation or termination.

All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the same terms and conditions as set forth herein for the AIRLINE; excluding General Aviation Liability. All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the following required minimum limits: Commercial General Liability $1,000,000 per occurrence with a $2,000,000 aggregate; Commercial Auto Liability $1,000,000 combined single limit each accident for non-air operations area (AOA); and, $5,000,000 combined single limit each accident for air operations area. Pollution Liability will be required when hazardous materials or waste are involved with limits commensurate with the exposure. The AIRLINE shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by the COUNTY from the AIRLINE under this LEASE. It is the obligation of the AIRLINE to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Airport Premises. Such proof of insurance must be maintained by the AIRLINE through the entirety of this LEASE and be available for inspection by a COUNTY representative at any reasonable time.

All self-insured retentions (SIRs) shall be clearly stated on the Certificate of Insurance. Any self-insured retention (SIR) in excess of Fifty Thousand Dollars ($50,000) shall specifically be approved by the County's Risk Manager. The COUNTY reserves the right to require current audited financial reports from the AIRLINE. If the AIRLINE is self-insured, AIRLINE will indemnify and defend the COUNTY for any and all claims resulting or arising from AIRLINE's use of the Airport Premises, services or other performance in accordance with the indemnity provision states in this LEASE.

If the AIRLINE fails to maintain insurance acceptable to the COUNTY for the full term of this LEASE, the COUNTY may terminate this LEASE.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com**).

If the insurance carrier does not have an A.M. Best Rating of A-VIII, the CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the AIRLINE shall provide the minimum limits and coverage as set forth below:

Coverages	Minimum Limits
Aviation Commercial General Liability (Including but not limited to General Liability, Passenger Legal Liability, War/Extended Perils Liability, Personal Injury, Contractual Liability, Premises, Products and Completed Operations, Ground Hangarkeepers and liability for vehicles and mobile equipment operated on restricted airport premises.)	$250,000,000 per occurrence $250,000,000 aggregate
Workers' Compensation	Statutory
Employers' Liability Insurance	$1,000,000 per accident or disease
Pollution Liability Insurance	$1,000,000 per claims made or per occurrence
Commercial Property Insurance on an "All Risk" or "Special Causes of Loss" basis covering all contents and any tenant improvements including Business Interruption/Loss of Rents with a 12-month limit.	100% of the Replacement Cost Value and no coinsurance provision

Increased insurance limits may be satisfied with Excess/Umbrella policies. Excess/Umbrella policies when required must provide Follow Form coverage.

Required Endorsements

The Aviation Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees, agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by County of Orange shall be excess and non-contributing.

The Pollution Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

Pollution Liability insurance must include coverage for bodily injury and property damage, including coverage for loss of use and/or diminution in property value, and for clean-up costs arising out of, pertaining to, or in any way related to the actual or alleged discharge, dispersal, seepage, migration, release or escape of contaminants or pollutants resulting from any services or work performed by, or behalf of, AIRLINE, including the transportation of hazardous waste, hazardous materials, or contaminants.

If AIRLINE's Pollution Liability policy is a claims-made policy, AIRLINE shall agree to the following:

1. The retroactive date must be shown and must be before the date of the contract or the beginning of the LEASE.

2. Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after expiration or earlier termination of LEASE.

3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the contract services, AIRLINE must purchase an extended reporting period for a minimum of three (3) years after expiration of earlier termination of the LEASE.

The Workers' Compensation policy shall contain a Waiver of Subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees. Blanket coverage may also be provided which will state – **As Required by Written Agreement.**

All insurance policies required by this LEASE shall waive all rights of subrogation against County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

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The Commercial Property policy shall contain a Loss Payee endorsement naming the County of Orange as respects the COUNTY's financial interest when applicable.

Insurance certificates should be forwarded to the COUNTY address provided in the Clause (NOTICES) below or to an address provided by Airport Director. AIRLINE has ten (10) business days to provide adequate evidence of insurance, or this LEASE may be cancelled.

AIRLINE shall provide thirty (30) days prior written notice of any policy cancellation or non-renewal and ten (10) days prior written notice where cancellation is due to non-payment of premium and provide a copy of the cancellation notice to COUNTY. Failure to provide written notice of cancellation may constitute a material breach of the LEASE, upon which the COUNTY may suspend or terminate this Contract

The COUNTY expressly retains the right to require AIRLINE to increase or decrease insurance of any of the above insurance types throughout the term of this LEASE. Any increase or decrease in insurance will be as deemed by the County of Orange Risk Manager as appropriate to adequately protect the COUNTY.

The COUNTY shall notify AIRLINE in writing of changes in the insurance requirements. If the AIRLINE does not deposit copies of acceptable certificates of insurance and endorsements with the COUNTY incorporating such changes within thirty (30) days of receipt of such notice, this LEASE may be in breach without further notice to the AIRLINE, and the COUNTY shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit the AIRLINE's liability hereunder nor to fulfill the indemnification provisions and requirements of this LEASE, nor in any way to reduce the policy coverage and limits available from the insurer.

SECTION 13.02 INDEMNITY

The AIRLINE agrees to indemnify, defend with counsel approved in writing by the COUNTY, and hold the COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies which the COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by the AIRLINE pursuant to this LEASE. If judgment is entered against the AIRLINE and the COUNTY by a court of competent jurisdiction because of the concurrent active negligence of the COUNTY or the COUNTY INDEMNITEES, the AIRLINE and the COUNTY agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION

A. In all its activities within the scope of its airport program, AIRLINE 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 (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance

If AIRLINE transfers its obligation to another, the transferee is obligated in the same manner as AIRLINE.

B. During the performance of this LEASE, AIRLINE, for itself, its assignees, and successors in interest, agrees as follows::

1) **Compliance with Regulations:** AIRLINE 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 LEASE.

2) **Nondiscrimination:** AIRLINE, with regard to the work performed by it during the LEASE, will not discriminate on the grounds of race, color, or national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The AIRLINE 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.

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

4) **Information and Reports:** AIRLINE 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 COUNTY or the FAA to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive

possession of another who fails or refuses to furnish the information, AIRLINE will so certify to the COUNTY or the FAA, as appropriate, and will set forth what efforts it has made to obtain this information.

5) **Sanctions for Noncompliance:** In the event of the AIRLINE's noncompliance with the non-discrimination provisions of this LEASE, the COUNTY will impose such sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

a. Withholding payments under the LEASE until the AIRLINE complies, and/or

b. cancelling, terminating, or suspending the LEASE, in whole or in part.

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

C. AIRLINE, for itself, 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 Leased Premises for a purpose for which an FAA activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, AIRLINE 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 said facilities.

2) 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.

3) In the construction of any improvements on, over, or under the Leased Premises 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.

4) AIRLINE will use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title VI List of Pertinent Nondiscrimination Acts and Authorities.

D. AIRLINE shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service.

E. AIRLINE, for itself, its assignees, and successors in interest, agrees to comply with the following nondiscrimination 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);

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, subrecipients and contractors, 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) The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex)

10) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations); [rescinded January 21, 2025];

11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)][rescinded March 1, 2025]; and

12) 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).

F. In the event of a breach of any of the above Nondiscrimination covenants, the COUNTY shall have the right to terminate the LEASE and to re-enter and repossess said lands and facilities thereon and hold the same as if said LEASE had never been made or issued.

SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT

The COUNTY reserves the right to develop further or improve the Airport as it sees fit, regardless of the desires or views of the AIRLINE, and without interference or hindrance.

The COUNTY reserves the right, but shall not be obligated to the AIRLINE, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of the AIRLINE in this regard.

SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A.

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This LEASE shall be subordinate to the provisions and requirements of any existing or future agreement between the COUNTY and the United States or any lawful requirement of the United States relative to the development, operation, or maintenance of the Airport.

SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS

The AIRLINE agrees that the AIRLINE's use of the Leased Premises, including all construction thereon, shall conform to applicable FEDERAL AVIATION REGULATIONS.

The AIRLINE agrees to comply with the applicable notification and review requirements covered in Part 77 of the FEDERAL AVIATION REGULATIONS (as same may be amended from time to time or such other regulation replacing Part 77 as may be adopted by Federal authority) prior to the construction of the improvements described herein and prior to the construction of any future structure or building upon the Leased Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

SECTION 14.05 FEDERAL LAW PREEMPTION

Notwithstanding any provisions of this LEASE, to the contrary and notwithstanding any provision of any other agreements, laws, or ordinances to the contrary, any requirement that is imposed on the AIRLINE in this LEASE, or any local authorities, shall not apply to the AIRLINE to the extent that such requirement is or would otherwise be preempted by federal law, including but not limited to the Airline Deregulation Act (49 U.S.C. § 41713).

SECTION 14.06 NONEXCLUSIVE RIGHT

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to conduct aeronautical activities or provide aeronautical services to the public as prohibited by 49 U.S.C. § 40103(e) and 47107(a)(4), as amended from time to time, and the COUNTY reserves the right to grant others the privilege and right of conducting any or all activities of an aeronautical nature.

SECTION 14.07 WAR OR NATIONAL EMERGENCY

This LEASE 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.

SECTION 14.08 RESERVED

Docusign Envelope ID: EAFEDD32-6F0D-4188-B86F-EB14245D9C2A

SECTION 14.09 AMERICANS WITH DISABILITIES ACT

The AIRLINE shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 ("ADA") in connection with: (a) the Leased Premises or any portion thereof and its operations thereon, the AIRLINE's furnishings, trade fixtures, and equipment; (b) removing physical barriers; (c) providing auxiliary aids and services for use of the AIRLINE's furnishings, trade fixtures and equipment, where necessary or required; and (d) modifying its policies, practices and procedures to comply with the ADA. The AIRLINE shall develop a work plan to correct or avoid any violations or non-compliance with the ADA and to address the processing of disability complaints. The AIRLINE shall deliver to the COUNTY, upon the COUNTY's request, a copy of each report and work plan. The COUNTY's approval of or acceptance of any aspect of the AIRLINE's activities under this LEASE shall not be deemed or construed in any way as a representation that such item or activity of practice complies with the ADA. The AIRLINE agrees to indemnify, defend, and hold the COUNTY harmless from and against any and all costs incurred by the COUNTY with respect to the AIRLINE's failure to comply with the ADA.

SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT

In accordance with 49 C.F.R. § 27.72, the AIRLINE shall ensure the provision of boarding equipment for passengers with mobility impairment, including, but not limited to, aircraft boarding chairs used to transfer passengers from their wheelchair or other apparatus to their seat in the aircraft cabin. The AIRLINE shall provide all related passenger assistance with this equipment. The equipment shall be provided and maintained in accordance with 49 C.F.R. § 27.72 and the applicable FAA Advisory Circulars, including AC 150/5220-21C.

The COUNTY owns and maintains ramps for utilization by the AIRLINE on the Airport apron in the event a ramp is needed for boarding or deplaning of the aircraft. The AIRLINE shall promptly notify the COUNTY if COUNTY-owned ramps require maintenance. If the AIRLINE owns and operates additional ramps, the AIRLINE shall maintain those ramps in proper working condition. The AIRLINE shall provide assistance to passengers with mobility impairment when ramps are used for boarding or deplaning of the aircraft.

ARTICLE XV - MISCELLANEOUS PROVISIONS

SECTION 15.01 TIME

Time is of the essence in this LEASE.

SECTION 15.02 LEASE ORGANIZATION

The various headings and numbers herein, the grouping of provisions of this LEASE into separate

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sections and paragraphs, and the organization hereof, are for the purpose of convenience only and shall not be considered otherwise.

SECTION 15.03 AMENDMENTS

This LEASE sets forth all of the agreements and understandings of the Parties with regard to its subject matter, and any modification must be written and properly executed by both Parties.

SECTION 15.04 SIGNS

The AIRLINE agrees not to construct, maintain, or allow any sign upon the Leased Premises except as approved by the COUNTY. The AIRLINE shall submit for approval all new signage to be placed in the ticketing lobby, including baggage sizers, and pylon signs. Illustrative drawings and design dimensions must accompany all requests for approval. Unapproved signs, banners, flags, etc., may be removed by the COUNTY without prior notice to the AIRLINE.

The AIRLINE will not place any promotional signs or advertising materials in any location within the Leased Premises or within any Common Use Area of the Terminal without the prior consent of the COUNTY. All requests for the approval of temporary promotional signs for the AIRLINE shall be accompanied by illustrative drawings and design dimensions along with information about the type of signs proposed and proposed locations. All approved promotional signs shall be allowed to remain in the terminal for ninety (90) days. At the end of ninety (90) days, all temporary signage must be removed, or the AIRLINE may resubmit a request to COUNTY to extend past ninety (90) days.

The AIRLINE shall keep all ticket counter space used by the AIRLINE and any associated ticket lifts and podiums free of all signs, advertising materials, credit card application dispensing units, posters, and banners. The COUNTY may, without notice, remove any unauthorized signs or advertising materials, and may store them at the AIRLINE's expense; the COUNTY may dispose of items if they are not promptly claimed by the AIRLINE after notice from the COUNTY.

SECTION 15.05 PERMITS AND LICENSES

The AIRLINE shall be required to obtain any and all approvals, permits, and/or licenses that may be required in connection with the operation of the Leased Premises as set out herein. No permit, approval, or consent given hereunder by the COUNTY in its governmental capacity shall affect or limit the AIRLINE's obligations hereunder, nor shall any approvals or consents given by the COUNTY as a Party to this LEASE be deemed approval as to compliance or conformance with applicable governmental codes, laws, ordinances, rules, or regulations.

SECTION 15.06 RESERVED

SECTION 15.07 TAXES AND ASSESSMENTS

Docusign Envelope ID: EAFEDD32-6F0D-4188-B86F-EB14245D9C2A

This LEASE may create a possessory interest that is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) that become due and payable upon the Leased Premises or upon fixtures, equipment, or other property installed or constructed thereon shall be the full responsibility of the AIRLINE, and the AIRLINE shall cause said taxes and assessments to be paid promptly.

SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If either Party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental laws or regulations, or other cause without fault and beyond the control of the Party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse the AIRLINE from the prompt payment of any rental or other charge required of the AIRLINE except as may be expressly provided elsewhere in this LEASE.

SECTION 15.09 PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this LEASE is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 15.10 WAIVER OF RIGHTS

The failure of the COUNTY or the AIRLINE to insist upon strict performance of any of the terms, covenants, or conditions of this LEASE shall not be deemed a waiver of any right or remedy that the COUNTY or the AIRLINE may have and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of the LEASE thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this LEASE. Any waiver, in order to be effective, must be signed by the Party whose right or remedy is being waived.

SECTION 15.11 RESERVATIONS TO THE COUNTY

The Leased Premises are accepted "AS IS," and the AIRLINE is subject to any and all existing easements and encumbrances. The COUNTY reserves the right to install, lay, construct, maintain, repair, and operate sanitary sewers, drains, Stormwater sewers, pipelines, manholes and connections; water, oil and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, under and along the Leased Premises or any part thereof; and to enter the Leased Premises for any and all such purposes. The COUNTY also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, under, and along any and all portions of

the Leased Premises. No right reserved by the COUNTY in this Section shall be so exercised as to interfere unreasonably with the AIRLINE's operations hereunder or to impair the security of any secured creditor of the AIRLINE.

The COUNTY agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The COUNTY further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Leased Premises by the AIRLINE.\, the AIRLINE shall only be entitled to a reduction in the rent payable to the COUNTY during the period of interference, which shall be reduced in proportion to the interference with the AIRLINE's use of the Leased Premises. The AIRLINE shall not be entitled to any other form of compensation.

SECTION 15.12 AUTHORITY OF THE AIRLINE

If the AIRLINE is a corporation, each individual executing this LEASE on behalf of said corporation represents and warrants that they are duly authorized to execute and deliver this LEASE on behalf of said corporation, in accordance with the by-laws of said corporation, and that this LEASE is binding upon said corporation.

SECTION 15.13 PUBLIC RECORDS

The AIRLINE understands that written information submitted to and/or obtained by the COUNTY from the AIRLINE related to this LEASE and/or the Leased Premises, either pursuant to this LEASE or otherwise, may be open to inspection by the public pursuant to the California Public Records Act (Cal. Gov. Code §§7920.000 *et seq.*) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public.

SECTION 15.14 RELATIONSHIP OF PARTIES

The relationship of the Parties hereto is that of lessor and lessee, and it is expressly understood and agreed that the COUNTY does not in any way or for any purpose become a partner of the AIRLINE in the conduct of the AIRLINE's business or otherwise or a joint venturer with the AIRLINE; and the provisions of this LEASE and the agreements relating to rent payable hereunder are included solely for the purpose of providing a method by which rental payments are to be measured and ascertained. This LEASE is intended for the sole benefit of the Parties hereto and their successors, and unless otherwise provided herein or by law, no rights are created, or are intended to be created, for the benefit of, or enforceable by, any third parties.

SECTION 15.15 GOVERNING LAW AND VENUE

This LEASE has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this LEASE, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

SECTION 15.16 ATTORNEY'S FEES

In any action or proceeding to enforce or interpret any provision of this LEASE, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorney's fees, costs, and expenses.

SECTION 15.17 EMERGENCY SERVICES

The Airport Director has the right to request that the AIRLINE'S employees aid in and use AIRLINE's inventory of goods in an emergency to assist in maintaining the welfare of persons at or near the Airport. The AIRLINE shall be reimbursed by the COUNTY for the cost of goods as soon as practicable at a rate not to exceed costs as existed immediately prior to the emergency.

SECTION 15.18 NOTICES

All notices pursuant to this LEASE shall be addressed to either Party as set forth below and shall be sent through the United States mail, duly registered or certified, return receipt requested with postage prepaid, or by an overnight carrier service. If any notice is sent by an overnight carrier service, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof. Notwithstanding the above, the COUNTY may also provide notices to the AIRLINE by personal delivery or by regular mail postage prepaid, and any such notice so given shall be deemed to have been given upon the date of personal delivery or three (3) days after the date of deposit in the United States Mail, respectively.

To: COUNTY
John Wayne Airport
3160 Airway Avenue
Costa Mesa, CA 92626
Attention: Airport Director

To: AIRLINE
Spirit Airlines, LLC.
1731 Radiant Drive
Dania Beach, FL 33004

Either Party hereto may, from time to time, by written notice to the other in the method described above, designate a different address, which shall be substituted for the one above specified.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first above written.

AIRLINE: Spirit Airlines, LLC.

By: DocuSigned by: Chip Sandifer 2259DF0930F544C...

Its: VP Corporate Real Estate and Airport Administration

Name: Chip Sandifer

APPROVED AS TO FORM:
County Counsel

By: DocuSigned by: Mark Sanchez 5EE66EC8DA7B48F...

APPROVED AS TO AUDIT AND ACCOUNTING:
Auditor-Controller

By: Signed by: Vivian Grzeszczak 98187C051B2C443...

RECOMMENDED FOR APPROVAL:
John Wayne Airport

By: Signed by: Charlene Reynolds A1A526A921AF49F...

Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this document has been delivered to the Chair of the Board per G.C. Sec. 25103, Reso 79-1535

Attest:

COUNTY:
COUNTY OF ORANGE

By: _____
Chairman, Board of Supervisors

Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT A
LEASED PREMISES DESCRIPTION

Project Management Number: PM 1121-0300-0087

Airline: Spirit Airlines, LLC.

The Leased Premises referred to in this Lease shall mean all the premises shown on a floor plan marked "Exhibit B," attached hereto and made a part hereof, being those certain Exclusive Use Areas designated as follows:

> Airline Ticket Office, and Airline Ticket Counter, containing 173 square feet and 247 square feet, respectively, located on the Terminal A concourse of the Departure Level.
>
> Ramp/Operations Office containing 424 square feet of space located on the Terminal A ramp on the Arrival Level.

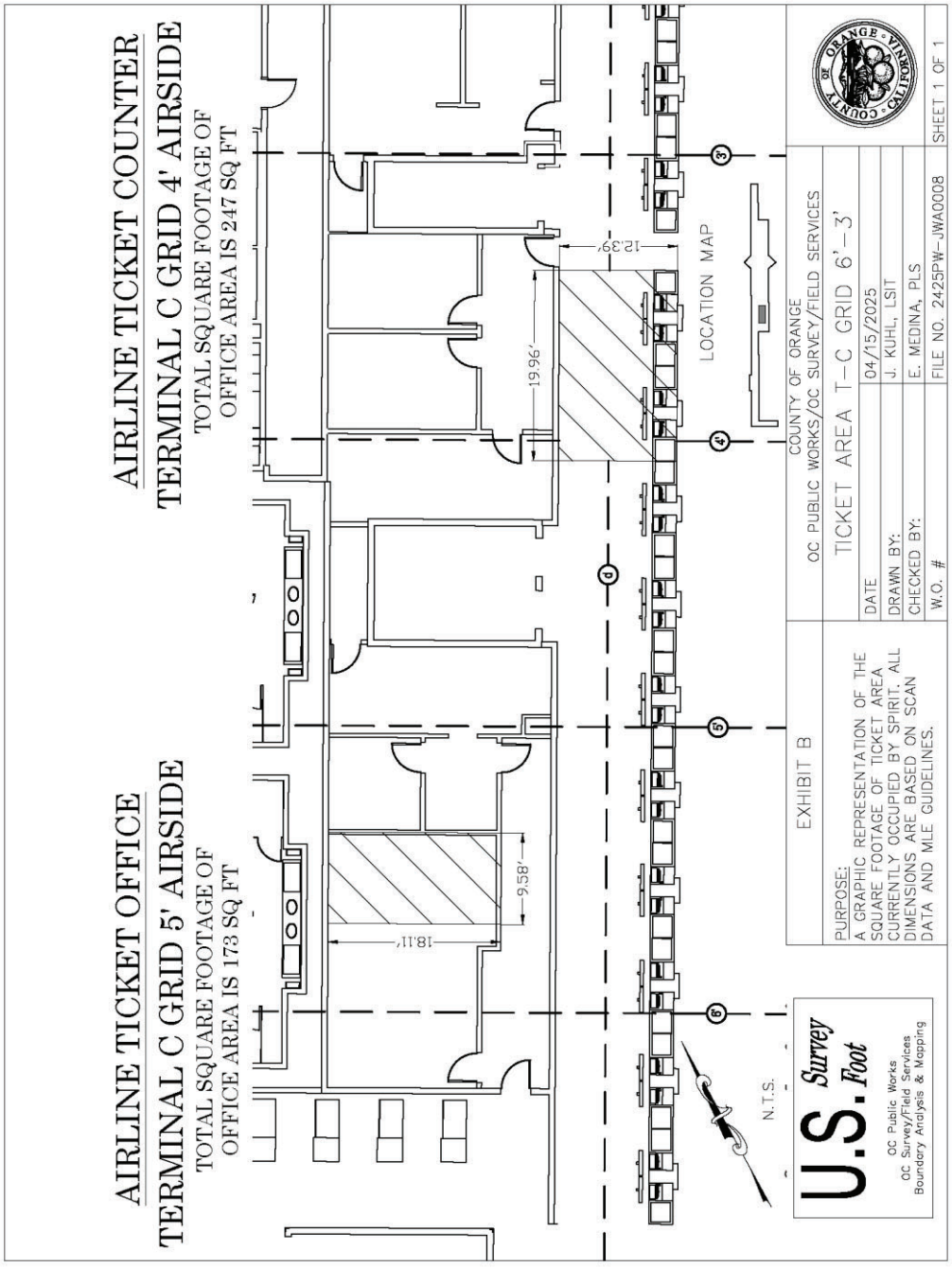
Said Exclusive Use Areas shall also include the premises shown on a map marked "Exhibit C," attached hereto and made a part hereof, being Apron Area. Said "Exhibit C" may be revised at any time by Airport Director.

The Leased Premises shall also include the premises shown on a map marked "Exhibit D," being those certain Common Use Areas designated as Baggage Claim/Baggage Make-up Areas, Holdrooms, Airside Concourses, Security Areas, and Loading Bridges,

Said Exclusive Use and Common Use Areas are situated at the Thomas F. Riley Terminal Building, John Wayne Airport, 18601 Airport Way, in the City of Santa Ana, County of Orange, State of California, and located on Lots 132 and 135 of Block 7 of the Irvine Subdivision, per map recorded in Book 1, Page 88 of Miscellaneous Maps in the Office of the County Recorder of Orange County, together with the right of ingress and egress thereto.

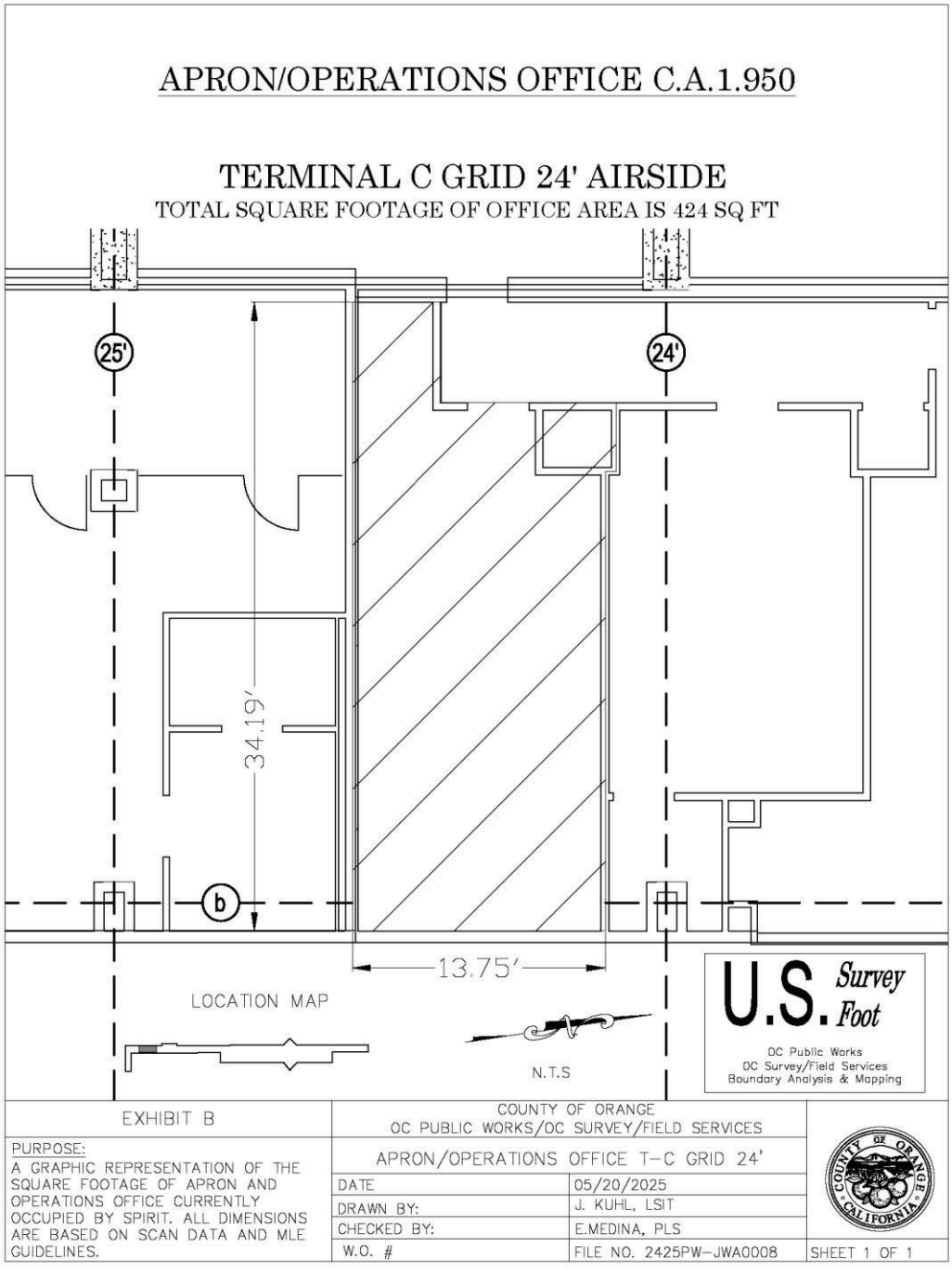
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES – EXCLUSIVE TERMINAL USE AREA



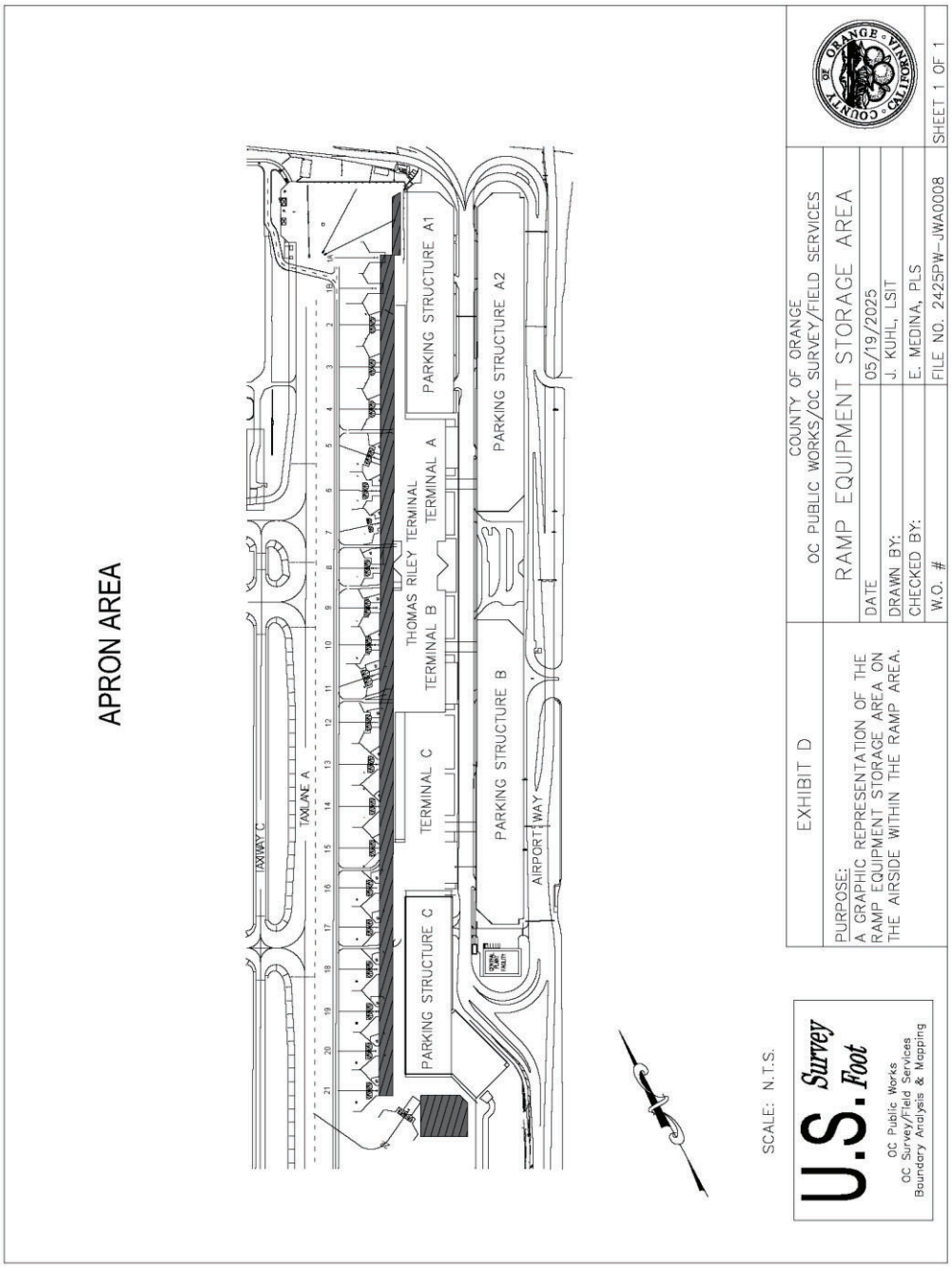
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES – EXCLUSIVE TERMINAL USE AREA



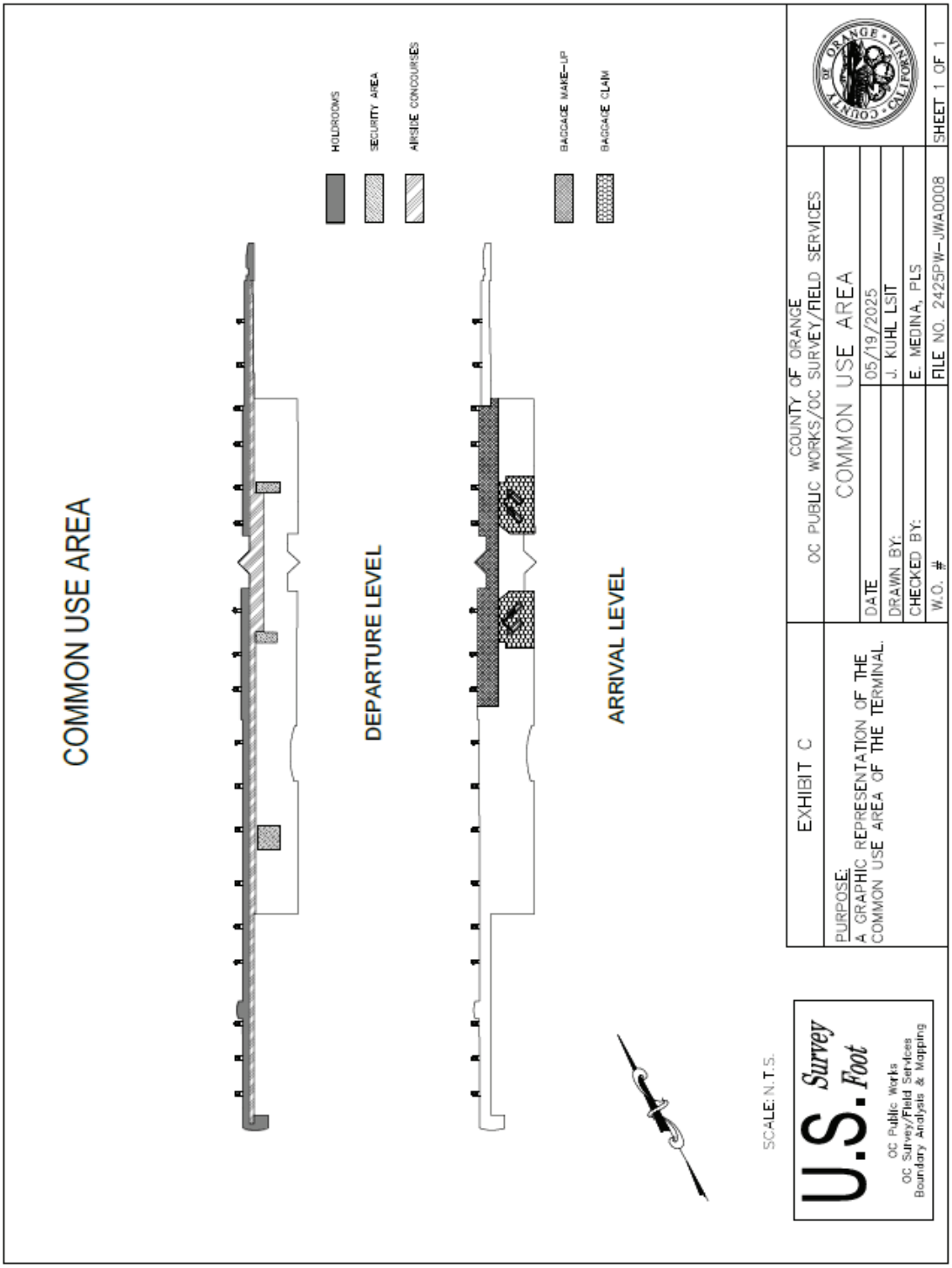
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT C
APRON AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT D
COMMON USE AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT E
JOHN WAYNE AIRPORT
SUMMARY OF OPERATION AND MAINTENANCE RESPONSIBILITIES

	Exclusive Use Areas	Common Use Areas	SIDA - Non Public Areas	Public Areas Sidewalks and Roadways	Airfield
Building Exteriors	C	C	C	C	C
Doors	A (1)	C (1)	C	C	-
Loading Bridges	C	C	C	-	C
Landscaping	-	C	C	C	C
Roadways	-	C	C	C	C
Law Enforcement, Fire Protection, Emergency Medical Services	C	C	C	C	C
Plumbing	C (1,2)	C	C	C	C
Electrical and Lighting	C (1,2)	C	C	C	C
HVAC	C (1)	C	C	C	C
Glass Breakage	C (1)	C	C	C	C
Communications Systems CU P PS	C (1)	C(1)	C	C	C
Custodial Service/Window Cleaning	A	C	C	C	C
Baggage Handling Systems	C	C	C	C	-
Bag-Claim Carousel Equipment	-	C	C	C	-
Baggage Scales (ticket counters)	C	C	-	-	-
People Movers (elevators, escalators)	C	C	C	C	-
Signage	A	C	C	C	C
Ramp	A	C (3)	C (3)	-	-

Key: A = Airline
C = County

1. Airline is responsible for maintenance, repair and replacement of Airline-installed devices and equipment.
2. Airline is responsible for routine maintenance, including relamping and ballast replacement.
3. Airline is responsible for cleaning ramp areas of trash and spills (from building to VSR).

If Airline fails to perform its maintenance and repair obligations as stated in the Lease, the County may perform the work after providing the Airline written notice and recover its entire cost plus a 15% charge from Airline as additional costs. Said cos ts shall be due and payable by the Airline to the County as stated in Article V, Section 5.07 of the Lease.

In the event the Airline makes any repairs or modifications to an area or equipment, at the request of the County, as per Section 4.01 subsection C of this Lease, and those areas or equipment are currently maintained by the County, the County will continue the maintenance responsibilities for those areas or equipment.

JOHN WAYNE AIRPORT
ORANGE COUNTY

AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

Dated _____

Between

County of Orange

and

United Airlines, Inc.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

RECITALS 1
ARTICLE I - DEFINITIONS 2
SECTION 1.01 AAAC 2
SECTION 1.02 AAAC CHAIR 2
SECTION 1.03 ACCESS PLAN 2
SECTION 1.04 ADD 2
SECTION 1.05 AIRLINE RATES AND CHARGES 3
SECTION 1.06 AIRPORT 3
SECTION 1.07 AIRPORT DIRECTOR 3
SECTION 1.08 APRON AREA 3
SECTION 1.09 AUDITOR-CONTROLLER 3
SECTION 1.10 BOARD OF SUPERVISORS 3
SECTION 1.11 CBP 3
SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT 3
SECTION 1.13 COMMON USE AREA 3
SECTION 1.14 COUNTY 4
SECTION 1.15 CUPPS 4
SECTION 1.16 CUSS 4
SECTION 1.17 DOT 4
SECTION 1.18 EMV 4
SECTION 1.19 ENVIRONMENTAL LAWS 4
SECTION 1.20 EXCLUSIVE USE AREA 5
SECTION 1.21 FAA 5
SECTION 1.22 GSE 5
SECTION 1.23 HAZARDOUS SUBSTANCES 5
SECTION 1.24 IAF 6
SECTION 1.25 NON-STORMWATER DISCHARGE 6
SECTION 1.26 PFC 6
SECTION 1.27 POLLUTANT 6
SECTION 1.28 RON 7
SECTION 1.29 STORMWATER 7
SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES 7
SECTION 1.31 TERMINAL 7
SECTION 1.32 TSA 7
ARTICLE II – TERM OF LEASE 7
SECTION 2.01 TERM OF LEASE 7
SECTION 2.02 HOLDING OVER 7
SECTION 2.03 TERMINATION FOR CONVENIENCE 8
ARTICLE III – LEASED PREMISES 8
SECTION 3.01 LEASED PREMISES 8

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 3.02 NATURE OF AIRLINE'S ESTATE 9
SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES 9
ARTICLE IV - RENT, FEES AND CHARGES 9
SECTION 4.01 RENT, FEES AND CHARGES 9
SECTION 4.02 PAYMENT PROCEDURE 13
SECTION 4.03 CHARGE FOR LATE PAYMENT 14
SECTION 4.04 PASSENGER FACILITY CHARGE 14
SECTION 4.05 PROVISION AGAINST SET-OFFS 15
SECTION 4.06 SECURITY DEPOSIT 16
SECTION 4.07 NEW ENTRANT DEPOSIT 17
SECTION 4.08 MARKETING FUND FEE 17
ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES 18
SECTION 5.01 USE 18
SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES 19
SECTION 5.03 RULES AND REGULATIONS 19
SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE 20
SECTION 5.05 OPERATIONAL REQUIREMENTS 21
SECTION 5.06 RECORDS AND ACCOUNTS 22
SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS 25
SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON 27
SECTION 5.11 AIRCRAFT PARKING 27
SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT 30
SECTION 5.12 PORTER SERVICES 28
ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT 28
SECTION 6.01 COMMON USE EQUIPMENT 28
SECTION 6.02 COMMON USE EQUIPMENT STOCK 29
SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK 29
SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT 29
SECTION 6.06 NETWORK USAGE 30
SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES 32
SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES 32
ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION 33
SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE 33
SECTION 7.02 SPILL RESPONSE PLAN 34

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION 35
SECTION 7.04 ENVIRONMENTAL STEWARDSHIP 36
SECTION 7.05 RESERVED 38
SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION 38
SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS 39
SECTION 7.08 ANTI-IDLING POLICY 39
ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS 39
SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY 39
SECTION 8.02 IMPROVEMENTS BY THE AIRLINE 40
SECTION 8.03 AIRLINE REIMBURSEMENT 41
SECTION 8.04 EXCLUSIVE REMEDY 42
SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION 42
SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES 43
SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS 43
SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS 45
SECTION 8.09 HEALTH AND SAFETY 45
ARTICLE IX - ACCOMMODATION 46
SECTION 9.01 JOINT USE REQUIREMENT 46
ARTICLE X - ASSIGNMENT AND SUBLEASE 47
SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING 47
SECTION 10.02 SUCCESSORS IN INTEREST 50
ARTICLE XI - TERMINATION AND DEFAULT 50
SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS 51
SECTION 11.02 TERMINATION FOR DEFAULT 51
SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION 52
SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY 52
SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER 52
ARTICLE XII - SECURITY 52
SECTION 12.01 AIRPORT SECURITY 52
ARTICLE XIII - INSURANCE AND INDEMNITY 55
SECTION 13.01 INSURANCE 55
SECTION 13.02 INDEMNITY 59
ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS 59
SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION 60
SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT 63
SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A. 63
SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS . 64

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 14.05 FEDERAL LAW PREEMPTION 64
SECTION 14.06 NONEXCLUSIVE RIGHT 64
SECTION 14.07 WAR OR NATIONAL EMERGENCY 64
SECTION 14.08 RESERVED 64
SECTION 14.09 AMERICANS WITH DISABILITIES ACT 65
SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT 65
ARTICLE XV - MISCELLANEOUS PROVISIONS 65
SECTION 15.01 TIME 65
SECTION 15.02 LEASE ORGANIZATION 65
SECTION 15.03 AMENDMENTS 66
SECTION 15.04 SIGNS 66
SECTION 15.05 PERMITS AND LICENSES 66
SECTION 15.06 RESERVED 66
SECTION 15.07 TAXES AND ASSESSMENTS 66
SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE 67
SECTION 15.09 PARTIAL INVALIDITY 67
SECTION 15.10 WAIVER OF RIGHTS 67
SECTION 15.11 RESERVATIONS TO THE COUNTY 67
SECTION 15.12 AUTHORITY OF THE AIRLINE 68
SECTION 15.13 PUBLIC RECORDS 68
SECTION 15.14 RELATIONSHIP OF PARTIES 68
SECTION 15.15 GOVERNING LAW AND VENUE 69
SECTION 15.16 ATTORNEY'S FEES 69
SECTION 15.17 EMERGENCY SERVICES 69
SECTION 15.18 NOTICES 69

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

LIST OF EXHIBITS

EXHIBIT A LEASED PREMISES DESCRIPTION – TERMINAL EXCLUSIVE USE AREA

EXHIBIT B FLOOR PLAN OF LEASED PREMISES – TERMINAL EXCLUSIVE USE AREA

EXHIBIT C MAP OF APRON AREA

EXHIBIT D MAP COMMON USE AREA

EXHIBIT E AIRLINE MAINTENANCE OBLIGATIONS

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

THIS AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE ("LEASE") is made and entered into this ___ day of _____, 2025, by and between the COUNTY OF ORANGE, a political subdivision of the State of California ("COUNTY"), and United Airlines, Inc. ("AIRLINE"), with COUNTY and AIRLINE sometimes individually referred to as "Party" or collectively referred to as "Parties."

RECITALS

WHEREAS, the COUNTY, through its Board of Supervisors, is the owner and proprietor of John Wayne Airport ("JWA" or "Airport"), located in the County of Orange, State of California, and operates and maintains the Airport as a governmental function for the primary purpose of providing air transportation to the public; and

WHEREAS, COUNTY and AIRLINE entered into a Certificated Passenger Airline Lease dated November 3, 2020, with a term effective January 1, 2021, through December 31, 2025 ("Existing Lease"); and

WHEREAS, the AIRLINE is engaged in the business of commercial air transportation of persons, property, cargo, and mail as a scheduled air carrier and is certificated or otherwise authorized by the United States of America to engage in such business; and

WHEREAS, the AIRLINE desires to enter into an agreement addressing certain premises, facilities, rights, licenses, services, and privileges at the Airport; and

WHEREAS, as part of its ongoing effort to operate the Airport in a manner sensitive to the residents who live under the Airport's approach and departure corridors, the COUNTY has developed one of the most stringent access and noise abatement programs in the country. The Airport monitors all aircraft operations, both commercial and private, for compliance with the program. These noise abatement and access restrictions derive from the 1985 Settlement Agreement between the COUNTY, City of Newport Beach, and other parties and are implemented through ordinances, resolutions (including Resolutions No. 85-255, 85-256, 85-259, 85-1231, 85-1232, and 85-1233), regulations (including the Phase 2 Commercial Airline Access Plan and Regulation) and policies of the COUNTY, as they may be amended from time to time; and

WHEREAS, the 1985 Settlement Agreement has been periodically amended by its parties to, among other things, increase the authorized passenger levels at the Airport; and

WHEREAS, the amendments to the 1985 Settlement Agreement preserve and continue to implement important restrictions on the use of JWA, "grandfathered" under the AIRPORT NOISE AND CAPACITY ACT OF 1990 ("ANCA"), which reflect and accommodate historical policy decisions of the Board of Supervisors regarding the appropriate point of balance between the competing interests of the air transportation and aviation community and local residents living in the vicinity of the Airport. These policy decisions address, among other issues, nighttime operational restrictions and maximum permitted single-event noise levels; and

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

WHEREAS, the COUNTY and the AIRLINE mutually desire to enter into this LEASE, which amends and restates the Existing Lease, in order to provide air transportation services to the community and its visitors through December 31, 2030; and

WHEREAS, the COUNTY has the right to permit and grant the use of its property at the Airport to the AIRLINE for the operation of the AIRLINE's air transportation services; and

WHEREAS, the AIRLINE acknowledges that this LEASE is being entered into under the provisions of CAL. PUBLIC UTIL. CODE §§21690.5 *et seq.*, and, in particular, §21690.9.

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained to be observed and performed by the respective Parties hereto:

THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I - DEFINITIONS

The following words, terms, and phrases, whenever used in this LEASE, shall have the meaning and significance attached to them in this Article unless otherwise apparent from context.

SECTION 1.01 AAAC

"AAAC" shall mean the JWA – Airport Airline Affairs Committee. The AAAC is composed of the airline properties representatives for the carriers serving JWA.

SECTION 1.02 AAAC CHAIR

"AAAC Chair" shall mean the Chairperson elected by the AAAC to act as the spokesperson for carriers serving JWA.

SECTION 1.03 ACCESS PLAN

"Access Plan" shall mean the Phase 2 Commercial Airline Access Plan and Regulation for John Wayne Airport, Orange County, as that plan existed when originally adopted and approved by the Orange County Board of Supervisors in 1990, as it has been amended by the Board of Supervisors from time to time, and as it may be amended by the Board of Supervisors at any time during the term of this LEASE.

SECTION 1.04 ADD

"ADD" shall mean Average Daily Departure, as defined in the Access Plan. Except as expressly provided in the Access Plan, all commercial air carrier departures at JWA are regulated departures and require an ADD allocation. ADD allocations are the exclusive property of the COUNTY.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 1.05 AIRLINE RATES AND CHARGES

"Airline Rates and Charges" shall mean all rates, fees, and charges payable to the COUNTY by the AIRLINE, as specified herein**.**

SECTION 1.06 AIRPORT

"Airport" shall mean the John Wayne Airport, Orange County, California.

SECTION 1.07 AIRPORT DIRECTOR

"Airport Director" shall mean the Director of JWA or his or her duly authorized designee.

SECTION 1.08 APRON AREA

"Apron Area" shall mean the land identified as Apron Area in Exhibit C attached hereto, and, except as otherwise provided herein, all facilities, equipment, and improvements now or hereafter located thereon.

SECTION 1.09 AUDITOR-CONTROLLER

"Auditor-Controller" shall mean the Auditor-Controller, County of Orange, or designee.

SECTION 1.10 BOARD OF SUPERVISORS

"Board of Supervisors" shall mean the COUNTY's governing body.

SECTION 1.11 CBP

"CBP" shall mean Customs and Border Protection, U.S. Department of Homeland Security.

SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT

"Certificated Maximum Landing Weight" shall mean the current maximum allowable gross landing weight of aircraft operated by the AIRLINE and certificated by the Federal Aviation Administration (FAA) for operation at the Airport.

SECTION 1.13 COMMON USE AREA

"Common Use Area" shall mean the nonexclusive use of space, in common with other airlines, located in the Terminal, as shown in Exhibit D.

SECTION 1.14 COUNTY

"COUNTY" shall mean the County of Orange, a political subdivision of the State of California.

SECTION 1.15 CUPPS

"CUPPS" shall mean the Airport's Common Use Passenger Processing System.

SECTION 1.16 CUSS

"CUSS" shall mean Common Use Self Service.

SECTION 1.17 DOT

"DOT" shall mean the U.S. Department of Transportation.

SECTION 1.18 EMV

"EMV" shall mean Europay, Mastercard, or Visa.

SECTION 1.19 ENVIRONMENTAL LAWS

“Environmental Laws” shall mean any federal, State, or local laws, statutes, ordinances, codes, judgments, orders, rules, or regulations pertaining to the environment and/or human health, Hazardous Substances, Pollutants, occupational safety and health, industrial hygiene, or the environmental conditions on, at, under or about the Airport, and includes, without limitation, the following: (i) the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; (ii) Clean Water Act, 33 U.S.C. § 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 C.F.R. Parts 173 and 175; (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 U.S.C. § 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 (“Proposition 65”); (ix) California Health and Safety Code §§25100, 25395.7, 25915 *et seq.*; (x) the Porter-Cologne Water Quality Control Act (California Water Code); (xi) California Civil Code § 3479 *et seq.*; (xii) Stormwater Discharge Rules, 40 C.F.R. §§ 122.26, 122.30-37; (xiii) the Carpenter-Presley-Tanner Hazardous Substances Account Act; (xiv) the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; (xv) the Safe Drinking Water Act, 24 U.S.C. § 300f, *et seq.*; xvi) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Industrial Activities, Order No. 2014-0057-DWQ (or most current); xvii) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, Order No. 2009-0009-DWQ amended by 2010-0014-DWQ & 2012-0006-DWQ; xviii) The County of Orange, Orange County Flood Control District, and The

Incorporated Cities of Orange County within the Santa Ana Region Areawide Urban Stormwater Runoff Orange County Municipal Separate Storm Sewer System (MS4) Permit Order No. R8-2009-0030 (National Pollutant Discharge Elimination System No. CAS618030) as amended by Order No. R8-2010-0062; xix) South Coast Air Quality Management District Regulations and Rules; and (xx) all other federal, State, and local laws, rules, orders, directives, and codes, regulations, judgments, and orders relating to (a) emissions, discharges, releases, and/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 (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Substances, as such laws are amended, and the regulations and administrative codes applicable thereto.

SECTION 1.20 EXCLUSIVE USE AREA

"Exclusive Use Area" shall mean the areas of the Terminal and on the Terminal Apron that the COUNTY has granted the AIRLINE the right to use on an exclusive-use basis, subject to the Joint Use Requirement, during the term of this LEASE. The AIRLINE's Exclusive Use Area is described in Exhibit A and shown in Exhibits B and C.

SECTION 1.21 FAA

"FAA" shall mean the Federal Aviation Administration created under the FEDERAL AVIATION ACT OF 1958 or such successor agency as may have similar jurisdiction over the AIRLINE or its business and the Airport.

SECTION 1.22 GSE

"GSE" shall mean Ground Service Equipment and include any auxiliary power unit, mobile stairs, aircraft support equipment, machinery, spare parts, or other equipment used or stored by any qualified air carrier or ground service provider in support of operations at JWA.

SECTION 1.23 HAZARDOUS SUBSTANCES

“Hazardous Substances” shall mean any pollutant, contaminant, chemical, compound, substance, hazardous or toxic substance, material, waste, and/or any other matter, which is or shall become regulated by any governmental entity, including, but not limited to COUNTY acting in its governmental capacity, the State of California, and/or the United States Government. 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, nuisance, and/or is controlled or governed under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos-containing materials; (iv) flammable or explosive substances; (v) mold-containing materials; poly-chlorinated biphenyl compounds; and/or (vi) substances designated by any governmental entity to cause cancer and/or reproductive toxicity.

SECTION 1.24 IAF

"IAF" shall mean the International Arrival Facility and include the areas of the Terminal that house U.S. Customs and Border Protection and are for the use of arriving international passengers.

SECTION 1.25 NON-STORMWATER DISCHARGE

"Non-Stormwater Discharge" shall mean any discharge to storm sewer systems that is not entirely composed of Stormwater. "Non-Stormwater Discharge" includes "Unauthorized Non-Stormwater Discharges" and "Authorized Non-Stormwater Discharges" as defined by the California Environmental Protection Agency State Water Resources Control Board's National Pollutant Discharge Elimination System General Permit for Discharges of Stormwater Associated with Industrial Activities and Construction Activities.

SECTION 1.26 PFC

"PFC" shall mean federally approved Passenger Facility Charges or passenger facility fees, as authorized by 49 U.S.C. §40117 and regulated by 14 C.F.R. Part 158, as such statute and regulation currently exist or as they may be amended during the term of this LEASE.

SECTION 1.27 POLLUTANT

“Pollutant” means any chemical, compound, substance, liquid, solid or semi-solid substance, or combination thereof, including but not limited to:

a. Artificial materials (such as floatable plastics, wood products or metal shavings);

b. Household waste (such as trash, paper, and plastics; cleaning chemicals, yard wastes, animal fecal materials, used oil and fluids from vehicles, lawnmowers, and other common household equipment);

c. Metals and nonmetals, including compounds of metals and nonmetals (such as cadmium, lead, zinc, copper, silver, nickel, chromium, cyanide, phosphorus, and arsenic) with characteristics that cause an adverse effect on living organisms;

d. Petroleum and related hydrocarbons (such as fuels, lubricants, surfactants, waste oils, solvents, coolants, and grease);

e. Substances having a pH less than 6.5 or greater than 8.6, or unusual coloration, turbidity, or odor;

f. Materials causing an increase in biochemical oxygen demand, chemical oxygen demand, or total organic carbon;

g. Materials that contain base/neutral or acid-extractable organic compounds;

h. Those pollutants defined in Section 1362(6) of the Federal Clean Water Act;

i. Any other constituent or material, including but not limited to pesticides, herbicides, fertilizers, fecal coliform, fecal streptococcus, or enterococcus, or eroded soils, sediment, and particulate materials in quantities that will interfere with or adversely affect the beneficial use of the receiving waters, flora or fauna of the State; and

j. Any substance listed under Health and Safety Code, §25316.

SECTION 1.28 RON

"RON" shall mean the remain overnight positions where the AIRLINE's aircraft are required to park when they "remain overnight" at JWA.

SECTION 1.29 STORMWATER

"Stormwater" shall mean stormwater runoff, snowmelt runoff, and stormwater surface runoff and drainage.

SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES

"Tenant Design and Construction Guidelines" shall mean the Tenant Criteria Manual, CAD Standards, BIM Standards Manual, and GIS Data Standard which can be found on the OCAIR.COM website.

SECTION 1.31 TERMINAL

"Terminal" shall mean the Thomas F. Riley commercial passenger terminal and concourses at JWA, as may be modified at any time during the term of this LEASE.

SECTION 1.32 TSA

"TSA" shall mean the Transportation Security Administration of the U.S. Department of Homeland Security, the federal agency responsible for regulation of airport security, or any such successor agency.

ARTICLE II – TERM OF LEASE

SECTION 2.01 TERM OF LEASE

The term of this LEASE shall commence on January 1, 2021, and expire on December 31, 2030.

SECTION 2.02 HOLDING OVER

In the event the AIRLINE shall continue in possession of the Leased Premises after the term of this LEASE, such possession shall not be considered an extension or renewal of this LEASE but

a tenancy from month-to-month and shall be governed by the conditions and covenants contained in this LEASE.

SECTION 2.03 TERMINATION FOR CONVENIENCE

This LEASE may be terminated for convenience by either Party for any reason and without cause upon ninety (90) days' written notice.

ARTICLE III – LEASED PREMISES

SECTION 3.01 LEASED PREMISES

The COUNTY leases to the AIRLINE that certain property hereinafter referred to as "Leased Premises." Said premises shall be leased to the AIRLINE in "as-is" condition and shall consist of the following:

A. **Exclusive Use Area**. Exclusive use of the space, subject to the requirements set forth in Section 9.01 of this LEASE entitled "JOINT USE REQUIREMENT," located in the Terminal and on the Apron and Airfield, as described on Exhibit A and shown in Exhibits B and C, which exhibits are attached hereto and by reference made a part hereof and hereinafter referred to as "Exclusive Use Area."

B. **Common Use Area**. Nonexclusive use, in common with other airlines, of space located in the Terminal as shown on Exhibit D, which exhibit is attached hereto and by reference made a part hereof, and hereinafter referred to as "Common Use Areas." Common Use Areas include:

(1) Baggage Claim and Baggage Make-up Areas;

(2) Hold rooms (departure lounges);

(3) Airside Concourses;

(4) Landside Concourses;

(5) Loading Bridges

(6) Baggage and Passenger Screening Areas;

(7) Security Areas.

The use of these Common Use Areas shall be subject to the reasonable control and regulation of the Airport Director.

SECTION 3.02 NATURE OF AIRLINE'S ESTATE

The AIRLINE acknowledges and agrees:

A. That the COUNTY has granted to the AIRLINE a leasehold interest in the Leased Premises only.

B. That the COUNTY retains a fee ownership for federal income tax purposes in and to the Leased Premises, as well as all other ownership burdens and benefits connected with such fee ownership.

C. That the AIRLINE has not been granted any direct or indirect right or option to purchase the Leased Premises from the COUNTY at any time during or after the termination of this LEASE.

SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES

The AIRLINE shall not install equipment of any kind outside the Leased Premises unless authorized in writing by the Airport Director and/or designee prior to installation.

ARTICLE IV - RENT, FEES AND CHARGES

SECTION 4.01 RENT, FEES AND CHARGES

The rents, fees, and charges contained in this LEASE are established in accordance with (i) Resolution 02-062 dated March 12, 2002 (or as subsequently amended), which reasserts and establishes the John Wayne Airport Revenue Planning Policy, and (ii) the Bond Indenture for the Airport Revenue Bonds, Series 1987, and the First Supplemental, Second Supplemental, Third Supplemental, Fourth Supplemental, Fifth Supplemental, and Sixth Supplemental Indenture Series 1993, 1997, 2003, 2009 and 2019, as well as any future bond indentures or supplemental indentures that may be issued or adopted from time to time. The Airport Director and the AAAC Chair shall present any modifications to the rents, fees, and charges to the AAAC prior to implementation.

A. The AIRLINE shall make payment of the following rents, fees, and charges, which shall be due and payable monthly in advance on the first day of each month with a 15-day grace period, and the AIRLINE agrees that the COUNTY will not invoice for such rents, fees, and charges:

(1) **Exclusive Use Areas**

(a) Terminal Building. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use terminal space.

Exclusive use terminal space consists of the airline ticket counter, airline ticket office, baggage service office, and operations/ramp office.

For the purpose of calculating terminal building rent, the AIRLINE's Exclusive Use Area(s) of the terminal building contains the square feet described in Exhibit A and shown in Exhibit B.

(b) Terminal Apron. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use of terminal apron space used for GSE. For purposes of calculating terminal apron rent, the AIRLINE's Exclusive Use Area(s) of the apron contains the square feet shown on Exhibit C. Exhibit C may be modified at any time by Airport Director.

(c) Airport Tenant Improvement Amortization Schedule. The AIRLINE shall reimburse the COUNTY for tenant improvement by the COUNTY based on the amortization schedule established by the Airport Director.

(2) **Common Use Areas**

(a) Arrival Level. The COUNTY shall establish fees for shared use of baggage claim and baggage make-up areas. Said fees shall be established on the basis of allocating the Airport's total costs and expenses associated with the baggage claim and baggage make-up areas to the commercial airlines in the terminal accordingly: twenty percent (20%) of the costs to be shared evenly among the commercial airlines and eighty percent (80%) of the costs to be shared based on each commercial airline's percentage of total deplaned passengers at the Airport, including their commuter affiliates.

(b) Departure Level. The COUNTY shall establish fees for shared use of departure level common areas, including hold-rooms, airside concourses, baggage/passenger screening areas, and security areas. Said fees shall be established by allocating the Airport's total costs and expenses associated with departure level common areas accordingly: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

The COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Modifications may include fee revisions, the establishment of new fee classifications, or such

other changes as needed to respond to the AIRLINE's use of the Airport. At the end of each modification period, the COUNTY shall establish monthly fees and issue credits for any overpayments by the AIRLINE or invoice the AIRLINE for any underpayments for the previous period.

In the event an obligation to pay fees begins or terminates on some day other than the first or last day of the month, the fees shall be prorated to reflect the actual period of use based on a thirty (30) day month. The fees for any partial calendar month during which this LEASE becomes effective will be payable on such effective date.

(c) IAF. Fees shall be established by the COUNTY for shared use of the IAF. Said fees shall be established based on the Airport's total costs and expenses associated with the IAF area. The IAF fees shall be allocated to commercial carriers operating international flights according to the carrier's ratio of international deplaned passengers and the fee schedule established by the COUNTY.

(d) CBP. Costs shall be passed through to commercial carriers operating international flights based on international deplaned passengers at JWA and the fee schedule established by the COUNTY.

(e) CUPPS. Fees shall be established by the COUNTY for the implementation, maintenance, support, services and supplies, and periodic upgrades of the Common Use Passenger Processing System (CUPPS). Said fees shall be established and allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

In the event of future CUPPS upgrade implementation due to technological requirements or regulatory compliance, the cost of CUPPS upgrade shall be amortized over three years, allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each airlines percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

(1) The JWA CUPPS has EMV credit card capability. JWA will not activate this capability until the JWA AAAC agrees to its activation, in whole or in part, using a processing system acceptable to the affected airlines and JWA.

(2) In the event AIRLINE does not use JWA's installed EMV credit card chip processing system, the COUNTY will not be liable for fraudulent credit card transactions by AIRLINE customers, and AIRLINE shall indemnify the COUNTY pursuant to Section 13.02 of this LEASE for such transactions.

(3) **Additional Fees**

The COUNTY shall establish additional fees including, but not limited to, utility expenses, janitorial expenses, and annual security expenses resulting from any security measures implemented after September 11, 2001. Such fees shall be established annually by allocating the Airport's total cost accordingly: ten percent (10%) of the cost to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the cost to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

B. The AIRLINE shall pay the following fees and charges payable monthly in arrears on or before the twentieth (20th) day of each month with no grace period. The AIRLINE agrees that the COUNTY will not invoice for the following fees and charges and may require the AIRLINE to submit future monthly reports electronically via JWA's portal and prescribed format. Airport will make reasonable efforts to develop an electronic format that allows AIRLINE to report requested information efficiently.

(1) Landing fees based on the latest schedule established by the COUNTY covering the operation of scheduled airlines and commercial operations at the Airport. Landing fees shall be expressed in terms of a rate per one thousand (1,000) pounds of maximum gross landing weight of aircraft certified by the FAA.

(2) Aircraft RON parking fees based on the latest schedule established by the COUNTY. Aircraft parking fees shall be expressed in dollars per night.

(3) Operations fees (gate use fees) based on the schedule established by the COUNTY. Operations fees shall be expressed in dollars per daily departure.

Upon thirty (30) days' written notice from the Airport Director, the COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Changes may include fee revisions, establishment of new fee classifications, or such other changes as needed to respond to the AIRLINE's use of the Airport, the need for the COUNTY to receive fair and equitable rents, fees, and charges for all uses of the Airport, and to ensure the Airport is operated at no cost to the local taxpayer. With regard to any dispute as to what may constitute reasonable rents, fees, and charges, the AIRLINE shall first exhaust all remedies provided by applicable federal law and FAA regulations. At the end of each modification period, the COUNTY shall establish monthly fees and apply any underpayments or overpayments by the AIRLINE to the subsequent rates and charges period. At the discretion of the COUNTY, overpayments may be refunded via credit memo and underpayments may be invoiced.

C. Based upon prior written agreement between the AIRLINE and the COUNTY, the AIRLINE may pay for facilities repairs or modifications that would normally be the responsibility of the COUNTY. Costs for such repairs or modifications shall be deducted from the AIRLINE rent by the COUNTY upon submittal to the COUNTY of invoices, receipts, statements, or other documentation acceptable to the COUNTY for said repairs or modifications. All invoices, receipts, statements, or other documentation shall include a detailed description of the nature of the work performed and the associated costs. Upon completion of all repairs or modifications, the AIRLINE shall submit to the COUNTY a written request for rent credit and all documentation for the repairs or modifications.

Notwithstanding anything in this LEASE to the contrary, all amounts payable by the AIRLINE to or on behalf of the COUNTY under this LEASE, whether or not expressly denominated as rent, shall constitute rent for the purposes of the U.S. BANKRUPTCY CODE, 11 U.S.C. §502(b)(6).

The AIRLINE shall notify the Airport in writing within thirty (30) days of filing a petition for bankruptcy.

SECTION 4.02 PAYMENT PROCEDURE

A. **Place of Payment and Filing**. Payments and statements required by Sections 4.01, 4.08, and 5.06 in this LEASE shall be delivered to the County of Orange, Office of the Auditor-Controller, John Wayne Airport Accounting Services, 3160 Airway Avenue, Costa Mesa, California 92626. The designated place of payment and filing may be changed at any time by the COUNTY upon ten (10) days' written notice to the AIRLINE. Payments may be remitted by automated clearing house (ACH) deposit to the COUNTY's designated bank account or made by check payable to the County of Orange. The AIRLINE assumes all risk of loss if payments are made by mail.

B. **Form of Payment**. All sums due under this LEASE shall be paid in lawful money of the United States of America without offset, deduction, or prior notice or demand. No payment by the AIRLINE or receipt by the COUNTY of a lesser amount than the payment due shall

be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and the COUNTY shall accept such check or payment without prejudice to the COUNTY's right to recover the balance of the amount due or pursue any other remedy in this LEASE. All electronic payments must be remitted by Automated Clearing House (ACH) deposit to the COUNTY's designated bank account, or any future mode prescribed by the COUNTY. Any fees assessed to the COUNTY's bank account due to the use of another form of payment (e.g., wire transfer) not prescribed or approved by the COUNTY shall be passed through to AIRLINE plus a twenty-five dollars ($25.00) processing fee.

C. **Penalty for NSF Check** In the event a check submitted by AIRLINE is returned for non-sufficient funds ("NSF"), the AIRLINE agrees to pay the COUNTY a service charge in the amount of twenty-five dollars ($25) for the first returned check, and thirty-five dollars ($35) for each subsequent check. AIRLINE may also be liable for treble damages pursuant to California Civil Code Section 1719.

SECTION 4.03 CHARGE FOR LATE PAYMENT

The AIRLINE hereby acknowledges that the late payment of rent or any other sums due hereunder will cause the COUNTY to incur costs not contemplated by this LEASE, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices, increased accounting costs, or lost interest income.

Accordingly, if any payment of rent as specified in Section 4.01 in this LEASE or of any other sum due the COUNTY is not received by the COUNTY by the due date, a late charge of one and one-half percent (1.5%) of the payment due shall be added to the payment, and the total sum shall become immediately due and payable to the COUNTY. An additional charge of one and one-half percent (1.5%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

The AIRLINE and the COUNTY hereby agree that such late charges represent a fair and reasonable estimate of the costs that the COUNTY will incur by reason of the AIRLINE's late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by the COUNTY shall in no event constitute a waiver of the AIRLINE's default with respect to such overdue payment or prevent the COUNTY from exercising any of the other rights and remedies granted hereunder.

SECTION 4.04 PASSENGER FACILITY CHARGE

The COUNTY expressly reserves the right to impose PFCs on airline passengers for the use of the Airport in accordance with 49 U.S.C. §40117 and applicable implementing regulations adopted by

the FAA, including 14 C.F.R. Part 158, as they may be amended from time to time (the "PFC Regulations").

The AIRLINE shall hold in trust for the COUNTY the net principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY. For the purposes of Section 4.04, net principal amount shall mean the total principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY, reduced by any amount that the AIRLINE is permitted to retain pursuant to 49 U.S.C. §40117 and the PFC Regulations. Monthly PFCs collected by the AIRLINE shall be remitted to the COUNTY no later than the last day of the following calendar month or, if that date falls on a weekend or holiday, the first business day thereafter. In addition, PFCs collected by the AIRLINE shall be remitted to the COUNTY at the address specified in Section 4.02, Part A, "Place of Payment and Filing" or at such other place as designated by the COUNTY.

Should the AIRLINE fail to remit the net principal amount of all PFCs to the COUNTY within five (5) days following the remittance date specified above, the AIRLINE shall be deemed to be in default pursuant to Article XI hereof. In addition, any late payment of PFCs shall be subject to late fees computed at the rate of one and one-half percent (1.5%) per month of the payment due and/or the highest rate allowable under applicable state law from the due date until paid in accordance with Section 4.03 of this LEASE.

Nothing contained herein shall be construed to supersede the rights and obligations provided in 14 C.F.R. Part 158 regarding PFCs. In the event that a conflict exists between such federal regulation and this agreement, the federal regulation shall govern.

Reporting and Auditing Requirement: Airlines are required to comply with Part 158 Subpart D Reporting, Recordkeeping and Audits of PFC accounts maintained by the collecting carriers, specifically refer to Part §158.65, §158.69 and §158.71. The PFC report must be filed by the last day of the month following the calendar quarter by the collecting carrier to the County/Airport. The collecting air carrier's quarterly report must state:

(i) The collecting air carrier and airport involved
(ii) The total PFC revenue collected
(iii) The total PFC revenue refunded to passengers
(iv) The collected revenue withheld for reimbursement of expenses under §158.53
(v) The dates and amounts of each remittance for the quarter

SECTION 4.05 PROVISION AGAINST SET-OFFS

It is the obligation of the AIRLINE to pay all fees and charges, free of any set-offs or claims, in the amount and at the times specified in this LEASE. In the event that the AIRLINE desires to contest the validity or amount of any such fees and charges, the AIRLINE shall first pay the same to the COUNTY and may then seek a refund in any appropriate forum.

SECTION 4.06 SECURITY DEPOSIT

The AIRLINE, prior to the commencement of operations, shall deposit with the COUNTY a security deposit approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director ("Security Deposit").

Concurrently with each revision of the rent pursuant to Section 4.01 in this LEASE, the Security Deposit to be provided by the AIRLINE shall be adjusted to approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director to guarantee the faithful performance by the AIRLINE of its obligations under this LEASE and the payment of all rents, fees, and charges due hereunder. In no event shall the amount of the Security Deposit be less than the existing Security Deposit. The amount of the Security Deposit will not be increased unless the adjusted Security Deposit is equal to or more than one hundred twenty percent (120%) of the prevailing Security Deposit. PFCs shall be excluded from the rents, fees, and charges used to determine the AIRLINE's Security Deposit.

The Security Deposit shall take one of the forms set out below and shall guarantee the AIRLINE's full and faithful performance of all the terms, covenants, and conditions of this LEASE:

A. A Letter of Credit from one or more financial institutions, subject to regulation by the State of California or Federal government, pledging that funds necessary to secure performance of the terms, covenants, and conditions of this LEASE are on deposit and guaranteed for payment, and agreeing that said funds shall be trust funds securing AIRLINE'S performance and that all or any part shall be paid to COUNTY, or order upon demand by Airport Director. Both the financial institution(s) and the form of the instrument(s) must be approved by Airport Director, or designee. The financial institution shall have a minimum long-term credit rating by two of the three Nationally Recognized Statistical Rating Organizations (NRSROs): Moody's (AA3), S&P Global (AA-), and Fitch (AA-).

B. A Faithful Performance Bond executed by a surety company or financial institution qualified and admitted to do business in the State of California and issued in a form approved by the COUNTY. The surety company must have a minimum A. M. Best rating of A-/VIII as determined by the most current edition of ambest.com. Under the bond, the surety company shall guarantee to COUNTY full and complete performance of all the terms, conditions and covenants herein to be performed on the part of AIRLINE, including the payment of use fees as well as any and all other payments. Said bond shall be maintained at the cost of AIRLINE throughout the existence of this LEASE. Said Surety shall give Airport Director or designee a minimum thirty (30) days' prior written notice of cancellation or material change in said bond. Such cancellation or material change without Airport Director's or designee's prior written consent shall constitute a default under this LEASE.

Regardless of the form in which the AIRLINE elects to make said Security Deposit, all or any portion of the principal sum shall be available unconditionally to the COUNTY for correcting any

default or breach of this LEASE by the AIRLINE, its successors or assigns, or for payment of expenses incurred by the COUNTY as a result of the failure of the AIRLINE, its successors or assigns, to faithfully perform all terms, covenants, and conditions of this LEASE.

Should the AIRLINE elect to provide either a Letter of Credit or a Faithful Performance Bond to fulfill the Security Deposit requirements of this LEASE, said Letter of Credit or bond shall have the effect of releasing the depository or creditor therein from liability on account of the payment of any or all of the principal sum to the COUNTY, or order upon demand by the Airport Director.

In the event the Airport Director withdraws all or any portion of the Security Deposit as provided herein, the AIRLINE shall, within ten (10) days of any withdrawal by the Airport Director, replenish the Security Deposit to maintain it at amounts herein required throughout the term of this LEASE. Failure to do so shall be deemed a default and shall be grounds for immediate termination of this LEASE as per Article XI of this LEASE.

The AIRLINE shall be obligated to maintain the Security Deposit in effect until the expiration date or earlier termination of this LEASE.

The Security Deposit, after deduction of all amounts due the COUNTY, shall be rebated, reassigned, released or endorsed by the COUNTY to the AIRLINE or order, as applicable, after one hundred twenty (120) days have elapsed, or at an earlier time to be determined by the Airport Director, following the expiration date of the term of this LEASE, provided the AIRLINE has fully and faithfully performed each and every term, covenant, and condition of this LEASE.

SECTION 4.07 NEW ENTRANT DEPOSIT

A cash security deposit in the sum of FIVE HUNDRED THOUSAND DOLLARS ($500,000.00) shall be provided by a new entrant AIRLINE prior to the commencement of operations.

This deposit shall be returned to the new entrant AIRLINE after six (6) months of continuous operation.

SECTION 4.08 MARKETING FUND FEE

The COUNTY has established a marketing fund for the Airport to conduct sales promotions, Airport-wide advertising, and related activities intended to promote the Airport and its tenants. Commencing January 1 of each calendar year, AIRLINE shall be required to make an annual marketing fund payment in the amount of ten thousand dollars ($10,000.00). AIRLINE agrees to pay this amount on or before January 1 of each year. All monies received by the Airport for the marketing fund shall be used solely for the purpose of Airport tenants' promotions and directly related expenses. In the event any year of this LEASE contains less than 12 months, AIRLINE shall pay a pro-rata portion of the annual amount corresponding to the number of months remaining in that calendar year.

For example, if the LEASE commenced on November 1, AIRLINE would pay the monthly pro-rata portion ($833.33 per month) of the annual marketing fund amount for November and December (totaling $1,666.66). Then, commencing on January 1, AIRLINE would make the full annual marketing fund payment of $10,000.00. Should the LEASE expire on September 15, AIRLINE would pay a pro-rata portion of the annual amount for the months of January through September.

ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES

SECTION 5.01 USE

The AIRLINE's use of the Leased Premises and its operations shall be limited to conducting a scheduled commercial airline operation. Subject to the limitations set forth in this Section and Sections 5.03, 5.04, 5.05, and 9.01 in this LEASE, AIRLINE'S operations are subject to the following authorized uses:

A. Loading and unloading of passengers.

B. Loading and unloading of baggage.

C. Passenger processing operations.

D. Flight operations office.

E. The AIRLINE shall have the right to have its aircraft and other equipment serviced by suppliers of its choice. Such suppliers may provide materials and services, including, but not limited to, aviation fuel, ground vehicle fuel, lubricating oil, greases, parts, and all other materials and supplies and services required by AIRLINE in the conduct of its air transportation service.

F. Mail, freight, and cargo operations, but only when such activity is incidental to, and conducted in connection with, regularly scheduled commercial passenger operations. The AIRLINE shall not conduct any operations at the Airport with aircraft which are:

   1) Used at the Airport exclusively or primarily for mail, freight, or cargo services; or

   2) Which have been modified in any manner for the purpose or the primary effect of reducing the passenger carrying capacity and increasing the cargo or freight carrying capacity of the aircraft.

G. Air charter activities in compliance with Access Plan.

H. Commissary services for the AIRLINE's employees at the Airport and in-flight catering services in support of the AIRLINE's air operations at the Airport. This does not permit

the AIRLINE to conduct commissary or in-flight services for any other airline or other person at the Airport without first obtaining a separate license to allow commissary or in-flight services for other airlines.

I. Handling of other airlines' operations and ticketing pursuant to Section 9.01 in this LEASE.

J. Employee training incidental to the other uses permitted under this Section.

K. Areas identified on the attached "Exhibits A, B, and C" as the AIRLINE Ticket Counter, AIRLINE Ticket Office, Baggage Service Office, Ramp/Operations Office, and Apron Equipment Storage are strictly limited to their identified uses.

L. Other uses as authorized by the Airport Director.

SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES

The COUNTY grants the AIRLINE a license for the nonexclusive use of all public Airport facilities including, but not limited to, taxiways, runways, navigational aids, and facilities relating thereto for purposes of landings, takeoffs, and taxiing of the AIRLINE's aircraft. All such use shall be in accordance with the laws of the United States of America, State of California, and the rules and regulations promulgated by their authority with reference to aviation and air navigation, and in accordance with all reasonable and applicable rules, regulations, and ordinances of the COUNTY now in force or hereafter prescribed or promulgated by ordinance or by law, including the Access Plan. The use of these areas shall be subject to the control and regulation of the Airport Director.

This license for non-exclusive use is subject to all rights reserved by the COUNTY to license, permit, authorize, regulate, and relocate concessionaires and other Airport tenants, including but not limited to booths, counters, offices, lockers, and wall space.

SECTION 5.03 RULES AND REGULATIONS

The COUNTY may adopt and enforce “Airport Rules and Regulations” that the AIRLINE agrees to observe and obey with respect to the use of the Airport and its appurtenances, facilities, improvements, equipment, and services, provided that such rules and regulations shall not be inconsistent with safety, with applicable rules, regulations and orders including those of the FAA and TSA with respect to all operations of the Airport, and with the terms of and AIRLINE’s rights under this LEASE. Except in the case of emergency, the COUNTY shall give the AIRLINE written notice and opportunity to comment on any proposed changes or additions to the Airport Rules and Regulations that could impact the AIRLINE's operations at the Airport before such proposed rules and regulations are adopted by the COUNTY. If requested, the COUNTY shall promptly provide a copy of such Airport Rules and Regulations to the AIRLINE.

The AIRLINE's operations under this LEASE shall comply with all Airport Rules and Regulations and shall observe, obey, comply with, and not otherwise hinder or obstruct any and all rules, regulations, laws, ordinances, statutes, or orders of any governmental authority, whether federal, state, or local, lawfully exercising authority over the Airport or the activities thereon, including compliance with FAA, TSA, and Airport security rules, regulations and plans.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines, or penalties of any nature whatsoever that may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE's operation under this LEASE, including, but not limited to, the payment of any fines or penalties for any breach of security, arising from the unauthorized entry of any person or vehicle onto the Airport or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE's operation under this LEASE.

The COUNTY shall not be liable to the AIRLINE for any diminution or deprivation of possession, or of its rights hereunder, on account of the exercise of such right or authority provided in this LEASE, nor shall the AIRLINE be entitled to terminate the whole or any portion of the leasehold estate herein created by reason of the exercise of such right or authority, unless the exercise thereof shall so interfere with the AIRLINE's use and occupancy of the Leased Premises so as to constitute a termination in whole or in part of this LEASE by operation of law in accordance with the laws of the State of California.

SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE

The AIRLINE agrees that:

A. Notwithstanding any provision in this LEASE to the contrary, the AIRLINE shall conduct all of its operations and activities at the Airport in strict conformity with the Access Plan and each of its regulations and limitations on the AIRLINE's activities and operations at the Airport.

B. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are privileges that may be revoked or modified by the COUNTY at any time during the term of this LEASE, and that such privileges do not constitute property rights of the AIRLINE.

C. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are not transferable, assignable, or delegable by the AIRLINE to any other person or entity by operation of law or otherwise, and that such allocations and other operating privileges may not be pledged, hypothecated or encumbered by the AIRLINE at any time for any purpose.

D. The remedies specified in the Access Plan for any Access Plan violation by the AIRLINE are not the exclusive remedies of the COUNTY, but shall constitute additional nonexclusive remedies that the COUNTY may enforce separately or cumulatively with other remedies under the enforcement provisions of this LEASE.

E. The AIRLINE shall not at any time, or for any reason, make any assertion to any court, administrative agency, administrative tribunal, or other similar forum that is in any respect inconsistent with the terms and provisions of this Section, except that nothing in this Section shall prevent the AIRLINE from making any argument or asserting any position to the COUNTY, as applicable, in connection with any action by the COUNTY to revoke or modify allocations of operating privileges or any amendments to the Access Plan.

F. All provisions of Section 5.01 and Article XI in this LEASE are subject to the terms, provisions, and limitations of this Section.

SECTION 5.05 OPERATIONAL REQUIREMENTS

The AIRLINE agrees to abide by the following operational conditions and requirements:

A. **Flight Operations and Reallocations**. The number of allocated ADDs, including "regularly scheduled," "charter," "maintenance, and "cargo," shall not exceed the number of departures authorized and allocated to the AIRLINE under the Access Plan. In addition to any and all remedies available to the COUNTY under this LEASE and all provisions of the Access Plan, the COUNTY may reallocate ADDs or other operating privileges granted to the AIRLINE under the provisions of the Access Plan. The AIRLINE shall not operate at JWA unless it conducts its operations with ADDs, allocated seat capacity, or other Authorized Departures directly and formally allocated to the AIRLINE by action of the Board of Supervisors; the AIRLINE conducts all of its operations with aircraft that have been certified for operation at the Airport consistent with Access Plan requirements; and, the AIRLINE has met all other applicable COUNTY requirements.

B. **Hours of Operation**. Except as expressly authorized, the AIRLINE's aircraft shall not depart from the Airport between the hours of 10:00 p.m. and 7:00 a.m. (8:00 a.m. on Sundays) and shall not arrive at the Airport between the hours of 11:00 p.m. and 7:00 a.m. (8:00 a.m. Sundays), as measured at any JWA noise monitoring station. All times shown are Pacific Time.

The AIRLINE acknowledges that the COUNTY may, by regulation, permit some operations by general aviation (nonscheduled, noncommercial) users of the Airport during the nighttime hours with certain specific aircraft types that have noise characteristics similar to the noise characteristics of aircraft that can operate as "Class E" aircraft, as that term is defined in the Access Plan. The AIRLINE does now, or may during the term of this LEASE, operate Class E aircraft at the Airport; nevertheless, the AIRLINE agrees that

the limitations on hours of operations contained in this Section shall be applicable to all of its operations at the Airport, including its Class E operations.

The AIRLINE further acknowledges that there is a rational basis for the COUNTY to distinguish between general aviation operations and regularly scheduled operations by Class E (or noise equivalent) aircraft during the nighttime hours and that this distinction does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The COUNTY agrees that this provision is, and during the term of this LEASE shall be, included in all leases, operating agreements, or other service operating agreements between the COUNTY and any person conducting regularly scheduled commercial operations at the Airport.

C. **Aircraft Types**. The AIRLINE agrees that it will not operate any aircraft at the Airport unless and until that aircraft type has been certified and qualified for operation by the COUNTY in accordance with the provisions and procedures of the Access Plan. The AIRLINE further agrees that it will abide by all aircraft-type restrictions and limitations contained in the Access Plan, as amended, or as it may hereafter be amended, and any other restrictions on aircraft types which may hereafter be adopted by the Board of Supervisors of the County of Orange.

D. **Gate Management.** AIRLINE agrees to utilize gate management software, access/equipment provided by Airport, to upload and maintain current daily arrival and departure information for aircraft operations to jetbridge/hardstand gates and RONs utilized by AIRLINE. Airport will make reasonable efforts to develop gate management software that allows for efficient uploading and maintaining of current daily arrival and departure information by AIRLINE.

E. **Noninterference**. The AIRLINE shall cooperate with and not interfere with the COUNTY's and other airlines' use of and operations at the Airport. The AIRLINE shall not place any ropes, barricades, and/or stanchions on the public or Common Use Area without prior written approval of the Airport Director.

F. **Disposal of Refuse from International Operations**. Airlines operating international service shall contract with a CBP-approved vendor for the disposal of refuse from arriving international flights.

SECTION 5.06 RECORDS AND ACCOUNTS

A. **Records**. The AIRLINE shall at all times keep true and complete records of all transactions in the operation of all business activities, of whatever nature, conducted in pursuance of the rights granted by this LEASE. The AIRLINE shall maintain such records for a period of five (5) years beyond the expiration or earlier termination of this LEASE.

B. **Reports**. The AIRLINE shall provide to the Auditor-Controller and the Airport Director at the end of each calendar month, on forms to be supplied by the COUNTY, statistical information respecting the AIRLINE's operations at the Airport, including, but not limited to, the total number of all aircraft operations conducted by the AIRLINE; the total combined certificated gross landing weight of all such aircraft operations; the total number of enplaned, deplaned and through passengers; the total number of pounds of airmail, cargo and express mail enplaned and deplaned; and the total number of aircraft stored daily and monthly at the Airport. Such reports shall be submitted to the Airport Director no later than fifteen (15) calendar days following the last day of each month. The AIRLINE must attest that the list is an accurate representation of the AIRLINE's activity for the month.

The AIRLINE shall also provide to the Airport Director, for each day, a copy of the AIRLINE's flight dispatch logs or a listing made from such logs, certified as correct by a responsible station manager or dispatcher, showing the type of equipment used for each flight and the actual takeoff and landing times, and not gate times. Said copy of logs or listing shall be made available for each day's activities by noon (12:00 p.m., Pacific Time) of the following day.

C. **Audits**. All the AIRLINE's records and supporting source documents related to rates and fees in this LEASE or business operations conducted within or from the Leased Premises shall be kept and made available to the COUNTY at one location within the geographical limits of the COUNTY or shall be made available at offices in the COUNTY within ten (10) working days after written notice to produce said records and source documents. The COUNTY shall, through its duly authorized agents or representatives, have the right to examine and audit said records and supporting source documents at any and all reasonable times, as set out herein, for the purpose of determining the accuracy thereof and of the monthly statements to the COUNTY.

The COUNTY, upon request of the AIRLINE, may authorize the above-referenced records and supporting source documents to be kept in a single location outside the limits of the COUNTY provided the AIRLINE shall agree to pay all expenses including, but not limited to transportation, food and lodging necessary for the COUNTY to send a representative to audit said records. Said right shall not, unless determined necessary by the COUNTY, be exercised by the COUNTY more than once each accounting year.

The full cost of said audit, as determined by the COUNTY, shall be borne by the AIRLINE if either or both of the following conditions exist:

(1) The audit reveals an underpayment of more than two percent (2%) between the rents and fees due as reported and paid by the AIRLINE in accordance with this LEASE and the rent due as determined by said audit; and/or

(2) The AIRLINE has failed to maintain true and complete records and supporting source documents in accordance with paragraph A above. The adequacy of records shall be determined at the sole discretion of the COUNTY.

Otherwise, the COUNTY shall bear the cost of said audit, excluding the aforementioned expenses related to an audit of documents kept outside the limits of the COUNTY. The cost of said audit, if due from the AIRLINE, shall be included as rent for the first month following invoice to the AIRLINE.

Upon the request of the COUNTY, the AIRLINE shall promptly provide necessary data to enable the COUNTY to fully comply with the requirements of the State of California or the United States of America for information or reports directly relating to this LEASE and to the AIRLINE's use of the Leased Premises.

D. **Failure to Maintain Adequate Records**. In addition to any other remedies available to the COUNTY under this LEASE, at law or in equity, in the event that the AIRLINE fails to maintain and keep records and accounts from business operations conducted on or from the Leased Premises and/or source documents relating thereto, or to make the same available to the COUNTY for examination and audit as required by this LEASE, the COUNTY, at the COUNTY's option, may:

(1) Perform such examinations, audits, and/or investigations itself or through agents or employees as the COUNTY and/or its auditors may deem appropriate to confirm the amount of rents, fees, and charges payable by the AIRLINE under this LEASE; and any and all costs and/or expenses incurred by the COUNTY in connection therewith shall be promptly reimbursed to the COUNTY by the AIRLINE upon demand.

(2) Require that the AIRLINE pay rents and fees based on the COUNTY's best good faith estimate of the AIRLINE's activities from business operations conducted on or from the Leased Premises and Airport; and any such determination made by the COUNTY shall be conclusive and binding upon the AIRLINE.

Costs payable by the AIRLINE pursuant to this Section shall include reimbursement to the COUNTY of the services provided at such rates as the COUNTY may, from time to time, in good faith, establish for such services. In the case of services provided by the COUNTY's employees, such rates shall be sufficient to reimburse the COUNTY for employees' salaries, including employee taxes and benefits, and the COUNTY's overhead; or, at the COUNTY's option, may be at the rate for such services that would be charged by a qualified third party or parties, approved by the COUNTY, if engaged by the COUNTY to perform such services. Said costs payable by the AIRLINE shall be included as rent for the first month following invoice to the AIRLINE.

SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS

The AIRLINE agrees to maintain Exclusive Use Areas in a safe, clean, sanitary condition and in compliance with all applicable laws. The AIRLINE shall be responsible for making all necessary repairs required to maintain the Exclusive Use Areas and improvements in good condition. All repairs and improvements made by the AIRLINE to the Exclusive Use Areas shall be in compliance with all current federal, state, local laws, regulations, ordinances, and building codes, and all Airport regulations (collectively, "Codes") adopted consistent with Section 5.03. The Codes encompass all fire, life, and structural safety aspects and apply to the construction, alteration, moving, demolition, repair, and use of the Exclusive Use Areas. Any additions, alterations, repairs, and changes of use or occupancy in the Exclusive Use Areas shall comply with the provisions for new buildings and structures as set forth in the Codes. All devices or safeguards that are required by the Codes shall be maintained in conformance with the edition of the Codes under which it was installed. Maintenance obligations of the AIRLINE are shown on Exhibit E, which exhibit is attached hereto and by reference made a part hereof.

The AIRLINE shall immediately notify the Airport Director and the Airport Operations Center ("AOC") of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings.

The AIRLINE further agrees to provide approved containers for trash and recycling and to keep the Leased Premises free and clear of rubbish and litter. The Airport Director shall have the right to enter upon and inspect the AIRLINE's Leased Premises and other Airport facilities at any time for cleanliness, safety, and maintenance inspections as set out herein. The Airport Director shall attempt to provide reasonable notice prior to entering AIRLINE's Leased Premises.

The AIRLINE shall designate in writing to the Airport Director an on-site representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness, and general order.

If the AIRLINE fails to maintain or make repairs or replacements as required herein, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

If the AIRLINE fails to maintain or make repairs or replacements, including removal of all its GSE and/or any AIRLINE materials at its loading and unloading operations at the end of its approved hours of operation as required herein, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

The AIRLINE expressly waives any and all claims against the COUNTY for compensation for any and all loss or damage to the AIRLINE's property sustained by reason of any defect, deficiency, or impairment of any water supply system, drainage or sewer system, gas supply system, telephone system, electrical supply system or electrical apparatus or wires serving the Leased Premises, except to the extent caused by the COUNTY's negligence or willful misconduct.

SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES

The COUNTY will provide a means of access for aircraft between the terminal complex and the taxiway and runway system of the Airport, apron, airplane gate positions, and aircraft loading bridges in the area immediately adjacent to the passenger terminal building. No special possessory, exclusive, or vested right whatsoever, save and except the use in common with other airlines and other aircraft owners, shall vest in the AIRLINE by reason of the proximity of such facilities to the AIRLINE's gate loading positions.

The AIRLINE shall maintain, at its sole expense, apron, aircraft gate positions, and aircraft loading bridges in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum products, or grease that may result from activities of its passengers, employees, agents, or suppliers. AIRLINE shall promptly remove all oil and grease spillage attributable to AIRLINE’s aircraft or equipment.

If the AIRLINE fails to perform its obligations in such regard, to perform such as maintenance, cleaning, or repair as the COUNTY reasonably deems necessary, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES

All assignment of gate positions (*i.e.*, aircraft loading bridges and aircraft hardstand positions) shall be made in accordance with rules, regulations, and directives provided in the Access Plan

and made at the complete discretion of the Airport Director, as he/she may determine is appropriate. The Airport Director, in making gate assignment (*i.e.*, loading bridge and hardstand) positions to the airlines, may take into account the needs and requirements of the airlines, as well as the requirements of other Airport users, for use of gate positions adjacent to the passenger terminal building, and other factors that the Airport Director determines are appropriate. Without liability, cost, or obligation to the COUNTY, gate assignment positions and aircraft loading bridge and hardstand positions may be changed from time to time as determined necessary by the Airport Director. The Airport Director may consider passenger activity, number of aircraft operations,

type of aircraft used, scheduling needs, and any other factors they may deem appropriate when assigning gate positions, loading bridges, and hardstand positions.

SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON

The COUNTY reserves the right to regulate, by the adoption of an ordinance, rules, or other means, adopted consistent with Section 5.03, the use of vehicles and automotive equipment upon, over, and across the apron and around the passenger terminal building. Vehicles and equipment used upon, over, and across the apron and around the passenger terminal building should be in good working order and free of leaks. In the event of an emergency not specifically provided for in said rules and regulations, the Airport Director shall have the power to take charge of the direction of such vehicle and automotive traffic in the area affected and regulate the same until the cause of such emergency has been removed. The existence of an emergency other than an aircraft emergency, shall be determined by the Airport Director.

SECTION 5.11 AIRCRAFT PARKING

The AIRLINE shall make arrangements with the Airport Director for each aircraft parking space that may be made available to the AIRLINE subject to Section 3.01 in this LEASE.

If, in the judgment of the Airport Director, it becomes necessary to move the AIRLINE's aircraft in order to ensure public safety, improve ramp area efficiency or otherwise, then the AIRLINE shall immediately move said aircraft to the location designated by the Airport Director.

Should any aircraft owned or operated by the AIRLINE, through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the landing and field facilities at the Airport, the AIRLINE shall:

A. Immediately remove said aircraft to such location as shall be designated by the Airport Director, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

B. In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal

agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by the Airport Director.

Should the AIRLINE fail to remove said aircraft, or should aircraft owned or operated by the AIRLINE be abandoned at the Airport, the COUNTY shall have the right to remove such aircraft by any means the Airport Director deems necessary under the circumstances, and the AIRLINE shall keep and hold the COUNTY harmless from any and all costs, loss, liability, damage or expense incurred by the COUNTY or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal as well as moving and storage costs therefor. The AIRLINE agrees that the designation of any aircraft parking positions anywhere on the Airport, if any, made for the AIRLINE's use is presently regulated by the Access Plan and that nothing in this Section obligates the COUNTY to provide, make available, or consent to any aircraft parking spaces for the AIRLINE's use. The AIRLINE agrees that it may not independently make arrangements for aircraft parking space at the Airport without express written consent of the Airport Director, which may be withheld in their sole discretion.

SECTION 5.12 PORTER SERVICES

The AIRLINE may provide directly or indirectly adequate porter (skycap) and/or assistance service for the convenience of its passengers in areas designated by the Airport Director. Porter services include baggage check-in services, wheelchair services, and ticket screening services. The AIRLINE shall provide the Airport Director a plan that enumerates the salient features of its porter services arrangements and a copy of its agreement if service is provided by other than the AIRLINE’s employees. All podiums utilized for porter service shall be approved in writing by the Airport Director. The size, shape, and color shall be coordinated with and must be identical to all other airlines' podiums. The AIRLINE's plan shall also provide the details of any podiums and their proposed locations necessary to provide porter services.

ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT

SECTION 6.01 COMMON USE EQUIPMENT

The COUNTY agrees to supply and maintain all equipment for the CUPPS/CUSS, which shall be situated in areas such as, but not limited to ticket counters, ticket lobbies, skycap, and gate podiums. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY’s service desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with CUPPS. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve

the efficiency of the Airport, including but not limited gate assignment, scheduling and implementation of any software updates.

SECTION 6.02 COMMON USE EQUIPMENT STOCK

The AIRLINE may be asked to supply its own ticket (kiosk) stock in the use of the CUPPS at Common Use Area positions from time to time as it pertains to Radio Frequency Identification (RFID) or specialty stock not provided by the COUNTY. In the event that multiple airlines share kiosk space, all airlines will be required to remove their own stock and allow the other airlines to use the COUNTY-supplied stock, as further outlined herein. When utilizing the COUNTY Common Use Area, the AIRLINE may use either its own stock or the COUNTY's common stock. If the AIRLINE elects to use its own stock, it shall be responsible for removing all stock from the COUNTY's equipment at the end of the usage period. AIRLINE stock shall be subject to approval by the COUNTY. In the event that the COUNTY deems the AIRLINE stock to be injurious to CUPPS, the AIRLINE will immediately cease usage of the offending stock upon such notice by the COUNTY.

SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK

The COUNTY will not supply RFID bag tag stock for use in as part of the Baggage Handling System unless RFID becomes standard common-use stock at all locations within the Airport. AIRLINE shall be required to meet the IATA / ATA standards for the twenty-one-inch (21") bag tag (or as the standard may be amended by IATA / ATA) prior to the start-up of operations at the Airport. In the event that RFID is deployed Airport-wide, the AIRLINE shall provide to the COUNTY the necessary Baggage Service Messages (BSMs) that will be required to facilitate the AIRLINE's baggage through the Baggage Handling System that utilizes RFID technology to track and route baggage to the appropriate baggage carrousel. The COUNTY makes no express warranty as to the operability of the technology and/or baggage handling system equipment, and the sole extent of liability of the COUNTY with respect to the technology and/or baggage handling system equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably possible to technical difficulties with the BHS equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with the RFID, BHS, and BSMs systems. The AIRLINE will not be allowed to use its own bag tag stock, unless specifically permitted to do so in writing by the COUNTY, which must at the time meet any and all standards that may be set forth by the COUNTY for such stock. The COUNTY reserves the right to sell and collect applicable advertising revenues that may be generated from the reverse side of any the COUNTY-supplied bag tag stock.

SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT

The AIRLINE will not install, deploy, or otherwise engage in the use of any proprietary self-service check-in kiosks and/or device, applications, and/or technologies on its Leased Premises, or any portion of the Airport with the expectation to screen any checked bags at the Airport without prior approval from the Airport Director. At the request of the Airport Director, the AIRLINE will work with the COUNTY and other related parties in the development of a Common Use Self Service (CUSS) compliant kiosk application, or other similar applications, and/or devices as may be required to have the AIRLINE operational on all CUSS kiosks at the Airport. The COUNTY reserves the right to establish the locations for implementation of such CUSS kiosks to meet the needs of its customers and the Air Transportation Companies, as well as the operational needs of the Airport. The COUNTY agrees to supply and maintain, with its personnel and at its expense, all common-use self-service kiosk equipment, which shall be situated at designated ticket counters, at various areas of the terminal lobby and customer service areas, and other such locations, and using such passenger processing models as determined by the Airport Director to be most beneficial to meet the operational needs of the Airport. The COUNTY will supply all of the boarding pass stock necessary for the use of the CUSS equipment. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the Common Use Equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE's vendor issues relating to the AIRLINE's applications that run in conjunction with the CUSS systems. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve the efficiency of the Airport.

SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT

The AIRLINE shall not install at any gate hold room, gate counter, skycap, ticket counter, or kiosk, any AIRLINE-owned or proprietary computer equipment, kiosks, phones, other electronic equipment, or similar equipment without the prior express written permission of Airport Director. The AIRLINE shall not make any modification to the COUNTY's Common Use Equipment, including but not limited to modifying the keyboards, adding adhesive or other markings, or otherwise modifying the equipment physically and/or electronically. Any such modifications and/or damage that is willfully or negligently caused by the AIRLINE shall be remedied by the AIRLINE, to the sole satisfaction of the COUNTY, at the sole cost of the AIRLINE. In the event that the damage is repaired by the COUNTY, the AIRLINE will reimburse the COUNTY for both the fully allocated cost of time and materials pertaining to the repairs plus fifteen percent (15%) administrative fees.

SECTION 6.06 NETWORK USAGE

The AIRLINE will not install any proprietary cabling and/or similar infrastructure at the Airport without prior written approval of the COUNTY. As such, AIRLINE shall make use of the

COUNTY's data communications backbone at the Airport for its communications needs to connect separate operating locations within the Airport campus (i.e., ticketing, baggage service, operations, maintenance, etc.). The AIRLINE shall be fully integrated into the COUNTY's infrastructure backbone prior to startup of operations and thereafter shall be responsible for removing all proprietary cabling and/or other similar infrastructure back to point of origin, at the AIRLINE's sole cost. Where authorized, at the discretion of the Airport Director, any and all data communication cabling installed by the AIRLINE shall be in accordance with the Airport's Tenant Design and Construction Guidelines and, upon installation, shall become the property of the COUNTY. Such improvements shall not be subject to any reimbursement or useful life clauses under Section 8.01 of this LEASE. The COUNTY may impose reasonable fees to AIRLINE for the use of such network, including but not limited to, any fees for unusual and/or excessive or non-standard usage, as reasonably determined by Airport Director.

A. The AIRLINE will assign a representative(s), hereinafter "Authorized Network Representative," to work with the COUNTY to determine user access and network connectivity information. The AIRLINE shall be solely responsible for ensuring that Authorized Network Representatives are not security risks and, upon the COUNTY's request, provide the COUNTY with any information reasonably necessary for the COUNTY to evaluate any security event or incident relating to any Authorized Network Representative or use of the COUNTY's network.

B. The AIRLINE shall be solely responsible for the selection, implementation, and maintenance of security procedures and policies that are sufficient to ensure that (i) the AIRLINE's use of the COUNTY's network is secure and is used only for authorized purposes stated herein, and (ii) the AIRLINE's business information and data are protected against improper access, use, loss, disclosure, alteration, or destruction. The AIRLINE agrees that it will not abuse or misuse the Network Connection, any of the components thereof, or any of the capabilities provided thereby. Unless otherwise explicitly provided herein, in no event shall the AIRLINE use the Network Connection as its internet service provider.

(1) The AIRLINE shall notify the COUNTY's Information Systems as soon as possible upon the discovery of any security breach or potential security breach that may affect the AIRLINE or the COUNTY's confidential information or the security of the Network or any Network Connection.

(2) The AIRLINE shall ensure adequate security protection for the COUNTY from any third-party connections established on the AIRLINE's network. Adequate security protection means (i) protection to preserve confidentiality, integrity, and availability of the Network and information of the COUNTY and (ii) protection from malicious codes and/or unauthorized intrusions.

(3) The AIRLINE and the COUNTY shall be responsible for maintaining the highest industry standards for security best practices on computing devices that

could affect the availability and health of the Network connection, the Network, systems, applications, or data of the AIRLINE and the COUNTY, respectively, specifically including, but not limited to, use of up-to-date antivirus protection, anti-SPAM, and establishment and use of a timely security patch management process.

SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES

The AIRLINE acknowledges that the COUNTY provides wireless capabilities for the AIRLINE's operational use in accordance with applicable Federal Communications Commission (FCC) regulations, rulings, and/or guidelines. The AIRLINE agrees that it will not install, deploy, or otherwise engage in the use of any transmitting wireless device, applications, and/or technologies in its Exclusive Use Areas, any portion of the Airport, or within the airport system (regardless of any Exclusive Use, Preferential Use, Common Use, and/or Joint Use assignments) without having first obtained the express written permission of the Airport Director. Such wireless applications shall only be for the AIRLINE's operational use. Use by any others or for the benefit of any other parties is specifically prohibited. At the request of the Airport Director, the AIRLINE will cease operation of a particular device due to interference with another transmitting device that is deemed necessary for operational and/or life-safety purposes.

SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES

A. The AIRLINE will have use of the In-Line Baggage Handling Systems (BHS) in a location as designated by the Director to meet the operational needs of the Airport. The AIRLINE will be responsible to verify that it has certified CUTE, CUSS, and Baggage Service Messages (BSM) applications to operate the BHS and RFID, where applicable, prior to the start-up of service at the Airport. The AIRLINE will actively work with the COUNTY staff and the AIRLINE's system provider(s) to expedite all information systems and/or technologies work that may be required to ensure such applications are properly certified by the COUNTY and its system provider(s), if applicable. The COUNTY shall have the right to charge the AIRLINE for any expenses incurred by the COUNTY, including staffing to manage passenger lines and/or additional maintenance staff if the AIRLINE fails to adhere to BHS system procedures and/or properly staff the baggage make-up areas to meet the demand and such failure results in an operational impact to the Airport and/or the BHS equipment.

B. Following the COUNTY's BHS training, provided by the COUNTY to the AIRLINE, the AIRLINE will be solely responsible for the proper operations, training, and supervision of its staff for its portion of the operational responsibilities of the BHS system. The AIRLINE shall ensure that it maintains staffing levels during all operational hours, including irregular operations, that are sufficient to retrieve baggage from the baggage make-up carrousels and/or piers in order to prevent the inefficient use of the in-line baggage handling system in a fully automated mode and to prevent the system from initiating a "die-back" situation,

which may require the COUNTY to intercede manually and/or cause additional staffing by the COUNTY, its contractors, or TSA staff to initiate baggage screening mitigation procedures as a result of baggage stacking up on the make-up carrousels and/or piers. The AIRLINE shall not initiate any procedures or work rules that, as determined by the Director, will negatively impact the in-line BHS without the prior written approval of the COUNTY and without concurrence from TSA. The COUNTY reserves the right to recover any costs from the AIRLINE that may result from the AIRLINE's failure to comply with this Section of the LEASE.

C. The AIRLINE will designate a representative as a Ground Security Coordinator ("GSC") to handle issues that may arise from time to time with the BHS. The GSC will be the point of contact with the TSA and the COUNTY for all issues concerning checked passenger baggage and/or BHS performance. The GSC must be available during the AIRLINE's operational hours.

D. The AIRLINE acknowledges that all oversized checked baggage must be delivered to a designated oversized area for screening.

E. The AIRLINE acknowledges it may have a more stringent screening requirement for checked passenger baggage than that of TSA. As such, the AIRLINE will be responsible for providing these additional screening services and associated staffing to meet such requirements, including, but not limited to, X-Ray screening, and any additional training for additional services, and/or any additional services at no additional cost to the COUNTY. The AIRLINE must provide evidence of proper training for such additional measures to the Director upon request. The COUNTY may, at its sole discretion, provide and maintain the X-ray screening device.

F. The AIRLINE shall be responsible for ordering, pick-up and maintaining an appropriate level of any and all consumables related to the Common Use Equipment and/or BHS, including, but not limited to, RFID embedded bag tag stock, boarding pass stock, toner cartridges for laser printers, or other similar items, in accordance with policies and procedures established by the COUNTY in the event AIRLINE uses propriety consumables.

ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE

The AIRLINE agrees that it shall abide with all applicable Hazardous Substances laws, rules and regulations, relating to Hazardous Substances including, but not limited to, 49 C.F.R. Parts 171 *et seq*. The AIRLINE shall not cause any Hazardous Substances to be brought upon, kept, used, stored, generated, treated, managed or disposed of in, on or about or transferred to or from the Airport, except to the extent that such Hazardous Substances are (i) necessary for or useful to the AIRLINE's business and (ii) used, kept and stored in a manner that complies with all applicable

Environmental Laws, the Airport Rules and Regulations, and all other applicable laws.

The AIRLINE shall comply with all applicable Environmental Laws and shall not engage in any activity on or about the Airport that violates any applicable Environmental Law. In conducting its operations and maintenance on the Airport under this LEASE, the AIRLINE shall comply with such regulations regarding the storage, distribution, processing, handling and/or disposal, including the Stormwater discharge requirements, of Hazardous Substances including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

The AIRLINE shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental agency having jurisdiction or any applicable Environmental Law for clean-up and removal of any contamination involving any Hazardous Substances caused by the AIRLINE. In conducting a clean-up of a Hazardous Substance release under this LEASE, the AIRLINE shall comply with applicable Environmental Laws. Hazardous waste generated by the AIRLINE or its contractors shall be disposed properly and under the AIRLINE's EPA ID number.

The AIRLINE shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Stormwater drainage system unless authorized by applicable Environmental Law and the Airport's Stormwater Discharge Permit. The AIRLINE shall not allow or cause the entry of any Unauthorized Non Stormwater Discharge that is under its control into the Stormwater drainage system of the Airport or into the Stormwater drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the COUNTY for that purpose, and the AIRLINE complies with recommendations made by the state and/or federal Environmental Protection Agency and the Airport's Stormwater Discharge Permit requirements. The AIRLINE shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by any applicable Environmental Law.

The AIRLINE shall provide all notices required pursuant to the SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986, CAL. HEALTH & SAF. CODE § 25249 *et seq*. The AIRLINE shall provide prompt written notice to the COUNTY within three (3) days of receipt of all written notices of violation of any applicable Environmental Law received by the AIRLINE.

SECTION 7.02 SPILL RESPONSE PLAN

Airlines and fueling companies are required to provide (separately or collectively) a Local Spill Response Action Plan to address specific spill response management. Airlines are encouraged to coordinate response efforts between the airlines and fueling contractors. At a minimum, the plan should address the following:

a) Response team organization, members, and responsibilities;
b) Spill response procedures (including notifications);

c) Personnel training;
d) Personal protective equipment; and
e) Spill kit inventory and management

The AIRLINE shall immediately notify the Airport Director and the AOC of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings. The AIRLINE is responsible to mitigate such spills and perform any remediation necessary to satisfy the applicable federal, state, or local oversight agencies. If the COUNTY personnel, equipment, or third party services are needed to support mitigation, the COUNTY will be reimbursed by the AIRLINE for labor, equipment, and third party costs for all services provided. In addition to reimbursing the COUNTY for the costs of all services provided by third parties to mitigate such spills, the AIRLINE shall pay to County administrative costs in the amount of one thousand dollars ($1,000) per incident. Said costs shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the COUNTY.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE’s operation under this LEASE, including, but not limited to, the payment of any fines or penalties arising from any breach of security, fire, emergency, accident, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, Non-Stormwater Discharge, or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE’s operation under this LEASE.

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION

Federal regulations for Stormwater discharges were issued by the U.S. Environmental Protection Agency (U.S. EPA) (40 CFR Parts 122, 123, and 124). The U.S. EPA, through the NPDES permitting program, regulates discharges of potentially contaminated wastewater and Stormwater into waters of the United States. California has been delegated NPDES general permitting authority by the U.S. EPA. California's State Water Board has issued NPDES permits to regulate municipal, industrial, and construction Stormwater discharges under the NPDES permitting program.

Section 402(p) of the Clean Water Act (CWA) requires NPDES permits for Stormwater discharges from municipal separate storm sewer systems (MS4s). The County of Orange is the principal permittee for Orange County's MS4 Permit Order No. R8-2009-0030 (or currently effective permit) No. CAS 618030 (MS4 Permit). As a facility owned and operated by the County of Orange, the Airport implements requirements in the MS4 permit and is responsible for discharges

into the system. One of the MS4 Permit requirements is to establish the legal authority to control discharges. The County's Water Quality Ordinance (OCCO Title 4, Division 13, Sections 4-13-10 et. seq.) regulates non-stormwater discharges into the MS4 to reduce the discharge of pollutants into the waters of the State. The CWA and the resulting MS4 permit require the County to take steps to reduce pollutants leaving its systems to the maximum extent practicable. The MS4 permit requires the County to develop and implement a Local Implementation Plan (LIP) describing the programs and procedures required by the MS4 permit. The Airport will enforce these Stormwater requirements on municipal areas of the Airport

AIRLINE shall not have prohibited discharge to the MS4 system or on-site storm drains. Some non-stormwater discharges (i.e., fire sprinkler tests) require additional permits with the Regional Water Quality Control Board (RWQCB). AIRLINE is responsible for obtaining and implementing monitoring requirements associated with any non-stormwater discharge permits. AIRLINE shall notify COUNTY prior to any non-stormwater discharge.

In the furtherance of these regulations and Section 402 of the Clean Water Act (CWA), the State of California has adopted a General Permit for discharges of Stormwater associated with industrial activities: “State Water Resources Control Board (State Water Board) Water Quality Order No. 2014-0057-DWQ, NPDES General Permit No. CAS 000001 (Industrial General Permit or IGP).” JWA has applied for and received coverage to discharge Stormwater and authorized non-stormwater discharges pursuant to the general permit for industrial activities and is subject to the permit’s requirements, conditions, and penalties. The permit requires the development and implementation of an effective Industrial Stormwater Pollution Prevention Plan (SWPPP) and Monitoring Implementation Plan (MIP). This plan is developed by COUNTY and covers AIRLINE. The airside portion of JWA where industrial activities take place is covered by the IGP. Industrial activities include maintenance, fueling, equipment cleaning, storage areas, and material handling activities. AIRLINE shall comply with applicable Stormwater discharge requirements and Best Management Practices for industrial facilities described in the SWPPP. COUNTY will provide the required annual training for AIRLINE as part of the SWPPP training requirements. AIRLINE shall have all personnel working within the airside portion of John Wayne Airport to attend annual training or AIRLINE shall provide annual training to personnel using JWA-approved training materials.

SECTION 7.04 ENVIRONMENTAL STEWARDSHIP

AIRLINE shall support the COUNTY’s Environmental Compliance and Stewardship program through participation in various efforts or implementation of Airport plans. COUNTY shall provide AIRLINE advance notice of any proposed changes to the following plans that may affect AIRLINE operations:

A. Air Quality Improvement Plan (AQIP) and Memorandum of Understanding (MOU) with the South Coast Air Quality Management District
B. Climate Action Plan.
C. Waste Management Plan.

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D. Stormwater Pollution Prevention Plan.
E. Green Concessions Program.

AIRLINE shall implement and support the following environmental policies and provide reports and documents as required:

A. Adopt and adhere to the following GSE requirement: GSE associated with commercial operations shall achieve fleet average oxides of nitrogen (NOx) emission factor of 1.7 grams per brake horsepower per hour (g/bhp-hr)upon lease initiation through 2030 and 0.9 g/bhp-hr by January 1, 2031, respectively, as calculated in accordance with the Airport's AQIP and MOU with SCAQMD. Within 30 days of lease execution the AIRLINE shall develop and provide to JWA a GSE improvement plan to demonstrate how the GSE requirement will be met. Annually AIRLINE shall provide GSE data as required by the MOU by March 30.
B. AIRLINE has been provided a copy of the COUNTY's Environmentally Preferable Purchasing Policy (2022) and shall consider developing a similar policy that addresses the AIRLINE's procurement of goods and services as applicable.
C. AIRLINE shall affirm its commitment to Environmental Sustainability at the Airport. The Policy commitment shall be submitted to the JWA within 30 days of LEASE execution.
D. Upon request, AIRLINE shall provide reports necessary for environmental compliance, regulatory requirements and Airport mitigation measure obligations including but not limited to GSE data, fuel usage, spills, and business emergency plans.

Conservation: All AIRLINE facilities and improvements shall meet the Airport's Tenant Design and Construction Guidelines, as may be amended from time to time. All improvements shall meet the California Green Building Code (Title 24) CALGreen Tier 1. In particular, the AIRLINE shall implement the following conservation measures and policies as applicable:

A. Use equipment and appliances that are ENERGY STAR rated or equivalent and EPA Water Sense or equivalent, as applicable, when replacing existing equipment and appliances.
B. Use high-efficiency light fixtures and bulbs (including compact fluorescents) when replacing or installing new fixtures and bulbs.
C. Install sensors in office areas to turn off lights when unoccupied when these areas are being renovated or updated.
D. Install energy-efficient heating and cooling equipment when replacing or upgrading.
E. Use energy-efficient computers and servers when replacing this equipment.
F. Select equipment with variable-speed motors and fan drives when possible.
G. Use paperless receipt technology when possible.

Waste Minimization and Diversion: AIRLINE is expected to meet all recycling and organics (food waste) reduction requirements to facilitate JWA's solid waste reduction program per the requirements of California Public Resources Code Section 42648. To the fullest extent possible, AIRLINE shall cooperate with COUNTY to reduce and divert waste from landfills. AIRLINE

shall participate in COUNTY's waste diversion program, which may include waste reduction practices, including recycling, compostable containers (no Styrofoam), composting of food waste, and reuse/recycling of fats, oils, and grease.

SECTION 7.05 RESERVED

SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION

To the fullest extent authorized by law, the AIRLINE shall indemnify, defend, and hold the COUNTY, its officers, and employees harmless from and against any and all applicable Environmental Law claims, judgments, damages, penalties, fines, costs, liabilities, losses, orders, and lawsuits arising out of any actions or inaction by the AIRLINE, the AIRLINE's operations at the Airport or any action arising from and which involve the AIRLINE's officers, agents, subcontractors, and employees, including the cost of defense arising therefrom, including but not limited to the following:

(1) The AIRLINE'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 the AIRLINE's release of Hazardous Substances on the Airport since the time the AIRLINE first occupied the Airport.

(2) The AIRLINE's release of Hazardous Substances upon or within the Airport.

(3) The AIRLINE's violation of any applicable Environmental Law, except that the AIRLINE's obligations under this paragraph shall not extend to known and pre-existing conditions that are, as of the date of this LEASE, the subject of investigation and remediation by the COUNTY or others, or remediation conditions that arise from operations of third parties that are not affiliated with the AIRLINE that take place off of the Airport. For purposes of this provision, a party shall be deemed to be affiliated with the AIRLINE if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of the AIRLINE or if it is controlled by or under common control with the AIRLINE.

(4) The AIRLINE's causing or allowing any discharge into the Airport Drainage System that is prohibited by Section 7.01 of this LEASE.

This indemnification includes, without limitation, reasonable attorney's fees/costs and other costs incurred by the COUNTY in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental entity because of any Hazardous Substances being present in the soil or groundwater under the Airport. However, the AIRLINE'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 the COUNTY or its agents, servants or independent contractors who are directly responsible to the COUNTY.

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In the event the indemnitees described hereinabove are named as defendants or respondents in any lawsuit or administrative proceeding, the AIRLINE shall, at the request of the COUNTY, represent the indemnitee with qualified counsel approved in writing by the COUNTY.

In the event that a monetary judgment is awarded against the COUNTY and the AIRLINE because of the concurrent negligence of the COUNTY and the AIRLINE or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Both the COUNTY and the AIRLINE agree that neither party shall request a jury apportionment. Nothing stated in this LEASE and in this indemnity obligation shall be construed as authorizing any award of attorney's fees/costs in any action to enforce the terms of this LEASE.

The rights and obligations set forth in this indemnification shall survive the termination of this LEASE.

SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS

In the event that any of the terms of the environmental requirements codified in this Article conflict with any other terms of this LEASE, the environmental requirements contained in this Article shall apply.

SECTION 7.08 ANTI-IDLING POLICY

Within six months of LEASE execution, AIRLINE must develop, implement, and submit to the Airport Director or designee for approval a fleet-wide anti-idling policy. At a minimum, the anti-idling policy shall include the requirement that vehicle engines shall be turned off when vehicles are not occupied and that occupied vehicles be turned off after no more than a five-minute idling period. AIRLINE’s policy shall also include all sublicensee and third-party vehicles that enter Airport property at the direction of the AIRLINE.

ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS

SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY

The COUNTY may alter, repair, maintain, remodel, expand, remove, or improve any of the facilities at the Airport or any of its appurtenances.

In addition, the COUNTY may reassign or relocate the AIRLINE's Exclusive Use Area. The COUNTY shall provide the AIRLINE advance notice of such action and shall make every reasonable effort to provide the AIRLINE alternative space that is reasonably comparable to the AIRLINE's operations at the same rates and charges that the AIRLINE would have paid for the

space being surrendered. In the event no alternative space is available, the AIRLINE shall surrender its space promptly to the COUNTY, provided that the AIRLINE shall be reimbursed for the reasonable cost of any such reassignment, reallocation, or relocation and the cost of the AIRLINE's unamortized investment, if any, as documented by the AIRLINE to the satisfaction of the COUNTY and mutually agreed to by the Airport Director and AIRLINE. All of such costs, as well as the COUNTY's cost of providing the alternative space aforementioned, shall be included in the cost of the particular project requiring such reassignment, reallocation or relocation.

SECTION 8.02 IMPROVEMENTS BY THE AIRLINE

The AIRLINE shall not perform any construction upon the Leased Premises, nor shall the AIRLINE modify, alter, or remove any permanent improvements lying within the Leased Premises without prior written approval of the COUNTY. Any construction, modifications, alterations, or removal of any permanent improvements by the AIRLINE shall be at the AIRLINE's expense.

A. **Consent Required From the COUNTY**. No structures, improvements, or facilities shall be constructed, erected, altered, removed, or made within the Leased Premises without prior written consent of the COUNTY, which consent may be withheld or conditioned in the COUNTY's discretion. Minor repairs, replacement, and maintenance proposed for the Leased Premises, the cost of which does not exceed one hundred seventy-five thousand dollars ($175,000) annually, shall be approved by the Airport Director. All other structures, improvements, facilities, repairs, replacement, removal, and maintenance items shall be approved by the Board of Supervisors.

B. **Compliance with Plans and Construction Standards**. All improvements constructed by the AIRLINE within the Leased Premises shall be constructed in strict compliance with detailed plans and specifications approved by the Airport Director. All construction shall be conducted in a good and workmanlike manner and shall conform to applicable building codes, rules, regulations, and the Airport's architectural standards as contained in reference document "John Wayne Airport, Architect and Engineer Guide," which can be provided by Airport upon request. All work shall be done in conformity with Airport-approved plans, valid building, and other necessary permits and shall be acceptable to the COUNTY and the appropriate governmental entity inspecting such work. The AIRLINE shall be responsible for filing Form 7460 for any construction and/or height of construction equipment with the FAA if required.

All improvements constructed by the AIRLINE, including the plans and specifications therefor, shall conform in all respects to the applicable statutes, ordinances, building codes, rules, and regulations of the COUNTY and such other governmental authority as may have jurisdiction. The Airport Director's approval shall not constitute a representation or warranty as to such conformity, which shall remain the AIRLINE's responsibility. The AIRLINE, at its own cost and expense, shall procure all permits necessary for such construction.

C. **Insurance Requirements**. The AIRLINE shall obtain aviation commercial general liability insurance during construction. If the construction is done by an independent contractor, insurance shall be procured by the contractor in the name of the AIRLINE and the COUNTY. All insurance shall be within the limits and coverages acceptable to the COUNTY's Risk Management Services.

D. **Noninterference**. The AIRLINE warrants that it or its contractor shall in no way delay, cause delays to or interfere with any Airport operations or other contractors working in the terminal or on the Airport, except with the prior written approval of the Airport Director, as set out herein. The AIRLINE agrees to hold the COUNTY harmless from the cost of any time lost by the COUNTY or any damages to the COUNTY due to the actions or failure to act of the AIRLINE or its contractor.

E. **Trailers and Modular Structures**. All improvements constructed by the AIRLINE shall be of a permanent nature. Trailers and modular buildings are prohibited on the Leased Premises. This provision shall not apply to the use of the COUNTY-approved temporary modular buildings or trailers during construction. Upon completion of construction, all trailers or modulars must be immediately removed from the Leased Premises.

F. **The AIRLINE's Cost and Expense**. All renovation or construction by the AIRLINE pursuant to this Section shall be at the AIRLINE's sole cost and expense. The AIRLINE shall keep its existing or future Exclusive Use Area, and the improvements constructed thereon free and clear of all liens and, shall pay all costs for labor and material arising out of such construction, and shall hold the COUNTY harmless from any liability in respect thereto. The AIRLINE shall have the right to contest any and all liens filed against its existing or future Exclusive Use Area. The AIRLINE further agrees that the COUNTY shall have the right to post notices of non-responsibility as provided by Sections 3094 and 3129 of the California Civil Code.

G. **Ownership of Improvements**. All improvements and facilities, exclusive of trade fixtures, constructed or placed within the Leased Premises by the AIRLINE must, upon completion, be free and clear of all liens, claims, or liability for labor or material and at the COUNTY's option shall become the property of the COUNTY at the expiration of this LEASE or upon earlier termination hereof. The COUNTY retains the right to require the AIRLINE, at the AIRLINE's cost, to remove any or all improvements located within the Leased Premises at the expiration or termination hereof.

SECTION 8.03 AIRLINE REIMBURSEMENT

In the event the COUNTY should require the Leased Premises, or any portion thereof, for any Airport purpose and removes any portion of the AIRLINE's Leased Premises from this LEASE or terminates the LEASE for convenience pursuant to Section 2.03, the COUNTY shall reimburse the AIRLINE for improvements completed during the term of this LEASE.

Compensation for improvements located on the Leased Premises shall be calculated by means of the following formula:

$$\text{COMPENSATION} = A \times \frac{B}{C}$$

A = The AIRLINE's actual leasehold improvement construction costs submitted in accordance with Section 8.07 in this LEASE.

B = Number of full months remaining in the term of the LEASE.

C = Number of full months between the date the AIRLINE completed construction of leasehold improvements and the date the LEASE would expire by its terms if the COUNTY did not exercise its right to early termination.

The AIRLINE shall submit to the COUNTY within sixty (60) days of completion of construction of any leasehold improvement notifications of completion of construction and submit detailed supporting documentation of construction costs together with "As-Built Documents" and "Record Documents" as required by Section 8.07 of this LEASE. The AIRLINE acknowledges and agrees if the AIRLINE fails to submit notifications and supporting documentation for any such leasehold improvements in a timely manner, the AIRLINE waives its right to compensation for such improvements.

SECTION 8.04 EXCLUSIVE REMEDY

The compensation provided pursuant to Section 8.03 in this LEASE shall be the AIRLINE's sole and exclusive remedy and form of compensation, costs or damages, including but not limited to, the eminent domain law and inverse condemnation (CAL. CODE CIV. PROC. §§1230.010 *et seq.*), and Relocation Assistance benefits (CAL. GOV. CODE §§7260 *et seq.*), due to termination, re-entry or acquisition of the leasehold by the COUNTY.

The AIRLINE agrees that exercise by the COUNTY of its termination rights hereunder shall not be construed as a taking by the COUNTY of any part of the Leased Premises, nor of the AIRLINE's rights under this LEASE, nor shall the AIRLINE, except as provided herein, be entitled to payment for any loss of goodwill, income, moving expenses or other amount because of partial or full termination of this LEASE.

SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION

Prior to commencement of construction of approved facilities, the AIRLINE shall furnish to the COUNTY evidence that assures the COUNTY that sufficient monies will be available to the AIRLINE and the COUNTY to complete the proposed construction. The amount of money available shall be at least the total estimated construction cost. Such evidence may take one of the following forms:

A. Completion Bond issued to the COUNTY as obligee.

B. Irrevocable Letter of Credit issued to the COUNTY that will remain in effect until the COUNTY acknowledges satisfactory completion of construction.

C. Any combination of the above.

All bonds and letters of credit must be issued by a surety company, financial institution or advising bank qualified and admitted to conduct business in the State of California and issued in an approved form approved by the COUNTY. All bonds and letters of credit shall ensure faithful and full observance and performance by the AIRLINE of all terms, conditions, covenants, and agreements relating to the construction of improvements within the Leased Premises.

It is not the intent of the contracting Parties herein to create a third-party beneficiary, and nothing in this Section shall be construed to do so.

SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES

The AIRLINE shall at all times indemnify and hold the COUNTY harmless from all Mechanics Liens, Stop-Notices, claims, losses, demands, damages, costs, expenses or liability costs for labor or materials in connection with construction, repair, alteration, or installation of structures, improvements, equipment, or facilities within the Leased Premises undertaken by the AIRLINE, and from the cost of defending against such claims, including attorneys' fees and costs.

In the event a mechanics lien or stop-notice is imposed upon the Leased Premises, the AIRLINE shall either:

A. Record a valid Release of Lien; or

B. Procure and record a bond in accordance with Section 8424 of the California Civil Code, which frees the Leased Premises from the claim of the lien or stop notice and from any action brought to foreclose the lien.

Should the AIRLINE fail to accomplish either of the two (2) optional actions above within fifteen (15) days after the filing of such a lien or stop notice, the LEASE shall be in default and shall be subject to immediate termination.

SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS

Within sixty (60) days following completion of any improvement within the Leased Premises, the AIRLINE shall furnish the Airport Director a complete package of “As-Built Documents” and "Record Documents," which include but are not limited to construction documents, specifications, cost estimates, engineering studies, and calculations. The aforementioned information shall be submitted on two (2) thumb drives containing digital copies of the “As-Built Documents” and "Record Documents," organized in a detailed, logical, and comprehensible folder structure, which

is in a form that is usable and accepted by the COUNTY, to the COUNTY's satisfaction, as described below, unless otherwise allowed by the Airport Director.

A. Drawings and Models:

1. All 2-D and 3-D architectural, engineering, design, and/or construction drawing and/or modeling files for the project shall be completed using AutoCAD 2019 and REVIT 2019 or a newer version of either software if approved by John Wayne Airport.
2. All geographic data, spatial analysis, geographic information system (GIS) mappings, drawings, exhibits, and/or figures for the project shall be completed using Environmental Systems Research Institute (ESRI) ArcGIS.
3. All 2-D and 3-D drawing and/or modeling files created via computer-aided design and drafting (CADD), building information modeling (BIM), and/or GIS for the project shall conform to the John Wayne Airport CADD/BIM/GIS standards and specifications.
4. In addition to the 2-D and 3-D drawing and/or modeling files indicated above, a PDF format (scaled to ARCH E1 format where applicable) of those drawings, exhibits, figures, etc. shall be generated and submitted digitally.

B. Documents and Reports:

1. All specifications, reports, and/or studies (e.g., geotechnical report, etc.), calculations, and other project information (e.g., construction submittals, operations, and maintenance (O&M) manuals, warranties, etc.) for the project shall be completed using MS Office suite applications and also generated and submitted digitally in a PDF format.

Note: "Record Documents," e.g., record drawings, specifications, calculations, etc., shall be prepared, stamped, and signed by the Architect and/or Engineer of Record for the project and shall reflect all updates and/or modifications that were approved during design and construction, i.e., separate from the as-built documents, which include contractor redlines, contract changes, etc. Refer to the "John Wayne Airport Construction Standards" for additional information.

In addition, two (2) sets of hard prints of the stamped and signed record drawings for the project, as described above, must be furnished by the AIRLINE with the thumb drives containing the "As-Built Documents" and "Record Documents." Basic specifications, standards, and requirements for BIM, CAD, and/or GIS produced information at the Airport can be located on the www.ocair.com website or provided by the Airport upon request.

Furthermore, the AIRLINE shall furnish the Airport Director with an itemized statement of the actual, direct construction costs of such improvement. The construction costs may include actual, direct fees paid to contractors, architects, engineers, surveyors, laborers, and suppliers, or permit

fees required by governmental agencies to allow construction. Construction costs shall not include indirect costs such as financing costs, holding costs, legal fees, interest, administrative and overhead expenses, bond premiums, or developer fees. The statement of cost shall be sworn to and signed by the AIRLINE or its responsible agent under penalty of perjury. The AIRLINE must obtain the Airport Director's approval of acceptance of the "As-Built Documents" and "Record Documents" and the form and content of the itemized statement.

SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS

The AIRLINE shall be responsible for any damage caused by the AIRLINE, or the AIRLINE's aircraft, equipment, employees, agents, visitors, or suppliers, to common use areas of the Terminal or Airport facilities, including but not limited to runways, taxiways, access roads, navigational aids, apron areas and loading bridges. Should such damage require immediate repairs or replacement, and the AIRLINE is unable to respond immediately to complete said repairs or replacement, the Airport Director may cause to be made or make any necessary repairs or replacements, and the cost thereof shall be paid by the AIRLINE. Said cost shall include all labor, materials, equipment costs, and an administrative fee equal to fifteen percent (15%) of the sum of those items. Said cost shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the Airport Director.

In the event of damage to or destruction of the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises or in the event the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises are declared unsafe or unfit for use or occupancy by the COUNTY or any other public entity with jurisdiction to make and enforce such a declaration, the AIRLINE shall, within thirty (30) days, commence and diligently pursue completion of the repair, replacement or reconstruction of improvements to the same size and floor area as they existed immediately prior to the event causing the damage or destruction, as necessary to permit full use and occupancy of the Leased Premises for the purposes required by the LEASE. Repair, replacement, or reconstruction or improvements within the Leased Premises shall be accomplished in a manner and according to plans approved by the Airport Director. Except as otherwise provided herein, termination of this LEASE shall not reduce or nullify the AIRLINE's obligation under this paragraph. With respect to damage or destruction to be repaired by the COUNTY or which the COUNTY elects to repair, the AIRLINE waives and releases its rights under California Civil Code Sections 1932(2) and 1933(4).

SECTION 8.09 HEALTH AND SAFETY

The AIRLINE shall comply with all applicable California Occupational Safety & Health Administration (Cal/OSHA) requirements and all federal, state, or local safety orders. The AIRLINE shall post on the Lease Premises and at all construction sites a copy of "Construction Safety Orders" and "General Industry Safety Orders" issued by the California State Division of Industrial Safety.

The AIRLINE shall, within thirty (30) days after the execution of this LEASE, submit to the COUNTY a comprehensive Safety Plan outlining the code of safe work practices and procedures. The plan must include emergency response procedures, notification procedures, and personnel training procedures. The AIRLINE shall convene safety meetings at regularly scheduled times as described in its Safety Plan and as required by Cal/OSHA. The AIRLINE and/or AIRLINE's contractor shall submit, prior to the start of any tenant improvements, the AIRLINE or AIRLINE's contractor required Cal/OSHA Safety Plan for approval by the Airport.

The AIRLINE shall submit to the COUNTY an annual report detailing the status of all permits required and issued to the AIRLINE by CAL OSHA or any other federal, state, or local government agency. Said report shall be due on or before January 31 of each calendar year.

ARTICLE IX - ACCOMMODATION

SECTION 9.01 JOINT USE REQUIREMENT

The AIRLINE and/or other airlines may be provided the opportunity by the COUNTY to initiate or expand service at the Airport and may have a need or requirement for certain types of Airport space and facilities. Such initiation or expansion of service may be reasonably implemented by the Airport Director based upon provisions of the Access Plan.

The AIRLINE agrees to make every reasonable effort to offer to any airline initiating service at the Airport the opportunity to share use of its Exclusive Use Area. In determining whether the use of another incoming airline initiating service at the Airport is reasonable and possible, the AIRLINE will have the right to consider the compatibility of the proposed operations of those with whom the AIRLINE has subleases or handling arrangements, the AIRLINE's existing and future flight schedules, the need for labor cooperation, the adverse competitive impacts resulting from the presence of the other aircraft operator on the AIRLINE's Exclusive Use Area and the availability of other such space at the Airport. Should the AIRLINE deny another airline initiating service at the Airport the opportunity to use the AIRLINE's Exclusive Use Area, the COUNTY may review the AIRLINE's space usage, and should it reasonably determine, considering all the factors noted herein (including the AIRLINE's reasons for such refusal), that the AIRLINE unreasonably refused usage by such other airline, it may require the AIRLINE to permit the other airline to use the AIRLINE's Exclusive Use Area, subject to the initiating airline executing an agreement with the AIRLINE acceptable to the COUNTY that complies with the material terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE shall, by separate agreement with such certificated and/or commuter airline as the COUNTY may designate, or by other arrangement as provided by the Airport Director, provide space and/or services within Leased Premises to accommodate said airlines' operation. Any said agreement for joint use shall be subject to the Airport Director's approval and subject to the terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE agrees that in the event it subleases its Leased Premises to another airline, any sublease rental rate shall be calculated on a per-square-foot basis.

Sublease per square foot rental rates for sublet space shall reflect a reasonable pro-rata allocation of the AIRLINE's actual and direct costs related to said space and shall be based upon the following factors:

A. The square foot per annum rental rate currently paid by the AIRLINE to the COUNTY for space to be sublet; and

B. A reasonable square foot charge to compensate the AIRLINE for the pro-rata costs per square foot applicable to the AIRLINE improvement costs, maintenance costs, and a reasonable administrative fee.

The annual sublease rental rate shall not exceed two (2) times the square foot per annum rental rate currently paid by the AIRLINE to the COUNTY unless the AIRLINE can demonstrate to the satisfaction of the Airport Director that its costs for the subleased premises, exclusive of the administrative fee, justify a higher rate.

ARTICLE X - ASSIGNMENT AND SUBLEASE

SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING

The provisions of this Section are subject and subordinate to the limitations of Section 5.04 of this LEASE.

A. **Transfers**. The AIRLINE shall not transfer, assign, sublet, or hypothecate (hereinafter referred to as "Transfer") any interest of the AIRLINE in the Leased Premises without the prior written approval of the COUNTY. The AIRLINE shall give the COUNTY thirty (30) days' prior written notice of all proposed Transfers. The AIRLINE shall not make any such Transfers for a period longer than the remaining term of the LEASE.

If the COUNTY approves such Transfers, such approval does not constitute a waiver of any of the terms of the LEASE. All Transfer documents shall be consistent with the terms, covenants, and conditions of the LEASE, and in the event of any inconsistency, the provisions of this LEASE shall govern.

If the AIRLINE is a corporation, an unincorporated association, or a partnership, Transfers include the acquisition by any person other than the AIRLINE of any stock or interest in said corporation, unincorporated association, or partnership in the aggregate amount of fifty-one percent (51%) or more.

The failure by the AIRLINE to obtain the prior written approval by the COUNTY of any Transfer of the LEASE or any interest in the Leased Premises shall constitute a material

breach of this LEASE and shall not confer any leasehold rights upon the transferee. Such failure shall be grounds for termination of this LEASE for default pursuant to Section 11.02.

B. **Conditions of the COUNTY Approval**. The COUNTY agrees that it will not arbitrarily withhold consent to any Transfer, but the COUNTY may withhold consent at its sole discretion if any of the following conditions exist:

(1) The AIRLINE, its successors, or assigns are in default of any term, covenant, or condition of this LEASE, whether notice of default has or has not been given by the COUNTY.

(2) The prospective subtenant, assignee, or transferee has not agreed in writing to keep, perform, and be bound by all the terms, covenants, and conditions of this LEASE.

(3) The prospective subtenant, assignee, or transferee is not financially capable or experienced in performing the LEASE obligations, as determined by the Airport Director.

(4) Subtenant's use is in conflict with the terms of this LEASE.

(5) All the terms, covenants, and conditions of Transfer, including the consideration therefore, of any and every kind, have not been revealed in writing to the Airport Director.

(6) Any construction required of the AIRLINE as a condition of this LEASE has not been completed to the satisfaction of the COUNTY.

(7) The AIRLINE has not provided the Airport Director with a copy of all documents relating to the Transfer, including, but not limited to, appraisals, notes, trust deeds, title reports, escrow instructions, *etc*.

(8) The AIRLINE attempts to hypothecate the leasehold for an amount greater than the cost of new improvements to be constructed on the Leased Premises. Hypothecation of the leasehold shall not be permitted for any reason other than to obtain loan proceeds necessary to construct new improvements on the Leased Premises.

C. **Affiliate Transactions**. The COUNTY has adopted in the Access Plan policies and regulations regarding transactions and aircraft operations at the Airport involving affiliations of commercial airlines operating, or desiring to operate, at the Airport ("the affiliate policy"). The AIRLINE acknowledges that the COUNTY considers the affiliate policy to be an important and significant policy in support of the COUNTY's regulation of the Airport.

The AIRLINE acknowledges that there is a rational basis for this policy under the operational and historical circumstances affecting the Airport, that under such circumstances, this policy maintains appropriate equity between the rights and privileges of competing commercial operators using the Airport, and that the affiliate policy does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The AIRLINE agrees to comply fully and completely with the affiliate policy and all related regulations that appear in the Access Plan and/or this LEASE.

Any affiliate transaction described and defined in the Access Plan, and any affiliate transaction between the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, shall constitute a Transfer within the meaning of Paragraph A, above. In the event an affiliate transaction involving the AIRLINE is initiated, then not later than the time when the affiliate transaction is publicly announced:

(1) The AIRLINE shall notify the Airport Director of the fact of the initiation of the affiliate transaction.

(2) If the affiliate transaction is initiated by the AIRLINE, the AIRLINE shall promptly provide to the Airport Director copies of all agreements, or written offers or proposals, made with respect to the transaction and copies of all documents filed with federal authorities with respect to the transaction. If the affiliate transaction is initiated by some other person in respect of the AIRLINE, the AIRLINE shall promptly and continuously provide such documentation or other information regarding the transaction as may be available to the AIRLINE.

(3) In addition to all other obligations of the AIRLINE, if the affiliate transaction involves the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, the AIRLINE shall promptly arrange to negotiate with the Airport Director regarding the terms and conditions upon which the Director would recommend consent by the Board of Supervisors to a Transfer of this LEASE, or Transfer of the written agreement(s) between the other person or entity involved in the affiliate transaction and the COUNTY.

Notwithstanding any other provision of this LEASE, the LEASE may be terminated by the COUNTY on thirty (30) days' notice to the AIRLINE without further obligation of the COUNTY, and without any liability of the COUNTY to the AIRLINE whatsoever, if:

(4) The AIRLINE fails to comply with Paragraph C of this Section; or if

(5) The Airport Director fails to make a favorable recommendation to the Board of Supervisors regarding the Transfer within sixty (60) days after initiation and public announcement of the affiliate transaction, which contains terms and conditions agreed to by the AIRLINE and its affiliate(s); or if

(6) The Board of Supervisors fails to consent to the Transfer on terms and conditions which have been accepted by the AIRLINE within thirty (30) days after receipt of the recommendations of the Airport Director.

D. **Bankruptcy Transaction**. If the AIRLINE assumes this LEASE or proposes to assign the same pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, then notice of such proposed assignment shall be given to the COUNTY. The following information shall be provided to the COUNTY:

(1) The name and address of proposed assignee;

(2) All of the terms and conditions of such offer; and

(3) Adequate assurance to the COUNTY of the proposed assignee's future performance under the LEASE, including, without limitation, the assurance referred to in the U.S. BANKRUPTCY CODE, 11 U.S.C. §365(b)(3).

Any person or entity to which this LEASE is assigned pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, shall be deemed without further act or deed to have assumed all of the obligations arising under this LEASE on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to the COUNTY an instrument confirming such assumption.

E. **Non-Transferable Privileges.** Aircraft operations and ADDs authorized by Section 5.05 in this LEASE and the Access Plan are not property interests of the AIRLINE and are non-transferable in any form, and as such, are not subject to sale, assignment, hypothecation, and transfer by the AIRLINE under the terms of this Section. Any such attempted hypothecation, assignment, encumbrance, sale, or other such attempted transfer of operations, privileges, or ADDs is in violation of the public policy of the COUNTY and shall be void and shall constitute a breach and default of this LEASE.

SECTION 10.02 SUCCESSORS IN INTEREST

Unless otherwise provided in this LEASE, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all Parties hereto, all of whom shall be jointly and severally liable hereunder.

ARTICLE XI - TERMINATION AND DEFAULT

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS

It is mutually agreed that this LEASE shall terminate and supersede any prior leases or agreements between the Parties hereto for the purpose of commercial air transportation and all related activities of the AIRLINE at the Airport.

SECTION 11.02 TERMINATION FOR DEFAULT

The COUNTY may terminate this LEASE and all of its obligations hereunder with prior written notice to the AIRLINE and may exercise all rights of entry for default and breach if the AIRLINE fails to perform any of its obligations under this LEASE, including, but not limited to:

A. Payment of rents, fees, charges and PFCs;

B. A general assignment for the benefit of creditors and any Transfer without the prior written approval by the COUNTY;

C. The issuance of any execution or attachment against the AIRLINE at the Airport that is undischarged within sixty (60) days of levy or seizure or if the Leased Premises are occupied by someone other than the AIRLINE;

D. The voluntary vacation or abandonment by the AIRLINE of the conduct of air transportation business at the Airport;

E. The violation by the AIRLINE of any of the terms of any insurance policy referred to in the LEASE;

F. If the AIRLINE is found by the FAA, TSA, or other government regulatory or successor agency to have violated specified safety standards in the conduct of the AIRLINE's business;

G. The violation or breach of any provision of the Access Plan;

H. The violation of any written directions of the Airport Director;

I. The appointment of a receiver to take possession of all or substantially all, the assets of the AIRLINE located at the Leased Premises or of the AIRLINE's leasehold interest in the Leased Premises.

Where applicable, and unless otherwise stated in this LEASE, or by written notice, the AIRLINE shall have fifteen (15) calendar days to cure any default prior to termination of this LEASE, or such longer period as may be reasonably necessary to cure such default considering the nature thereof, at the Airport Director’s discretion.

SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION

Except as otherwise agreed to herein, upon termination of this LEASE, the AIRLINE shall redeliver possession of said Leased Premises to the COUNTY in substantially the same condition that existed immediately prior to the AIRLINE's entry thereon, reasonable wear and tear, flood, earthquakes, war and any act of war, excepted. References to the termination of the LEASE in this LEASE shall include termination by reason of expiration.

SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY

If the AIRLINE abandons or quits the Leased Premises or is dispossessed thereof by process of law or otherwise, title to any personal property belonging to the AIRLINE and left on the Leased Premises fifteen (15) days after such event shall be deemed to have been transferred to the COUNTY. The COUNTY shall have the right to remove and to dispose of such property without liability therefor to the AIRLINE or to any person claiming under the AIRLINE and shall have no need to account therefor. Personal property left on the Leased Premises after termination, expiration, or abandonment of the LEASE shall not be construed as giving the AIRLINE possession of the Leased Premises during the fifteen (15) days after termination, expiration, or abandonment of the LEASE.

SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER

The AIRLINE agrees to yield and peaceably deliver possession of the Leased Premises to the COUNTY on the date of termination of this LEASE, whatsoever the reason for such termination.

Upon giving written notice of termination to the AIRLINE, the COUNTY shall have the right to re-enter and take possession of the Leased Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the LEASE and re-entry of the Leased Premises by the COUNTY shall in no way alter or diminish any obligation of the AIRLINE under the LEASE terms and shall not constitute an acceptance or surrender.

The AIRLINE waives any and all rights of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Leased Premises for any lawful reason or in the event the COUNTY re-enters and takes possession of the Leased Premises in a lawful manner.

ARTICLE XII - SECURITY

SECTION 12.01 AIRPORT SECURITY

The AIRLINE shall comply with all current and applicable Airport, FAA, TSA, CBP, security-related rules, regulations, plans, and procedures. The AIRLINE is responsible for fines imposed by any regulatory agency as a result of the AIRLINE’s failure to comply with applicable rules, regulations, orders, plans, and procedures regarding airport security.

The AIRLINE employees, subtenants/contractors shall be required to obtain airport security clearance in order to perform work under this LEASE. The AIRLINE must maintain a current, updated list of Authorized Signatories responsible for the Airport-Issued Identification Credential ("Airport ID/Security Credential") process, a list of current Airport ID/Security Credentialed AIRLINE employees and subtenants/contractors, and respond to scheduled and unscheduled audits at the request of the Airport. The AIRLINE employees and subtenants/contractors applying for an Airport ID/Security Credential must successfully complete a Criminal History Records Check ("CHRC") and a Security Threat Assessment ("STA") in accordance with current regulations. The AIRLINE employees and subtenants/contractors must also attend and successfully pass all related Security Identification Display Area ("SIDA") classes and tests for access to secure areas and a driver's permit with an appropriate and valid California Driver's License to drive on the airfield. The AIRLINE must attend all mandatory security-related exercises, and monthly security consortium meetings hosted by the Airport.

A. **Local Security**. The AIRLINE shall be responsible for the security of gates or doors that are located on the Leased Premises. Said gates and/or doors on the Leased Premises permitting entry to the restricted areas of the Airport shall be locked when not in use and/or under the AIRLINE's constant surveillance. The AIRLINE shall install such security equipment, including, but not limited to, video monitoring equipment, as may be required by the Airport Director to ensure compliance with all regulations of the FAA, TSA, or other governmental agencies having jurisdiction over Airport security. The AIRLINE shall exercise control over any person or vehicle escorted by the AIRLINE onto restricted or secure areas of the Airport, or to whom an Airport ID/Security Credential was issued by or at the request of the AIRLINE and ensure that such person or vehicle shall comply with all Airport security regulations.

B. **Federal Security**. As of the date of this LEASE, the TSA provides for all passenger and baggage screening conducted at the Airport. The AIRLINE may be required to provide assistance to TSA in its efforts to carry out its federal mandates. At some point during the term of this LEASE, the Airport or another entity may be authorized to provide these security services in lieu of the TSA.

C. **Penalties and Fines.** The AIRLINE shall promptly pay any penalties for which the AIRLINE is responsible. These penalties include, but are not limited to, civil penalties or fines assessed against the Airport or the AIRLINE by the FAA, TSA, or any other governmental agency for the violation of any security-related laws, rules, policies, or regulations at the Airport.

D. **Airport ID/Security Credential Application and Lifecycle.** Prior to issuance of an Airport ID/Security Credential(s), designated AIRLINE Authorized Signatories who will be working onsite and engaged in the performance of work under this LEASE must pass the Airport's background check requirements, which includes an F.B.I. Criminal History Records Check ("CHRC") and a TSA Security Threat Assessment ("STA"), and the

AIRLINE shall pay the applicable fees. Upon successful completion of the background checks, the AIRLINE's designated personnel will be required to attend a SIDA class and pass a written test. Those personnel who may be permitted by the Airport to drive on the Airport Operations Area ("AOA") perimeter road must also complete a Driver's Training class and written test. Airport ID/Security Credentials are not issued until designated AIRLINE personnel have: 1) completed appropriate application forms and submitted proof of identity and employment eligibility, 2) passed both background checks, 3) completed and passed appropriate training, and 4) paid an Airport ID/Security credential fee for each applicant. The AIRLINE should anticipate a minimum of fourteen (14) business days to complete the Airport ID/Security Credential process if all requirements listed above are fulfilled by individual Airport ID/Security Credential applicants in a timely manner, but factors outside the Airport's control can contribute to longer durations. If an applicant is applying for a CBP Seal due to their operational need to work international air service operations, this process may take longer. Authorized Signatories must be in constant contact with the Airport's ID/Access Control Office. The AIRLINE's designated personnel must successfully complete the Airport ID/Security Credential acquisition process unless other arrangements have been approved by the Airport. The AIRLINE shall be responsible for all applicable fees and costs associated with the background checks and badging process. The amount of such fees is subject to change without notice.

E. **Airport ID/Security Credential Applicant Requirements and Responsibilities.** The Airport Security Plan (ASP) requires that each person issued an Airport ID/Security Credential be made aware of their responsibilities regarding the privilege of access to restricted areas of the Airport.

The AIRLINE and all AIRLINE personnel within an access-controlled area (AOA, SIDA, secured area, or sterile area) are required to display on their person an Airport ID/Security Credential, unless they are escorted by an appropriately credentialed Airport individual with escort privileges. When working in a secure area, each Airport-credentialed person is responsible for challenging any individual who is not properly displaying an Airport-issued or approved and valid Airport ID/Security Credential. AIRLINE personnel and their subtenants/contractors must also validate Airport ID/Security Credential employees as described in security training. Any person who is not properly displaying or who cannot produce a valid Airport ID/Security Credential, unless they are being escorted, must immediately be referred to the Sheriff's Department – Airport Police Services Office for proper handling.

The Airport ID/Security Credential is the property of the County of Orange and must be returned upon termination of AIRLINE personnel employment and/or termination of the Lease. The loss of an Airport ID/Security Credential shall be reported within twenty-four (24) hours to the Sheriff's Department–Airport Police Services by calling (949) 252-5000. The AIRLINE or AIRLINE personnel who lose their Airport ID/Security Credential shall be required to pay a fee before receiving a replacement Airport ID/Security Credential. The charge for lost Airport ID/Security Credential replacement will be posted in the Airport

Administration Office and is subject to change without notice. A report shall be made before a replacement Airport ID/Security Credential will be issued.

The Airport ID/Security Credential is nontransferable.

In the event that the AIRLINE's employee's or contractor's Airport ID/Security Credential is not returned within three (3) business days to the Airport upon: 1) termination of AIRLINE personnel or contractor, 2) Airport ID badge expiration, or 3) upon termination of the LEASE, the AIRLINE shall be liable to the Airport for a fine in the amount of $250.00 per unreturned Airport ID/Security Credential. The amount of the fine is subject to change without notice. The AIRLINE's Security Deposit may be applied to cover the cost of the fine.

ARTICLE XIII - INSURANCE AND INDEMNITY

SECTION 13.01 INSURANCE

The AIRLINE agrees to carry all required insurance at the AIRLINE's expense and to provide the COUNTY current Certificates of Insurance, including all endorsements required herein, necessary to satisfy the COUNTY that the insurance provisions of this LEASE have been complied with. AIRLINE shall keep such insurance coverage current, provide Certificate of Insurance, and endorsements to the COUNTY during the entire term of this LEASE.

The AIRLINE agrees that the AIRLINE shall not operate on the Airport Premises at any time the required insurance is not in full force and effect as evidenced by a Certificate of Insurance and necessary endorsements or, in the interim, an official binder being in the possession of Airport Director. In no cases shall assurances by the AIRLINE, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. Airport Director will only accept valid Certificates of Insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. The AIRLINE also agrees that upon cancellation, termination, or expiration of the AIRLINE's insurance, the COUNTY may take whatever steps are necessary to interrupt any operation from or on the Airport Premises until such time as the Airport Director reinstates the LEASE.

If the AIRLINE fails to provide Airport Director with a valid Certificate of Insurance and endorsements, or binder at any time during the term of the LEASE, the COUNTY and the AIRLINE agree that this shall constitute a material breach of the LEASE. Whether or not a notice of default has or has not been sent to the AIRLINE, said material breach shall permit the COUNTY to take whatever steps necessary to interrupt any operation from or on the Airport Premises, and to prevent any persons, including, but not limited to, members of the general public, and the AIRLINE'S employees and agents, from entering the Premises until such time as Airport Director is provided with adequate evidence of insurance required herein. The AIRLINE further agrees to hold the COUNTY harmless for any damages resulting from such interruption of business and

possession, including, but not limited to, damages resulting from any loss of income or business resulting from the COUNTY's action.

The AIRLINE may occupy the Airport Premises only upon providing to the COUNTY, the required insurance stated herein and maintain such insurance for the entire term of this LEASE. The COUNTY reserves the right to terminate this LEASE at any time the AIRLINE's insurance is canceled or terminated and not reinstated within ten (10) days of said cancellation or termination. The AIRLINE shall pay the COUNTY a fee of $300.00 for processing the reinstatement of the LEASE. The AIRLINE shall provide to the COUNTY immediate notice of said insurance cancellation or termination.

All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the same terms and conditions as set forth herein for the AIRLINE; excluding General Aviation Liability. All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the following required minimum limits: Commercial General Liability $1,000,000 per occurrence with a $2,000,000 aggregate; Commercial Auto Liability $1,000,000 combined single limit each accident for non-air operations area (AOA); and, $5,000,000 combined single limit each accident for air operations area. Pollution Liability will be required when hazardous materials or waste are involved with limits commensurate with the exposure. The AIRLINE shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by the COUNTY from the AIRLINE under this LEASE. It is the obligation of the AIRLINE to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Airport Premises. Such proof of insurance must be maintained by the AIRLINE through the entirety of this LEASE and be available for inspection by a COUNTY representative at any reasonable time.

All self-insured retentions (SIRs) shall be clearly stated on the Certificate of Insurance. Any self-insured retention (SIR) in excess of Fifty Thousand Dollars ($50,000) shall specifically be approved by the County's Risk Manager. The COUNTY reserves the right to require current audited financial reports from the AIRLINE. If the AIRLINE is self-insured, AIRLINE will indemnify and defend the COUNTY for any and all claims resulting or arising from AIRLINE's use of the Airport Premises, services or other performance in accordance with the indemnity provision states in this LEASE.

If the AIRLINE fails to maintain insurance acceptable to the COUNTY for the full term of this LEASE, the COUNTY may terminate this LEASE.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com**).

If the insurance carrier does not have an A.M. Best Rating of A-VIII, the CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the AIRLINE shall provide the minimum limits and coverage as set forth below:

Coverages	**Minimum Limits**
Aviation Commercial General Liability (Including but not limited to General Liability, Passenger Legal Liability, War/Extended Perils Liability, Personal Injury, Contractual Liability, Premises, Products and Completed Operations, Ground Hangarkeepers and liability for vehicles and mobile equipment operated on restricted airport premises.)	$250,000,000 per occurrence $250,000,000 aggregate
Workers' Compensation	Statutory
Employers' Liability Insurance	$1,000,000 per accident or disease
Pollution Liability Insurance	$1,000,000 per claims made or per occurrence
Commercial Property Insurance on an "All Risk" or "Special Causes of Loss" basis covering all contents and any tenant improvements including Business Interruption/Loss of Rents with a 12-month limit.	100% of the Replacement Cost Value and no coinsurance provision

Increased insurance limits may be satisfied with Excess/Umbrella policies. Excess/Umbrella policies when required must provide Follow Form coverage.

Required Endorsements

The Aviation Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees, agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by County of Orange shall be excess and non-contributing.

The Pollution Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

Pollution Liability insurance must include coverage for bodily injury and property damage, including coverage for loss of use and/or diminution in property value, and for clean-up costs arising out of, pertaining to, or in any way related to the actual or alleged discharge, dispersal, seepage, migration, release or escape of contaminants or pollutants resulting from any services or work performed by, or behalf of, AIRLINE, including the transportation of hazardous waste, hazardous materials, or contaminants.

If AIRLINE's Pollution Liability policy is a claims-made policy, AIRLINE shall agree to the following:

1. The retroactive date must be shown and must be before the date of the contract or the beginning of the LEASE.

2. Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after expiration or earlier termination of LEASE.

3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the contract services, AIRLINE must purchase an extended reporting period for a minimum of three (3) years after expiration of earlier termination of the LEASE.

The Workers' Compensation policy shall contain a Waiver of Subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees. Blanket coverage may also be provided which will state – **As Required by Written Agreement.**

All insurance policies required by this LEASE shall waive all rights of subrogation against County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

The Commercial Property policy shall contain a Loss Payee endorsement naming the County of Orange as respects the COUNTY's financial interest when applicable.

Insurance certificates should be forwarded to the COUNTY address provided in the Clause (NOTICES) below or to an address provided by Airport Director. AIRLINE has ten (10) business days to provide adequate evidence of insurance, or this LEASE may be cancelled.

AIRLINE shall provide thirty (30) days prior written notice of any policy cancellation or non-renewal and ten (10) days prior written notice where cancellation is due to non-payment of premium and provide a copy of the cancellation notice to COUNTY. Failure to provide written notice of cancellation may constitute a material breach of the LEASE, upon which the COUNTY may suspend or terminate this Contract

The COUNTY expressly retains the right to require AIRLINE to increase or decrease insurance of any of the above insurance types throughout the term of this LEASE. Any increase or decrease in insurance will be as deemed by the County of Orange Risk Manager as appropriate to adequately protect the COUNTY.

The COUNTY shall notify AIRLINE in writing of changes in the insurance requirements. If the AIRLINE does not deposit copies of acceptable certificates of insurance and endorsements with the COUNTY incorporating such changes within thirty (30) days of receipt of such notice, this LEASE may be in breach without further notice to the AIRLINE, and the COUNTY shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit the AIRLINE's liability hereunder nor to fulfill the indemnification provisions and requirements of this LEASE, nor in any way to reduce the policy coverage and limits available from the insurer.

SECTION 13.02 INDEMNITY

The AIRLINE agrees to indemnify, defend with counsel approved in writing by the COUNTY, and hold the COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies which the COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by the AIRLINE pursuant to this LEASE. If judgment is entered against the AIRLINE and the COUNTY by a court of competent jurisdiction because of the concurrent active negligence of the COUNTY or the COUNTY INDEMNITEES, the AIRLINE and the COUNTY agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION

A. In all its activities within the scope of its airport program, AIRLINE 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 (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance

If AIRLINE transfers its obligation to another, the transferee is obligated in the same manner as AIRLINE.

B. During the performance of this LEASE, AIRLINE, for itself, its assignees, and successors in interest, agrees as follows::

1) **Compliance with Regulations:** AIRLINE 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 LEASE.

2) **Nondiscrimination:** AIRLINE, with regard to the work performed by it during the LEASE, will not discriminate on the grounds of race, color, or national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The AIRLINE 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.

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

4) **Information and Reports:** AIRLINE 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 COUNTY or the FAA to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive

possession of another who fails or refuses to furnish the information, AIRLINE will so certify to the COUNTY or the FAA, as appropriate, and will set forth what efforts it has made to obtain this information.

5) **Sanctions for Noncompliance:** In the event of the AIRLINE's noncompliance with the non-discrimination provisions of this LEASE, the COUNTY will impose such sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

a. Withholding payments under the LEASE until the AIRLINE complies, and/or

b. cancelling, terminating, or suspending the LEASE, in whole or in part.

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

C. AIRLINE, for itself, 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 Leased Premises for a purpose for which an FAA activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, AIRLINE 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 said facilities.

2) 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.

3) In the construction of any improvements on, over, or under the Leased Premises 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.

4) AIRLINE will use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title VI List of Pertinent Nondiscrimination Acts and Authorities.

D. AIRLINE shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service.

E. AIRLINE, for itself, its assignees, and successors in interest, agrees to comply with the following nondiscrimination 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);

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, subrecipients and contractors, 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) The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex)

10) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations); [rescinded January 21, 2025];

11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)][rescinded March 1, 2025]; and

12) 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).

F. In the event of a breach of any of the above Nondiscrimination covenants, the COUNTY shall have the right to terminate the LEASE and to re-enter and repossess said lands and facilities thereon and hold the same as if said LEASE had never been made or issued.

SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT

The COUNTY reserves the right to develop further or improve the Airport as it sees fit, regardless of the desires or views of the AIRLINE, and without interference or hindrance.

The COUNTY reserves the right, but shall not be obligated to the AIRLINE, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of the AIRLINE in this regard.

SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A.

This LEASE shall be subordinate to the provisions and requirements of any existing or future agreement between the COUNTY and the United States or any lawful requirement of the United States relative to the development, operation, or maintenance of the Airport.

SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS

The AIRLINE agrees that the AIRLINE's use of the Leased Premises, including all construction thereon, shall conform to applicable FEDERAL AVIATION REGULATIONS.

The AIRLINE agrees to comply with the applicable notification and review requirements covered in Part 77 of the FEDERAL AVIATION REGULATIONS (as same may be amended from time to time or such other regulation replacing Part 77 as may be adopted by Federal authority) prior to the construction of the improvements described herein and prior to the construction of any future structure or building upon the Leased Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

SECTION 14.05 FEDERAL LAW PREEMPTION

Notwithstanding any provisions of this LEASE, to the contrary and notwithstanding any provision of any other agreements, laws, or ordinances to the contrary, any requirement that is imposed on the AIRLINE in this LEASE, or any local authorities, shall not apply to the AIRLINE to the extent that such requirement is or would otherwise be preempted by federal law, including but not limited to the Airline Deregulation Act (49 U.S.C. § 41713).

SECTION 14.06 NONEXCLUSIVE RIGHT

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to conduct aeronautical activities or provide aeronautical services to the public as prohibited by 49 U.S.C. § 40103(e) and 47107(a)(4), as amended from time to time, and the COUNTY reserves the right to grant others the privilege and right of conducting any or all activities of an aeronautical nature.

SECTION 14.07 WAR OR NATIONAL EMERGENCY

This LEASE 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.

SECTION 14.08 RESERVED

SECTION 14.09 AMERICANS WITH DISABILITIES ACT

The AIRLINE shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 ("ADA") in connection with: (a) the Leased Premises or any portion thereof and its operations thereon, the AIRLINE's furnishings, trade fixtures, and equipment; (b) removing physical barriers; (c) providing auxiliary aids and services for use of the AIRLINE's furnishings, trade fixtures and equipment, where necessary or required; and (d) modifying its policies, practices and procedures to comply with the ADA. The AIRLINE shall develop a work plan to correct or avoid any violations or non-compliance with the ADA and to address the processing of disability complaints. The AIRLINE shall deliver to the COUNTY, upon the COUNTY's request, a copy of each report and work plan. The COUNTY's approval of or acceptance of any aspect of the AIRLINE's activities under this LEASE shall not be deemed or construed in any way as a representation that such item or activity of practice complies with the ADA. The AIRLINE agrees to indemnify, defend, and hold the COUNTY harmless from and against any and all costs incurred by the COUNTY with respect to the AIRLINE's failure to comply with the ADA.

SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT

In accordance with 49 C.F.R. § 27.72, the AIRLINE shall ensure the provision of boarding equipment for passengers with mobility impairment, including, but not limited to, aircraft boarding chairs used to transfer passengers from their wheelchair or other apparatus to their seat in the aircraft cabin. The AIRLINE shall provide all related passenger assistance with this equipment. The equipment shall be provided and maintained in accordance with 49 C.F.R. § 27.72 and the applicable FAA Advisory Circulars, including AC 150/5220-21C.

The COUNTY owns and maintains ramps for utilization by the AIRLINE on the Airport apron in the event a ramp is needed for boarding or deplaning of the aircraft. The AIRLINE shall promptly notify the COUNTY if COUNTY-owned ramps require maintenance. If the AIRLINE owns and operates additional ramps, the AIRLINE shall maintain those ramps in proper working condition. The AIRLINE shall provide assistance to passengers with mobility impairment when ramps are used for boarding or deplaning of the aircraft.

ARTICLE XV - MISCELLANEOUS PROVISIONS

SECTION 15.01 TIME

Time is of the essence in this LEASE.

SECTION 15.02 LEASE ORGANIZATION

The various headings and numbers herein, the grouping of provisions of this LEASE into separate

sections and paragraphs, and the organization hereof, are for the purpose of convenience only and shall not be considered otherwise.

SECTION 15.03 AMENDMENTS

This LEASE sets forth all of the agreements and understandings of the Parties with regard to its subject matter, and any modification must be written and properly executed by both Parties.

SECTION 15.04 SIGNS

The AIRLINE agrees not to construct, maintain, or allow any sign upon the Leased Premises except as approved by the COUNTY. The AIRLINE shall submit for approval all new signage to be placed in the ticketing lobby, including baggage sizers, and pylon signs. Illustrative drawings and design dimensions must accompany all requests for approval. Unapproved signs, banners, flags, etc., may be removed by the COUNTY without prior notice to the AIRLINE.

The AIRLINE will not place any promotional signs or advertising materials in any location within the Leased Premises or within any Common Use Area of the Terminal without the prior consent of the COUNTY. All requests for the approval of temporary promotional signs for the AIRLINE shall be accompanied by illustrative drawings and design dimensions along with information about the type of signs proposed and proposed locations. All approved promotional signs shall be allowed to remain in the terminal for ninety (90) days. At the end of ninety (90) days, all temporary signage must be removed, or the AIRLINE may resubmit a request to COUNTY to extend past ninety (90) days.

The AIRLINE shall keep all ticket counter space used by the AIRLINE and any associated ticket lifts and podiums free of all signs, advertising materials, credit card application dispensing units, posters, and banners. The COUNTY may, without notice, remove any unauthorized signs or advertising materials, and may store them at the AIRLINE's expense; the COUNTY may dispose of items if they are not promptly claimed by the AIRLINE after notice from the COUNTY.

SECTION 15.05 PERMITS AND LICENSES

The AIRLINE shall be required to obtain any and all approvals, permits, and/or licenses that may be required in connection with the operation of the Leased Premises as set out herein. No permit, approval, or consent given hereunder by the COUNTY in its governmental capacity shall affect or limit the AIRLINE's obligations hereunder, nor shall any approvals or consents given by the COUNTY as a Party to this LEASE be deemed approval as to compliance or conformance with applicable governmental codes, laws, ordinances, rules, or regulations.

SECTION 15.06 RESERVED

SECTION 15.07 TAXES AND ASSESSMENTS

This LEASE may create a possessory interest that is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) that become due and payable upon the Leased Premises or upon fixtures, equipment, or other property installed or constructed thereon shall be the full responsibility of the AIRLINE, and the AIRLINE shall cause said taxes and assessments to be paid promptly.

SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If either Party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental laws or regulations, or other cause without fault and beyond the control of the Party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse the AIRLINE from the prompt payment of any rental or other charge required of the AIRLINE except as may be expressly provided elsewhere in this LEASE.

SECTION 15.09 PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this LEASE is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 15.10 WAIVER OF RIGHTS

The failure of the COUNTY or the AIRLINE to insist upon strict performance of any of the terms, covenants, or conditions of this LEASE shall not be deemed a waiver of any right or remedy that the COUNTY or the AIRLINE may have and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of the LEASE thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this LEASE. Any waiver, in order to be effective, must be signed by the Party whose right or remedy is being waived.

SECTION 15.11 RESERVATIONS TO THE COUNTY

The Leased Premises are accepted "AS IS," and the AIRLINE is subject to any and all existing easements and encumbrances. The COUNTY reserves the right to install, lay, construct, maintain, repair, and operate sanitary sewers, drains, Stormwater sewers, pipelines, manholes and connections; water, oil and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, under and along the Leased Premises or any part thereof; and to enter the Leased Premises for any and all such purposes. The COUNTY also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, under, and along any and all portions of

the Leased Premises. No right reserved by the COUNTY in this Section shall be so exercised as to interfere unreasonably with the AIRLINE's operations hereunder or to impair the security of any secured creditor of the AIRLINE.

The COUNTY agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The COUNTY further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Leased Premises by the AIRLINE.\, the AIRLINE shall only be entitled to a reduction in the rent payable to the COUNTY during the period of interference, which shall be reduced in proportion to the interference with the AIRLINE's use of the Leased Premises. The AIRLINE shall not be entitled to any other form of compensation.

SECTION 15.12 AUTHORITY OF THE AIRLINE

If the AIRLINE is a corporation, each individual executing this LEASE on behalf of said corporation represents and warrants that they are duly authorized to execute and deliver this LEASE on behalf of said corporation, in accordance with the by-laws of said corporation, and that this LEASE is binding upon said corporation.

SECTION 15.13 PUBLIC RECORDS

The AIRLINE understands that written information submitted to and/or obtained by the COUNTY from the AIRLINE related to this LEASE and/or the Leased Premises, either pursuant to this LEASE or otherwise, may be open to inspection by the public pursuant to the California Public Records Act (Cal. Gov. Code §§7920.000 *et seq.*) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public.

SECTION 15.14 RELATIONSHIP OF PARTIES

The relationship of the Parties hereto is that of lessor and lessee, and it is expressly understood and agreed that the COUNTY does not in any way or for any purpose become a partner of the AIRLINE in the conduct of the AIRLINE's business or otherwise or a joint venturer with the AIRLINE; and the provisions of this LEASE and the agreements relating to rent payable hereunder are included solely for the purpose of providing a method by which rental payments are to be measured and ascertained. This LEASE is intended for the sole benefit of the Parties hereto and their successors, and unless otherwise provided herein or by law, no rights are created, or are intended to be created, for the benefit of, or enforceable by, any third parties.

SECTION 15.15 GOVERNING LAW AND VENUE

This LEASE has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this LEASE, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

SECTION 15.16 ATTORNEY'S FEES

In any action or proceeding to enforce or interpret any provision of this LEASE, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorney's fees, costs, and expenses.

SECTION 15.17 EMERGENCY SERVICES

The Airport Director has the right to request that the AIRLINE'S employees aid in and use AIRLINE's inventory of goods in an emergency to assist in maintaining the welfare of persons at or near the Airport. The AIRLINE shall be reimbursed by the COUNTY for the cost of goods as soon as practicable at a rate not to exceed costs as existed immediately prior to the emergency.

SECTION 15.18 NOTICES

All notices pursuant to this LEASE shall be addressed to either Party as set forth below and shall be sent through the United States mail, duly registered or certified, return receipt requested with postage prepaid, or by an overnight carrier service. If any notice is sent by an overnight carrier service, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof. Notwithstanding the above, the COUNTY may also provide notices to the AIRLINE by personal delivery or by regular mail postage prepaid, and any such notice so given shall be deemed to have been given upon the date of personal delivery or three (3) days after the date of deposit in the United States Mail, respectively.

To: COUNTY
John Wayne Airport
3160 Airway Avenue
Costa Mesa, CA 92626
Attention: Airport Director

To: AIRLINE
United Airlines, Inc.
233 S. Wacker Drive, 11th Floor
Chicago, IL 60606

Either Party hereto may, from time to time, by written notice to the other in the method described above, designate a different address, which shall be substituted for the one above specified.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first above written.

AIRLINE: United Airlines, Inc.

By: DocuSigned by: Brandon Fair 07F91643E77F4B5...

Its: Vice President – Corporate Real Estate

Name: Brandon Fair

APPROVED AS TO FORM:
County Counsel

By: DocuSigned by: Mark Sanchez 5EE66EC8DA7B48F...

APPROVED AS TO AUDIT AND ACCOUNTING:
Auditor-Controller

By: Signed by: Vivian Luz C. Grzeszczak 98187C051B2C443...

RECOMMENDED FOR APPROVAL:
John Wayne Airport

By: Signed by: Charlene Reynolds A1A526A921AF49F...

Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this document has been delivered to the Chair of the Board per G.C. Sec. 25103, Reso 79-1535

Attest:

COUNTY:
COUNTY OF ORANGE

By: _____
Chairman, Board of Supervisors

Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT A
LEASED PREMISES DESCRIPTION

Project Management Number: PM 1121-0300-0079

Airline: United Airlines, Inc.

The Leased Premises referred to in this Lease shall mean all the premises shown on a floor plan marked "Exhibit B," attached hereto and made a part hereof, being those certain Exclusive Use Areas designated as follows:

Airline Ticket Office, and Airline Ticket Counter, containing 2,025 square feet and 1,154 square feet, respectively, located on the Terminal A concourse of the Departure Level.

Ramp/Operations Office containing 4,747 square feet of space located on the Terminal A ramp on the Arrival Level.

Baggage Service Office containing 333 square feet of space located on the Terminal A concourse of the Arrival Level.

Said Exclusive Use Areas shall also include the premises shown on a map marked "Exhibit C," attached hereto and made a part hereof, being Apron Area. Said "Exhibit C" may be revised at any time by Airport Director.

The Leased Premises shall also include the premises shown on a map marked "Exhibit D," being those certain Common Use Areas designated as Baggage Claim/Baggage Make-up Areas, Holdrooms, Airside Concourses, Security Areas, and Loading Bridges,

Said Exclusive Use and Common Use Areas are situated at the Thomas F. Riley Terminal Building, John Wayne Airport, 18601 Airport Way, in the City of Santa Ana, County of Orange, State of California, and located on Lots 132 and 135 of Block 7 of the Irvine Subdivision, per map recorded in Book 1, Page 88 of Miscellaneous Maps in the Office of the County Recorder of Orange County, together with the right of ingress and egress thereto.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES – EXCLUSIVE TERMINAL USE AREA

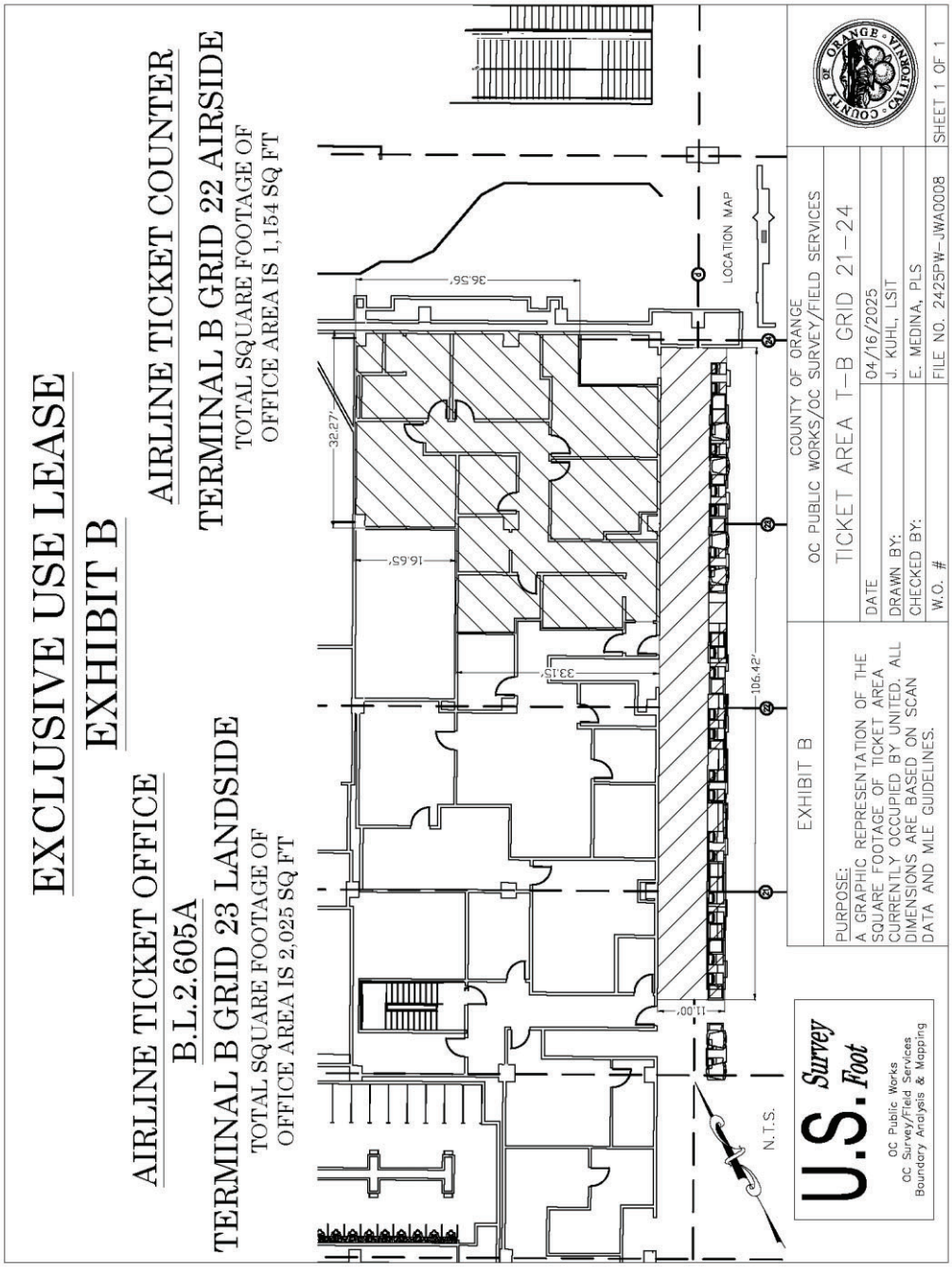
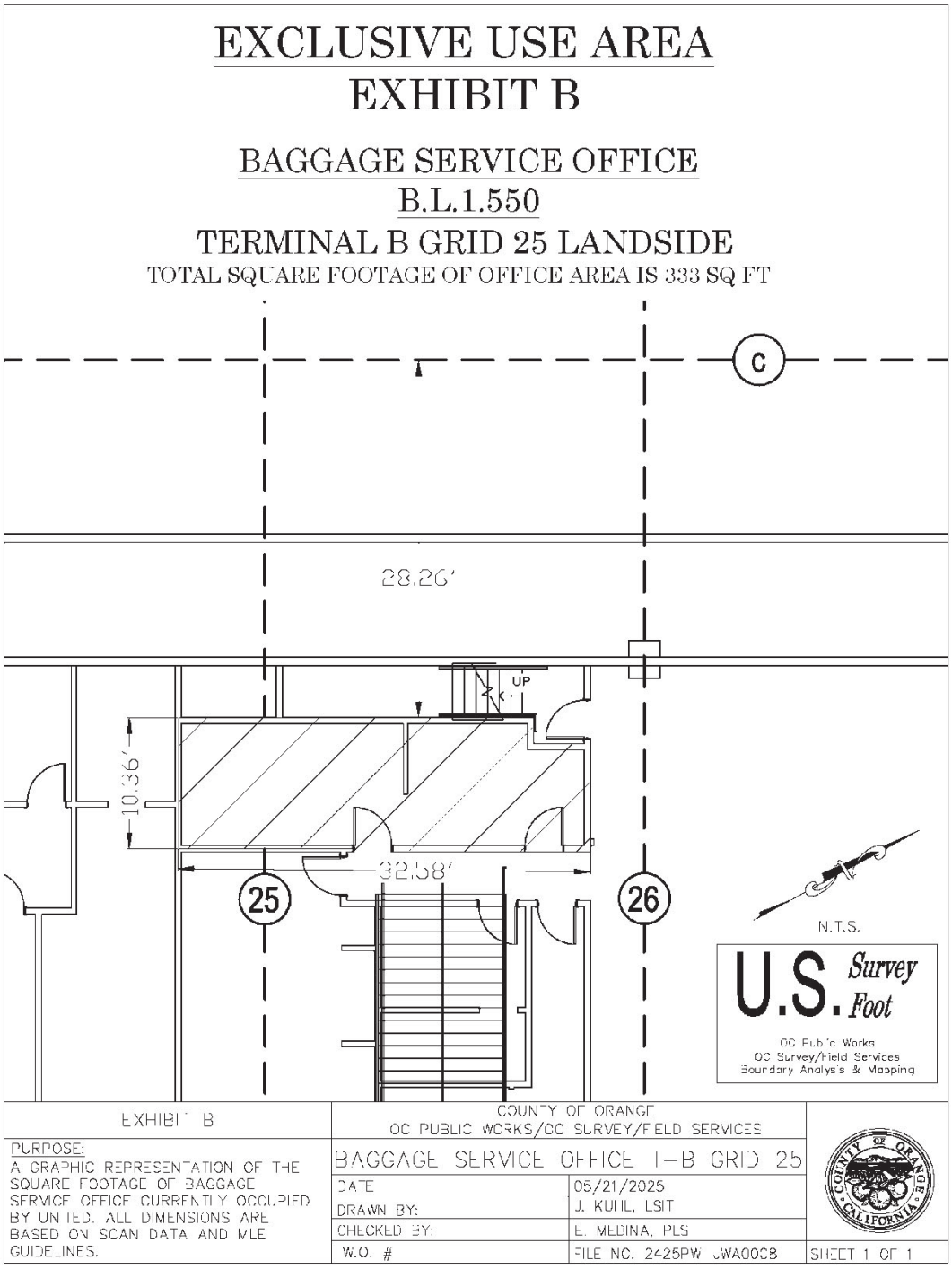


EXHIBIT B

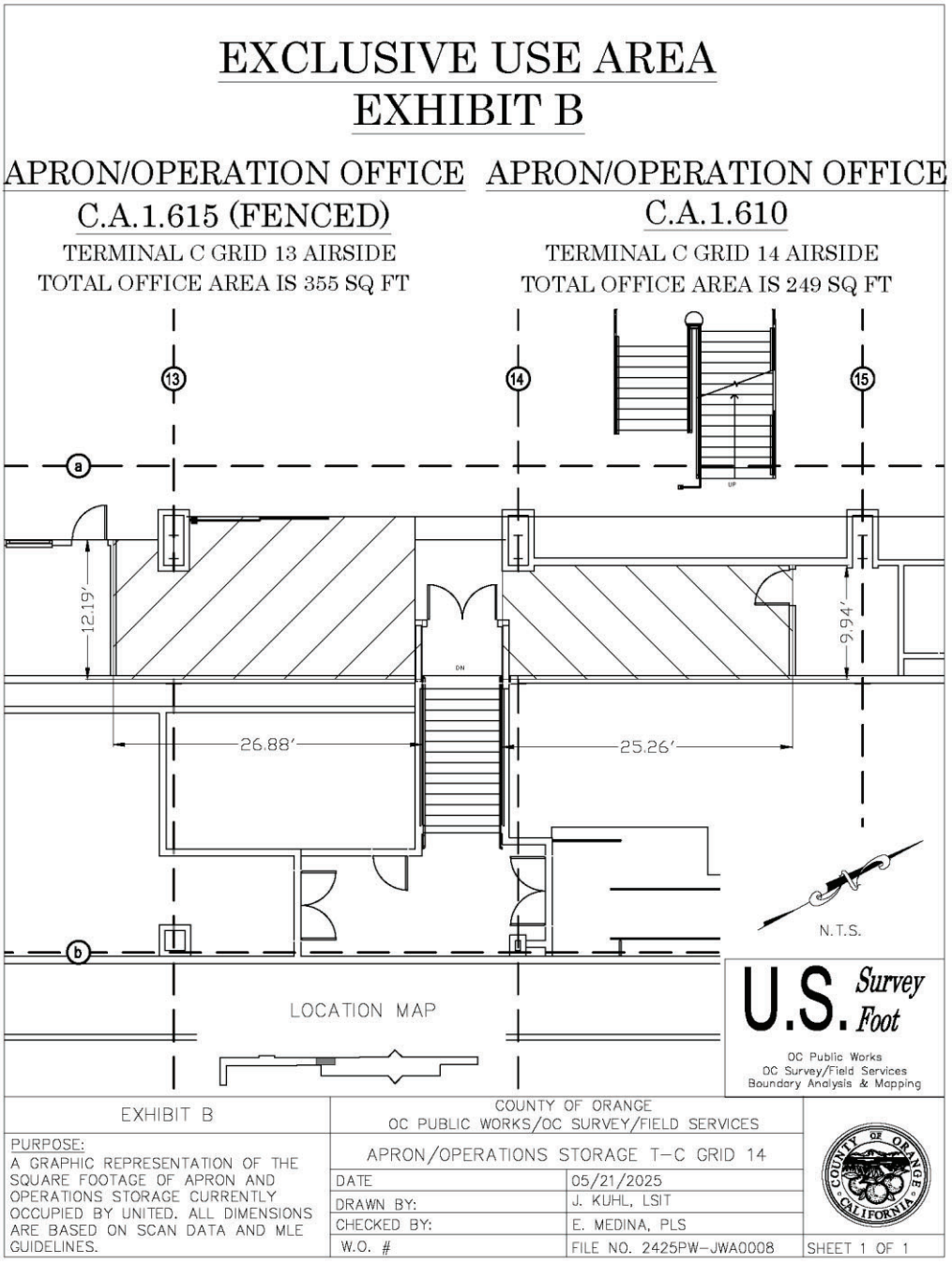
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

FLOOR PLAN OF LEASED PREMISES – EXCLUSIVE TERMINAL USE AREA



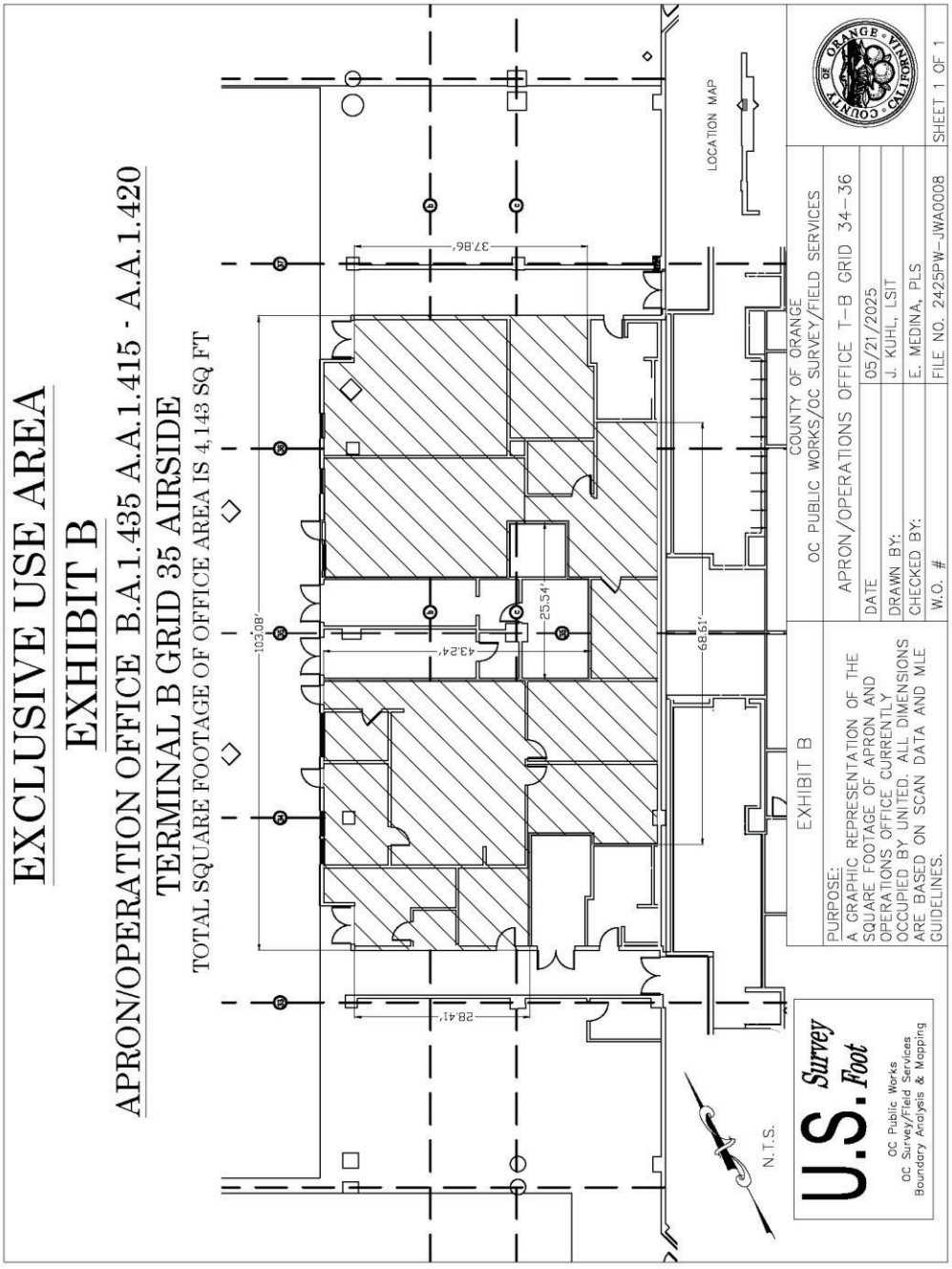
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES – EXCLUSIVE TERMINAL USE AREA



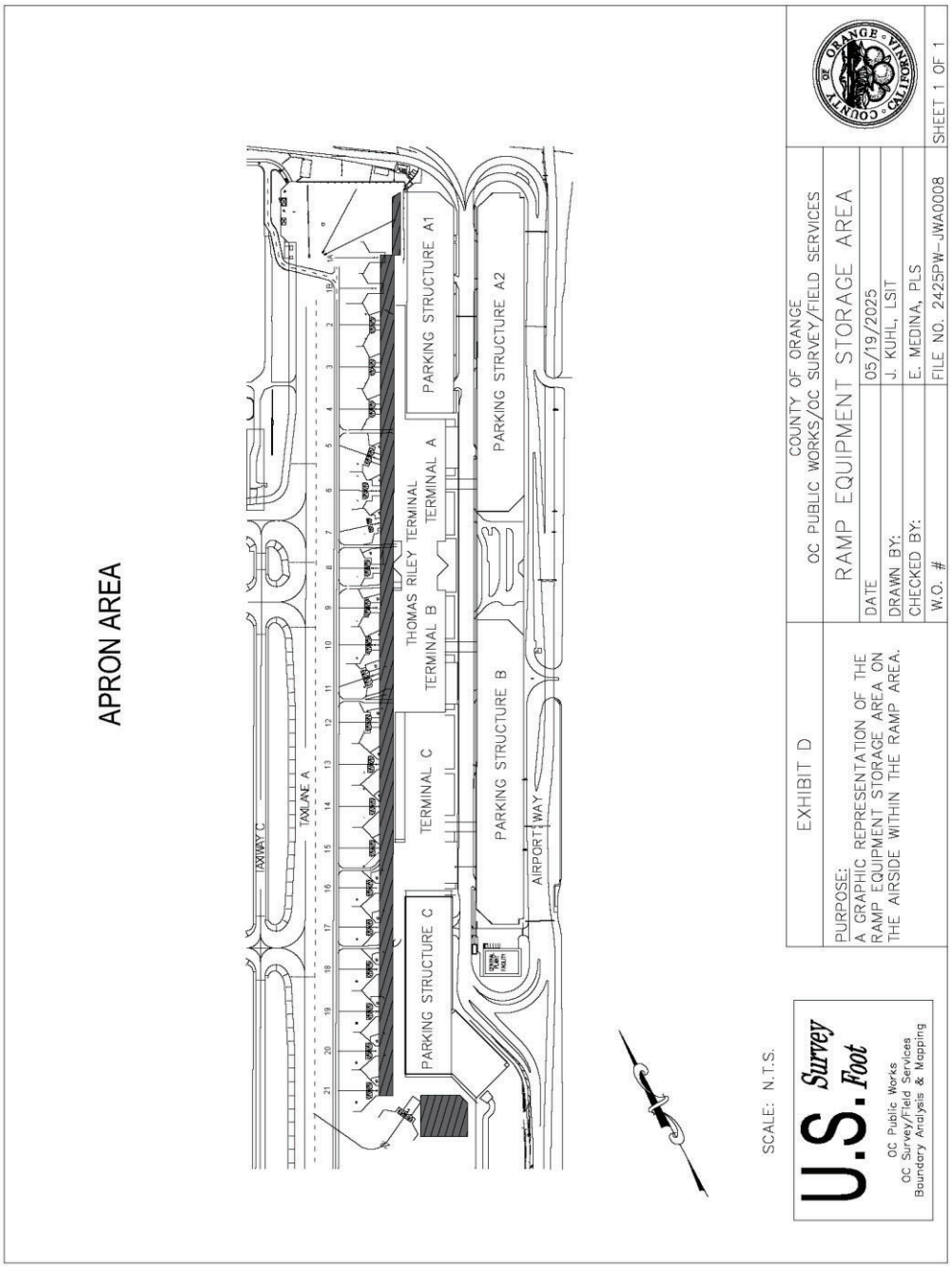
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES – EXCLUSIVE TERMINAL USE AREA



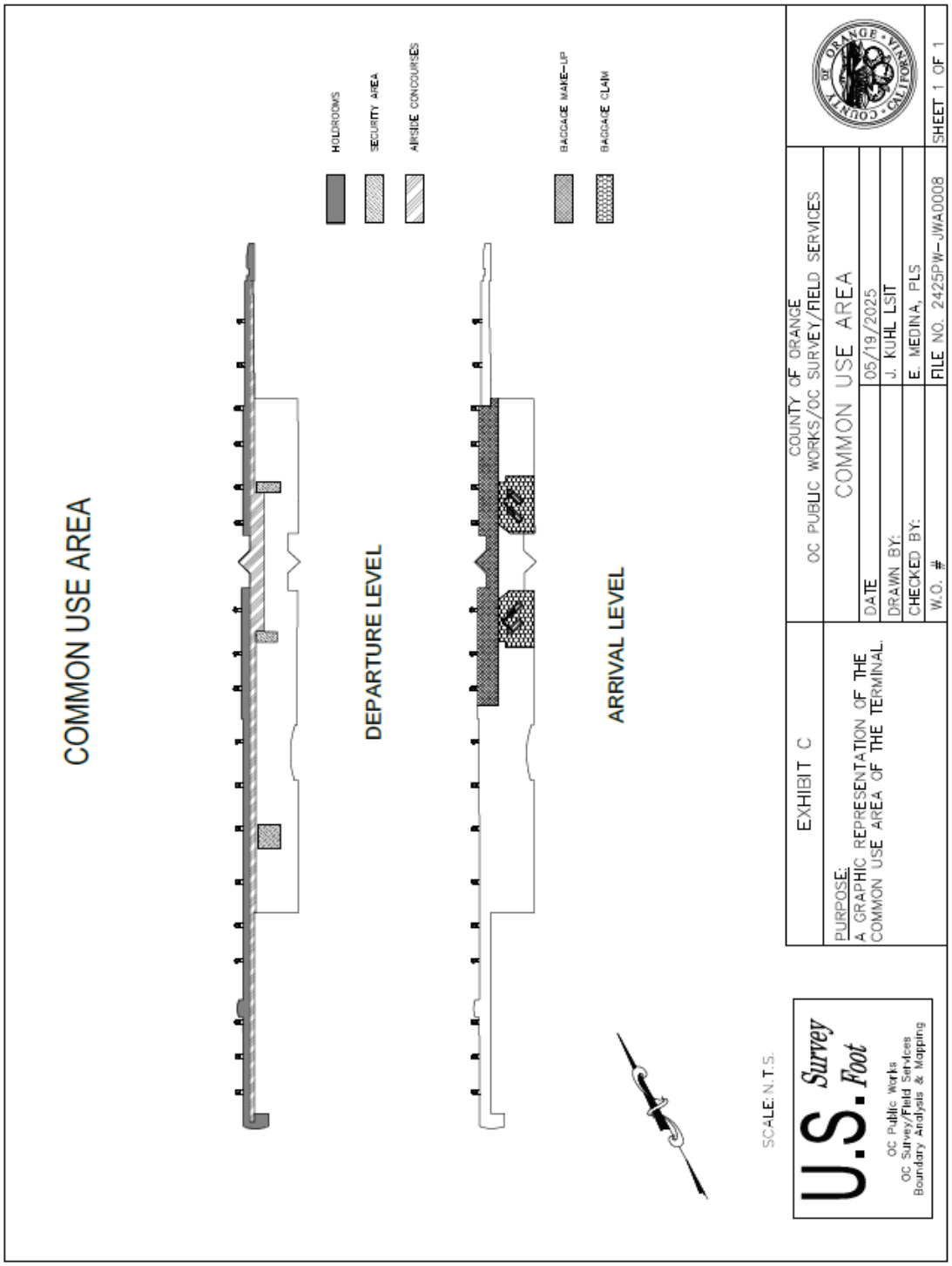
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT C
APRON AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT D
COMMON USE AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT E
JOHN WAYNE AIRPORT
SUMMARY OF OPERATION AND MAINTENANCE RESPONSIBILITIES

	Exclusive Use Areas	Common Use Areas	SIDA - Non Public Areas	Public Areas Sidewalks and Roadways	Airfield
Building Exteriors	C	C	C	C	C
Doors	A (1)	C (1)	C	C	-
Loading Bridges	C	C	C	-	C
Landscaping	-	C	C	C	C
Roadways	-	C	C	C	C
Law Enforcement, Fire Protection, Emergency Medical Services	C	C	C	C	C
Plumbing	C (1,2)	C	C	C	C
Electrical and Lighting	C (1,2)	C	C	C	C
HVAC	C (1)	C	C	C	C
Glass Breakage	C (1)	C	C	C	C
Communications Systems CU P PS	C (1)	C(1)	C	C	C
Custodial Service/Window Cleaning	A	C	C	C	C
Baggage Handling Systems	C	C	C	C	-
Bag-Claim Carousel Equipment	-	C	C	C	-
Baggage Scales (ticket counters)	C	C	-	-	-
People Movers (elevators, escalators)	C	C	C	C	-
Signage	A	C	C	C	C
Ramp	A	C (3)	C (3)	-	-

Key: A = Airline
C = County

1. Airline is responsible for maintenance, repair and replacement of Airline-installed devices and equipment.
2. Airline is responsible for routine maintenance, including relamping and ballast replacement.
3. Airline is responsible for cleaning ramp areas of trash and spills (from building to VSR).

If Airline fails to perform its maintenance and repair obligations as stated in the Lease, the County may perform the work after providing the Airline written notice and recover its entire cost plus a 15% charge from Airline as additional costs. Said cos ts shall be due and payable by the Airline to the County as stated in Article V, Section 5.07 of the Lease.

In the event the Airline makes any repairs or modifications to an area or equipment, at the request of the County, as per Section 4.01 subsection C of this Lease, and those areas or equipment are currently maintained by the County, the County will continue the maintenance responsibilities for those areas or equipment.

JOHN WAYNE AIRPORT
ORANGE COUNTY

AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

Dated _____

Between

County of Orange

and

WestJet, an Alberta Partnership

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

RECITALS 1
ARTICLE I - DEFINITIONS 2
SECTION 1.01 AAAC 2
SECTION 1.02 AAAC CHAIR 2
SECTION 1.03 ACCESS PLAN 2
SECTION 1.04 ADD 2
SECTION 1.05 AIRLINE RATES AND CHARGES 3
SECTION 1.06 AIRPORT 3
SECTION 1.07 AIRPORT DIRECTOR 3
SECTION 1.08 APRON AREA 3
SECTION 1.09 AUDITOR-CONTROLLER 3
SECTION 1.10 BOARD OF SUPERVISORS 3
SECTION 1.11 CBP 3
SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT 3
SECTION 1.13 COMMON USE AREA 3
SECTION 1.14 COUNTY 4
SECTION 1.15 CUPPS 4
SECTION 1.16 CUSS 4
SECTION 1.17 DOT 4
SECTION 1.18 EMV 4
SECTION 1.19 ENVIRONMENTAL LAWS 4
SECTION 1.20 EXCLUSIVE USE AREA 5
SECTION 1.21 FAA 5
SECTION 1.22 GSE 5
SECTION 1.23 HAZARDOUS SUBSTANCES 5
SECTION 1.24 IAF 6
SECTION 1.25 NON-STORMWATER DISCHARGE 6
SECTION 1.26 PFC 6
SECTION 1.27 POLLUTANT 6
SECTION 1.28 RON 7
SECTION 1.29 STORMWATER 7
SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES 7
SECTION 1.31 TERMINAL 7
SECTION 1.32 TSA 7
ARTICLE II – TERM OF LEASE 7
SECTION 2.01 TERM OF LEASE 7
SECTION 2.02 HOLDING OVER 7
SECTION 2.03 TERMINATION FOR CONVENIENCE 8
ARTICLE III – LEASED PREMISES 8
SECTION 3.01 LEASED PREMISES 8

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 3.02 NATURE OF AIRLINE'S ESTATE 9
SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES 9
ARTICLE IV - RENT, FEES AND CHARGES 9
SECTION 4.01 RENT, FEES AND CHARGES 9
SECTION 4.02 PAYMENT PROCEDURE 13
SECTION 4.03 CHARGE FOR LATE PAYMENT 14
SECTION 4.04 PASSENGER FACILITY CHARGE 14
SECTION 4.05 PROVISION AGAINST SET-OFFS 15
SECTION 4.06 SECURITY DEPOSIT 16
SECTION 4.07 NEW ENTRANT DEPOSIT 17
SECTION 4.08 MARKETING FUND FEE 17
ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES 18
SECTION 5.01 USE 18
SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES 19
SECTION 5.03 RULES AND REGULATIONS 19
SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE 20
SECTION 5.05 OPERATIONAL REQUIREMENTS 21
SECTION 5.06 RECORDS AND ACCOUNTS 22
SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS 25
SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES 26
SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON 27
SECTION 5.11 AIRCRAFT PARKING 27
SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT 30
SECTION 5.12 PORTER SERVICES 28
ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT 28
SECTION 6.01 COMMON USE EQUIPMENT 28
SECTION 6.02 COMMON USE EQUIPMENT STOCK 29
SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK 29
SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT 29
SECTION 6.06 NETWORK USAGE 30
SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES 32
SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES 32
ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION 33
SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE 33
SECTION 7.02 SPILL RESPONSE PLAN 34

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

		Page
SECTION 7.03	STORMWATER CONTROL AND CONTAMINATION	35
SECTION 7.04	ENVIRONMENTAL STEWARDSHIP	36
SECTION 7.05	RESERVED	38
SECTION 7.06	ENVIRONMENTAL INDEMNIFICATION	38
SECTION 7.07	CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS	39
SECTION 7.08	ANTI-IDLING POLICY	39
ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS		39
SECTION 8.01	CONSTRUCTION AND/OR ALTERATION BY THE COUNTY	39
SECTION 8.02	IMPROVEMENTS BY THE AIRLINE	40
SECTION 8.03	AIRLINE REIMBURSEMENT	41
SECTION 8.04	EXCLUSIVE REMEDY	42
SECTION 8.05	AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION	42
SECTION 8.06	MECHANICS LIENS OR STOP-NOTICES	43
SECTION 8.07	RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS	43
SECTION 8.08	DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS	45
SECTION 8.09	HEALTH AND SAFETY	45
ARTICLE IX - ACCOMMODATION		46
SECTION 9.01	JOINT USE REQUIREMENT	46
ARTICLE X - ASSIGNMENT AND SUBLEASE		47
SECTION 10.01	ASSIGNING, SUBLETTING, AND TRANSFERRING	47
SECTION 10.02	SUCCESSORS IN INTEREST	50
ARTICLE XI - TERMINATION AND DEFAULT		50
SECTION 11.01	TERMINATION OF PRIOR AGREEMENTS	51
SECTION 11.02	TERMINATION FOR DEFAULT	51
SECTION 11.03	CONDITION OF LEASED PREMISES UPON TERMINATION	52
SECTION 11.04	DISPOSITION OF ABANDONED PERSONAL PROPERTY	52
SECTION 11.05	THE COUNTY'S RIGHT TO RE-ENTER	52
ARTICLE XII - SECURITY		52
SECTION 12.01	AIRPORT SECURITY	52
ARTICLE XIII - INSURANCE AND INDEMNITY		55
SECTION 13.01	INSURANCE	55
SECTION 13.02	INDEMNITY	59
ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS		59
SECTION 14.01	CIVIL RIGHTS AND NONDISCRIMINATION	60
SECTION 14.02	DEVELOPMENT/MAINTENANCE OF AIRPORT	63
SECTION 14.03	LEASE SUBORDINATE TO AGREEMENT WITH U.S.A.	63
SECTION 14.04	USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS	64

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

TABLE OF CONTENTS

Page

SECTION 14.05 FEDERAL LAW PREEMPTION 64
SECTION 14.06 NONEXCLUSIVE RIGHT 64
SECTION 14.07 WAR OR NATIONAL EMERGENCY 64
SECTION 14.08 RESERVED 64
SECTION 14.09 AMERICANS WITH DISABILITIES ACT 65
SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT 65
ARTICLE XV - MISCELLANEOUS PROVISIONS 65
SECTION 15.01 TIME 65
SECTION 15.02 LEASE ORGANIZATION 65
SECTION 15.03 AMENDMENTS 66
SECTION 15.04 SIGNS 66
SECTION 15.05 PERMITS AND LICENSES 66
SECTION 15.06 RESERVED 66
SECTION 15.07 TAXES AND ASSESSMENTS 66
SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE 67
SECTION 15.09 PARTIAL INVALIDITY 67
SECTION 15.10 WAIVER OF RIGHTS 67
SECTION 15.11 RESERVATIONS TO THE COUNTY 67
SECTION 15.12 AUTHORITY OF THE AIRLINE 68
SECTION 15.13 PUBLIC RECORDS 68
SECTION 15.14 RELATIONSHIP OF PARTIES 68
SECTION 15.15 GOVERNING LAW AND VENUE 69
SECTION 15.16 ATTORNEY'S FEES 69
SECTION 15.17 EMERGENCY SERVICES 69
SECTION 15.18 NOTICES 69

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

LIST OF EXHIBITS

EXHIBIT A LEASED PREMISES DESCRIPTION – TERMINAL EXCLUSIVE USE AREA

EXHIBIT B FLOOR PLAN OF LEASED PREMISES – TERMINAL EXCLUSIVE USE AREA

EXHIBIT C MAP OF APRON AREA

EXHIBIT D MAP COMMON USE AREA

EXHIBIT E AIRLINE MAINTENANCE OBLIGATIONS

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

THIS AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE ("LEASE") is made and entered into this ___ day of _____, 2025, by and between the COUNTY OF ORANGE, a political subdivision of the State of California ("COUNTY"), and WestJet, an Alberta Partnership ("AIRLINE"), with COUNTY and AIRLINE sometimes individually referred to as "Party" or collectively referred to as "Parties."

RECITALS

WHEREAS, the COUNTY, through its Board of Supervisors, is the owner and proprietor of John Wayne Airport ("JWA" or "Airport"), located in the County of Orange, State of California, and operates and maintains the Airport as a governmental function for the primary purpose of providing air transportation to the public; and

WHEREAS, COUNTY and AIRLINE entered into a Certificated Passenger Airline Lease dated November 3, 2020, with a term effective January 1, 2021, through December 31, 2025 ("Existing Lease"); and

WHEREAS, the AIRLINE is engaged in the business of commercial air transportation of persons, property, cargo, and mail as a scheduled air carrier and is certificated or otherwise authorized by the United States of America to engage in such business; and

WHEREAS, the AIRLINE desires to enter into an agreement addressing certain premises, facilities, rights, licenses, services, and privileges at the Airport; and

WHEREAS, as part of its ongoing effort to operate the Airport in a manner sensitive to the residents who live under the Airport's approach and departure corridors, the COUNTY has developed one of the most stringent access and noise abatement programs in the country. The Airport monitors all aircraft operations, both commercial and private, for compliance with the program. These noise abatement and access restrictions derive from the 1985 Settlement Agreement between the COUNTY, City of Newport Beach, and other parties and are implemented through ordinances, resolutions (including Resolutions No. 85-255, 85-256, 85-259, 85-1231, 85-1232, and 85-1233), regulations (including the Phase 2 Commercial Airline Access Plan and Regulation) and policies of the COUNTY, as they may be amended from time to time; and

WHEREAS, the 1985 Settlement Agreement has been periodically amended by its parties to, among other things, increase the authorized passenger levels at the Airport; and

WHEREAS, the amendments to the 1985 Settlement Agreement preserve and continue to implement important restrictions on the use of JWA, "grandfathered" under the AIRPORT NOISE AND CAPACITY ACT OF 1990 ("ANCA"), which reflect and accommodate historical policy decisions of the Board of Supervisors regarding the appropriate point of balance between the competing interests of the air transportation and aviation community and local residents living in the vicinity of the Airport. These policy decisions address, among other issues, nighttime operational restrictions and maximum permitted single-event noise levels; and

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

WHEREAS, the COUNTY and the AIRLINE mutually desire to enter into this LEASE, which amends and restates the Existing Lease, in order to provide air transportation services to the community and its visitors through December 31, 2030; and

WHEREAS, the COUNTY has the right to permit and grant the use of its property at the Airport to the AIRLINE for the operation of the AIRLINE's air transportation services; and

WHEREAS, the AIRLINE acknowledges that this LEASE is being entered into under the provisions of CAL. PUBLIC UTIL. CODE §§21690.5 *et seq.*, and, in particular, §21690.9.

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained to be observed and performed by the respective Parties hereto:

THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I - DEFINITIONS

The following words, terms, and phrases, whenever used in this LEASE, shall have the meaning and significance attached to them in this Article unless otherwise apparent from context.

SECTION 1.01 AAAC

"AAAC" shall mean the JWA – Airport Airline Affairs Committee. The AAAC is composed of the airline properties representatives for the carriers serving JWA.

SECTION 1.02 AAAC CHAIR

"AAAC Chair" shall mean the Chairperson elected by the AAAC to act as the spokesperson for carriers serving JWA.

SECTION 1.03 ACCESS PLAN

"Access Plan" shall mean the Phase 2 Commercial Airline Access Plan and Regulation for John Wayne Airport, Orange County, as that plan existed when originally adopted and approved by the Orange County Board of Supervisors in 1990, as it has been amended by the Board of Supervisors from time to time, and as it may be amended by the Board of Supervisors at any time during the term of this LEASE.

SECTION 1.04 ADD

"ADD" shall mean Average Daily Departure, as defined in the Access Plan. Except as expressly provided in the Access Plan, all commercial air carrier departures at JWA are regulated departures and require an ADD allocation. ADD allocations are the exclusive property of the COUNTY.

SECTION 1.05 AIRLINE RATES AND CHARGES

"Airline Rates and Charges" shall mean all rates, fees, and charges payable to the COUNTY by the AIRLINE, as specified herein**.**

SECTION 1.06 AIRPORT

"Airport" shall mean the John Wayne Airport, Orange County, California.

SECTION 1.07 AIRPORT DIRECTOR

"Airport Director" shall mean the Director of JWA or his or her duly authorized designee.

SECTION 1.08 APRON AREA

"Apron Area" shall mean the land identified as Apron Area in Exhibit C attached hereto, and, except as otherwise provided herein, all facilities, equipment, and improvements now or hereafter located thereon.

SECTION 1.09 AUDITOR-CONTROLLER

"Auditor-Controller" shall mean the Auditor-Controller, County of Orange, or designee.

SECTION 1.10 BOARD OF SUPERVISORS

"Board of Supervisors" shall mean the COUNTY's governing body.

SECTION 1.11 CBP

"CBP" shall mean Customs and Border Protection, U.S. Department of Homeland Security.

SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT

"Certificated Maximum Landing Weight" shall mean the current maximum allowable gross landing weight of aircraft operated by the AIRLINE and certificated by the Federal Aviation Administration (FAA) for operation at the Airport.

SECTION 1.13 COMMON USE AREA

"Common Use Area" shall mean the nonexclusive use of space, in common with other airlines, located in the Terminal, as shown in Exhibit D.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 1.14 COUNTY

"COUNTY" shall mean the County of Orange, a political subdivision of the State of California.

SECTION 1.15 CUPPS

"CUPPS" shall mean the Airport's Common Use Passenger Processing System.

SECTION 1.16 CUSS

"CUSS" shall mean Common Use Self Service.

SECTION 1.17 DOT

"DOT" shall mean the U.S. Department of Transportation.

SECTION 1.18 EMV

"EMV" shall mean Europay, Mastercard, or Visa.

SECTION 1.19 ENVIRONMENTAL LAWS

“Environmental Laws” shall mean any federal, State, or local laws, statutes, ordinances, codes, judgments, orders, rules, or regulations pertaining to the environment and/or human health, Hazardous Substances, Pollutants, occupational safety and health, industrial hygiene, or the environmental conditions on, at, under or about the Airport, and includes, without limitation, the following: (i) the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; (ii) Clean Water Act, 33 U.S.C. § 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 C.F.R. Parts 173 and 175; (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 U.S.C. § 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 (“Proposition 65”); (ix) California Health and Safety Code §§25100, 25395.7, 25915 *et seq.*; (x) the Porter-Cologne Water Quality Control Act (California Water Code); (xi) California Civil Code § 3479 *et seq.*; (xii) Stormwater Discharge Rules, 40 C.F.R. §§ 122.26, 122.30-37; (xiii) the Carpenter-Presley-Tanner Hazardous Substances Account Act; (xiv) the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; (xv) the Safe Drinking Water Act, 24 U.S.C. § 300f, *et seq.*; xvi) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Industrial Activities, Order No. 2014-0057-DWQ (or most current); xvii) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, Order No. 2009-0009-DWQ amended by 2010-0014-DWQ & 2012-0006-DWQ; xviii) The County of Orange, Orange County Flood Control District, and The

Incorporated Cities of Orange County within the Santa Ana Region Areawide Urban Stormwater Runoff Orange County Municipal Separate Storm Sewer System (MS4) Permit Order No. R8-2009-0030 (National Pollutant Discharge Elimination System No. CAS618030) as amended by Order No. R8-2010-0062; xix) South Coast Air Quality Management District Regulations and Rules; and (xx) all other federal, State, and local laws, rules, orders, directives, and codes, regulations, judgments, and orders relating to (a) emissions, discharges, releases, and/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 (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Substances, as such laws are amended, and the regulations and administrative codes applicable thereto.

SECTION 1.20 EXCLUSIVE USE AREA

"Exclusive Use Area" shall mean the areas of the Terminal and on the Terminal Apron that the COUNTY has granted the AIRLINE the right to use on an exclusive-use basis, subject to the Joint Use Requirement, during the term of this LEASE. The AIRLINE's Exclusive Use Area is described in Exhibit A and shown in Exhibits B and C.

SECTION 1.21 FAA

"FAA" shall mean the Federal Aviation Administration created under the FEDERAL AVIATION ACT OF 1958 or such successor agency as may have similar jurisdiction over the AIRLINE or its business and the Airport.

SECTION 1.22 GSE

"GSE" shall mean Ground Service Equipment and include any auxiliary power unit, mobile stairs, aircraft support equipment, machinery, spare parts, or other equipment used or stored by any qualified air carrier or ground service provider in support of operations at JWA.

SECTION 1.23 HAZARDOUS SUBSTANCES

“Hazardous Substances” shall mean any pollutant, contaminant, chemical, compound, substance, hazardous or toxic substance, material, waste, and/or any other matter, which is or shall become regulated by any governmental entity, including, but not limited to COUNTY acting in its governmental capacity, the State of California, and/or the United States Government. 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, nuisance, and/or is controlled or governed under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos-containing materials; (iv) flammable or explosive substances; (v) mold-containing materials; poly-chlorinated biphenyl compounds; and/or (vi) substances designated by any governmental entity to cause cancer and/or reproductive toxicity.

SECTION 1.24 IAF

"IAF" shall mean the International Arrival Facility and include the areas of the Terminal that house U.S. Customs and Border Protection and are for the use of arriving international passengers.

SECTION 1.25 NON-STORMWATER DISCHARGE

"Non-Stormwater Discharge" shall mean any discharge to storm sewer systems that is not entirely composed of Stormwater. "Non-Stormwater Discharge" includes "Unauthorized Non-Stormwater Discharges" and "Authorized Non-Stormwater Discharges" as defined by the California Environmental Protection Agency State Water Resources Control Board's National Pollutant Discharge Elimination System General Permit for Discharges of Stormwater Associated with Industrial Activities and Construction Activities.

SECTION 1.26 PFC

"PFC" shall mean federally approved Passenger Facility Charges or passenger facility fees, as authorized by 49 U.S.C. §40117 and regulated by 14 C.F.R. Part 158, as such statute and regulation currently exist or as they may be amended during the term of this LEASE.

SECTION 1.27 POLLUTANT

“Pollutant” means any chemical, compound, substance, liquid, solid or semi-solid substance, or combination thereof, including but not limited to:

a. Artificial materials (such as floatable plastics, wood products or metal shavings);

b. Household waste (such as trash, paper, and plastics; cleaning chemicals, yard wastes, animal fecal materials, used oil and fluids from vehicles, lawnmowers, and other common household equipment);

c. Metals and nonmetals, including compounds of metals and nonmetals (such as cadmium, lead, zinc, copper, silver, nickel, chromium, cyanide, phosphorus, and arsenic) with characteristics that cause an adverse effect on living organisms;

d. Petroleum and related hydrocarbons (such as fuels, lubricants, surfactants, waste oils, solvents, coolants, and grease);

e. Substances having a pH less than 6.5 or greater than 8.6, or unusual coloration, turbidity, or odor;

f. Materials causing an increase in biochemical oxygen demand, chemical oxygen demand, or total organic carbon;

g. Materials that contain base/neutral or acid-extractable organic compounds;

h. Those pollutants defined in Section 1362(6) of the Federal Clean Water Act;

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i. Any other constituent or material, including but not limited to pesticides, herbicides, fertilizers, fecal coliform, fecal streptococcus, or enterococcus, or eroded soils, sediment, and particulate materials in quantities that will interfere with or adversely affect the beneficial use of the receiving waters, flora or fauna of the State; and

j. Any substance listed under Health and Safety Code, §25316.

SECTION 1.28 RON

"RON" shall mean the remain overnight positions where the AIRLINE's aircraft are required to park when they "remain overnight" at JWA.

SECTION 1.29 STORMWATER

"Stormwater" shall mean stormwater runoff, snowmelt runoff, and stormwater surface runoff and drainage.

SECTION 1.30 TENANT DESIGN AND CONSTRUCTION GUIDELINES

"Tenant Design and Construction Guidelines" shall mean the Tenant Criteria Manual, CAD Standards, BIM Standards Manual, and GIS Data Standard which can be found on the OCAIR.COM website.

SECTION 1.31 TERMINAL

"Terminal" shall mean the Thomas F. Riley commercial passenger terminal and concourses at JWA, as may be modified at any time during the term of this LEASE.

SECTION 1.32 TSA

"TSA" shall mean the Transportation Security Administration of the U.S. Department of Homeland Security, the federal agency responsible for regulation of airport security, or any such successor agency.

ARTICLE II – TERM OF LEASE

SECTION 2.01 TERM OF LEASE

The term of this LEASE shall commence on January 1, 2021, and expire on December 31, 2030.

SECTION 2.02 HOLDING OVER

In the event the AIRLINE shall continue in possession of the Leased Premises after the term of this LEASE, such possession shall not be considered an extension or renewal of this LEASE but

a tenancy from month-to-month and shall be governed by the conditions and covenants contained in this LEASE.

SECTION 2.03 TERMINATION FOR CONVENIENCE

This LEASE may be terminated for convenience by either Party for any reason and without cause upon ninety (90) days' written notice.

ARTICLE III – LEASED PREMISES

SECTION 3.01 LEASED PREMISES

The COUNTY leases to the AIRLINE that certain property hereinafter referred to as "Leased Premises." Said premises shall be leased to the AIRLINE in "as-is" condition and shall consist of the following:

A. **Exclusive Use Area**. Exclusive use of the space, subject to the requirements set forth in Section 9.01 of this LEASE entitled "JOINT USE REQUIREMENT," located in the Terminal and on the Apron and Airfield, as described on Exhibit A and shown in Exhibits B and C, which exhibits are attached hereto and by reference made a part hereof and hereinafter referred to as "Exclusive Use Area."

B. **Common Use Area**. Nonexclusive use, in common with other airlines, of space located in the Terminal as shown on Exhibit D, which exhibit is attached hereto and by reference made a part hereof, and hereinafter referred to as "Common Use Areas." Common Use Areas include:

(1) Baggage Claim and Baggage Make-up Areas;

(2) Hold rooms (departure lounges);

(3) Airside Concourses;

(4) Landside Concourses;

(5) Loading Bridges

(6) Baggage and Passenger Screening Areas;

(7) Security Areas.

The use of these Common Use Areas shall be subject to the reasonable control and regulation of the Airport Director.

SECTION 3.02 NATURE OF AIRLINE'S ESTATE

The AIRLINE acknowledges and agrees:

A. That the COUNTY has granted to the AIRLINE a leasehold interest in the Leased Premises only.

B. That the COUNTY retains a fee ownership for federal income tax purposes in and to the Leased Premises, as well as all other ownership burdens and benefits connected with such fee ownership.

C. That the AIRLINE has not been granted any direct or indirect right or option to purchase the Leased Premises from the COUNTY at any time during or after the termination of this LEASE.

SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES

The AIRLINE shall not install equipment of any kind outside the Leased Premises unless authorized in writing by the Airport Director and/or designee prior to installation.

ARTICLE IV - RENT, FEES AND CHARGES

SECTION 4.01 RENT, FEES AND CHARGES

The rents, fees, and charges contained in this LEASE are established in accordance with (i) Resolution 02-062 dated March 12, 2002 (or as subsequently amended), which reasserts and establishes the John Wayne Airport Revenue Planning Policy, and (ii) the Bond Indenture for the Airport Revenue Bonds, Series 1987, and the First Supplemental, Second Supplemental, Third Supplemental, Fourth Supplemental, Fifth Supplemental, and Sixth Supplemental Indenture Series 1993, 1997, 2003, 2009 and 2019, as well as any future bond indentures or supplemental indentures that may be issued or adopted from time to time. The Airport Director and the AAAC Chair shall present any modifications to the rents, fees, and charges to the AAAC prior to implementation.

A. The AIRLINE shall make payment of the following rents, fees, and charges, which shall be due and payable monthly in advance on the first day of each month with a 15-day grace period, and the AIRLINE agrees that the COUNTY will not invoice for such rents, fees, and charges:

(1) **Exclusive Use Areas**

(a) Terminal Building. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use terminal space.

Exclusive use terminal space consists of the airline ticket counter, airline ticket office, baggage service office, and operations/ramp office.

For the purpose of calculating terminal building rent, the AIRLINE's Exclusive Use Area(s) of the terminal building contains the square feet described in Exhibit A and shown in Exhibit B.

(b) Terminal Apron. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use of terminal apron space used for GSE. For purposes of calculating terminal apron rent, the AIRLINE's Exclusive Use Area(s) of the apron contains the square feet shown on Exhibit C. Exhibit C may be modified at any time by Airport Director.

(c) Airport Tenant Improvement Amortization Schedule. The AIRLINE shall reimburse the COUNTY for tenant improvement by the COUNTY based on the amortization schedule established by the Airport Director.

(2) **Common Use Areas**

(a) Arrival Level. The COUNTY shall establish fees for shared use of baggage claim and baggage make-up areas. Said fees shall be established on the basis of allocating the Airport's total costs and expenses associated with the baggage claim and baggage make-up areas to the commercial airlines in the terminal accordingly: twenty percent (20%) of the costs to be shared evenly among the commercial airlines and eighty percent (80%) of the costs to be shared based on each commercial airline's percentage of total deplaned passengers at the Airport, including their commuter affiliates.

(b) Departure Level. The COUNTY shall establish fees for shared use of departure level common areas, including hold-rooms, airside concourses, baggage/passenger screening areas, and security areas. Said fees shall be established by allocating the Airport's total costs and expenses associated with departure level common areas accordingly: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

The COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Modifications may include fee revisions, the establishment of new fee classifications, or such

other changes as needed to respond to the AIRLINE's use of the Airport. At the end of each modification period, the COUNTY shall establish monthly fees and issue credits for any overpayments by the AIRLINE or invoice the AIRLINE for any underpayments for the previous period.

In the event an obligation to pay fees begins or terminates on some day other than the first or last day of the month, the fees shall be prorated to reflect the actual period of use based on a thirty (30) day month. The fees for any partial calendar month during which this LEASE becomes effective will be payable on such effective date.

(c) IAF. Fees shall be established by the COUNTY for shared use of the IAF. Said fees shall be established based on the Airport's total costs and expenses associated with the IAF area. The IAF fees shall be allocated to commercial carriers operating international flights according to the carrier's ratio of international deplaned passengers and the fee schedule established by the COUNTY.

(d) CBP. Costs shall be passed through to commercial carriers operating international flights based on international deplaned passengers at JWA and the fee schedule established by the COUNTY.

(e) CUPPS. Fees shall be established by the COUNTY for the implementation, maintenance, support, services and supplies, and periodic upgrades of the Common Use Passenger Processing System (CUPPS). Said fees shall be established and allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

In the event of future CUPPS upgrade implementation due to technological requirements or regulatory compliance, the cost of CUPPS upgrade shall be amortized over three years, allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each airlines percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

(1) The JWA CUPPS has EMV credit card capability. JWA will not activate this capability until the JWA AAAC agrees to its activation, in whole or in part, using a processing system acceptable to the affected airlines and JWA.

(2) In the event AIRLINE does not use JWA's installed EMV credit card chip processing system, the COUNTY will not be liable for fraudulent credit card transactions by AIRLINE customers, and AIRLINE shall indemnify the COUNTY pursuant to Section 13.02 of this LEASE for such transactions.

(3) **Additional Fees**

The COUNTY shall establish additional fees including, but not limited to, utility expenses, janitorial expenses, and annual security expenses resulting from any security measures implemented after September 11, 2001. Such fees shall be established annually by allocating the Airport's total cost accordingly: ten percent (10%) of the cost to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the cost to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

B. The AIRLINE shall pay the following fees and charges payable monthly in arrears on or before the twentieth (20th) day of each month with no grace period. The AIRLINE agrees that the COUNTY will not invoice for the following fees and charges and may require the AIRLINE to submit future monthly reports electronically via JWA's portal and prescribed format. Airport will make reasonable efforts to develop an electronic format that allows AIRLINE to report requested information efficiently.

(1) Landing fees based on the latest schedule established by the COUNTY covering the operation of scheduled airlines and commercial operations at the Airport. Landing fees shall be expressed in terms of a rate per one thousand (1,000) pounds of maximum gross landing weight of aircraft certified by the FAA.

(2) Aircraft RON parking fees based on the latest schedule established by the COUNTY. Aircraft parking fees shall be expressed in dollars per night.

(3) Operations fees (gate use fees) based on the schedule established by the COUNTY. Operations fees shall be expressed in dollars per daily departure.

Upon thirty (30) days' written notice from the Airport Director, the COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every six (6) months. Changes may include fee revisions, establishment of new fee classifications, or such other changes as needed to respond to the AIRLINE's use of the Airport, the need for the COUNTY to receive fair and equitable rents, fees, and charges for all uses of the Airport, and to ensure the Airport is operated at no cost to the local taxpayer. With regard to any dispute as to what may constitute reasonable rents, fees, and charges, the AIRLINE shall first exhaust all remedies provided by applicable federal law and FAA regulations. At the end of each modification period, the COUNTY shall establish monthly fees and apply any underpayments or overpayments by the AIRLINE to the subsequent rates and charges period. At the discretion of the COUNTY, overpayments may be refunded via credit memo and underpayments may be invoiced.

C. Based upon prior written agreement between the AIRLINE and the COUNTY, the AIRLINE may pay for facilities repairs or modifications that would normally be the responsibility of the COUNTY. Costs for such repairs or modifications shall be deducted from the AIRLINE rent by the COUNTY upon submittal to the COUNTY of invoices, receipts, statements, or other documentation acceptable to the COUNTY for said repairs or modifications. All invoices, receipts, statements, or other documentation shall include a detailed description of the nature of the work performed and the associated costs. Upon completion of all repairs or modifications, the AIRLINE shall submit to the COUNTY a written request for rent credit and all documentation for the repairs or modifications.

Notwithstanding anything in this LEASE to the contrary, all amounts payable by the AIRLINE to or on behalf of the COUNTY under this LEASE, whether or not expressly denominated as rent, shall constitute rent for the purposes of the U.S. BANKRUPTCY CODE, 11 U.S.C. §502(b)(6).

The AIRLINE shall notify the Airport in writing within thirty (30) days of filing a petition for bankruptcy.

SECTION 4.02 PAYMENT PROCEDURE

A. **Place of Payment and Filing**. Payments and statements required by Sections 4.01, 4.08, and 5.06 in this LEASE shall be delivered to the County of Orange, Office of the Auditor-Controller, John Wayne Airport Accounting Services, 3160 Airway Avenue, Costa Mesa, California 92626. The designated place of payment and filing may be changed at any time by the COUNTY upon ten (10) days' written notice to the AIRLINE. Payments may be remitted by automated clearing house (ACH) deposit to the COUNTY's designated bank account or made by check payable to the County of Orange. The AIRLINE assumes all risk of loss if payments are made by mail.

B. **Form of Payment**. All sums due under this LEASE shall be paid in lawful money of the United States of America without offset, deduction, or prior notice or demand. No payment by the AIRLINE or receipt by the COUNTY of a lesser amount than the payment due shall

be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and the COUNTY shall accept such check or payment without prejudice to the COUNTY's right to recover the balance of the amount due or pursue any other remedy in this LEASE. All electronic payments must be remitted by Automated Clearing House (ACH) deposit to the COUNTY's designated bank account, or any future mode prescribed by the COUNTY. Any fees assessed to the COUNTY's bank account due to the use of another form of payment (e.g., wire transfer) not prescribed or approved by the COUNTY shall be passed through to AIRLINE plus a twenty-five dollars ($25.00) processing fee.

C. **Penalty for NSF Check** In the event a check submitted by AIRLINE is returned for non-sufficient funds ("NSF"), the AIRLINE agrees to pay the COUNTY a service charge in the amount of twenty-five dollars ($25) for the first returned check, and thirty-five dollars ($35) for each subsequent check. AIRLINE may also be liable for treble damages pursuant to California Civil Code Section 1719.

SECTION 4.03 CHARGE FOR LATE PAYMENT

The AIRLINE hereby acknowledges that the late payment of rent or any other sums due hereunder will cause the COUNTY to incur costs not contemplated by this LEASE, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices, increased accounting costs, or lost interest income.

Accordingly, if any payment of rent as specified in Section 4.01 in this LEASE or of any other sum due the COUNTY is not received by the COUNTY by the due date, a late charge of one and one-half percent (1.5%) of the payment due shall be added to the payment, and the total sum shall become immediately due and payable to the COUNTY. An additional charge of one and one-half percent (1.5%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

The AIRLINE and the COUNTY hereby agree that such late charges represent a fair and reasonable estimate of the costs that the COUNTY will incur by reason of the AIRLINE's late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by the COUNTY shall in no event constitute a waiver of the AIRLINE's default with respect to such overdue payment or prevent the COUNTY from exercising any of the other rights and remedies granted hereunder.

SECTION 4.04 PASSENGER FACILITY CHARGE

The COUNTY expressly reserves the right to impose PFCs on airline passengers for the use of the Airport in accordance with 49 U.S.C. §40117 and applicable implementing regulations adopted by

the FAA, including 14 C.F.R. Part 158, as they may be amended from time to time (the "PFC Regulations").

The AIRLINE shall hold in trust for the COUNTY the net principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY. For the purposes of Section 4.04, net principal amount shall mean the total principal amount of all PFCs that are collected by the AIRLINE or its agents on behalf of the COUNTY, reduced by any amount that the AIRLINE is permitted to retain pursuant to 49 U.S.C. §40117 and the PFC Regulations. Monthly PFCs collected by the AIRLINE shall be remitted to the COUNTY no later than the last day of the following calendar month or, if that date falls on a weekend or holiday, the first business day thereafter. In addition, PFCs collected by the AIRLINE shall be remitted to the COUNTY at the address specified in Section 4.02, Part A, "Place of Payment and Filing" or at such other place as designated by the COUNTY.

Should the AIRLINE fail to remit the net principal amount of all PFCs to the COUNTY within five (5) days following the remittance date specified above, the AIRLINE shall be deemed to be in default pursuant to Article XI hereof. In addition, any late payment of PFCs shall be subject to late fees computed at the rate of one and one-half percent (1.5%) per month of the payment due and/or the highest rate allowable under applicable state law from the due date until paid in accordance with Section 4.03 of this LEASE.

Nothing contained herein shall be construed to supersede the rights and obligations provided in 14 C.F.R. Part 158 regarding PFCs. In the event that a conflict exists between such federal regulation and this agreement, the federal regulation shall govern.

Reporting and Auditing Requirement: Airlines are required to comply with Part 158 Subpart D Reporting, Recordkeeping and Audits of PFC accounts maintained by the collecting carriers, specifically refer to Part §158.65, §158.69 and §158.71. The PFC report must be filed by the last day of the month following the calendar quarter by the collecting carrier to the County/Airport. The collecting air carrier's quarterly report must state:

(i) The collecting air carrier and airport involved
(ii) The total PFC revenue collected
(iii) The total PFC revenue refunded to passengers
(iv) The collected revenue withheld for reimbursement of expenses under §158.53
(v) The dates and amounts of each remittance for the quarter

SECTION 4.05 PROVISION AGAINST SET-OFFS

It is the obligation of the AIRLINE to pay all fees and charges, free of any set-offs or claims, in the amount and at the times specified in this LEASE. In the event that the AIRLINE desires to contest the validity or amount of any such fees and charges, the AIRLINE shall first pay the same to the COUNTY and may then seek a refund in any appropriate forum.

SECTION 4.06 SECURITY DEPOSIT

The AIRLINE, prior to the commencement of operations, shall deposit with the COUNTY a security deposit approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director ("Security Deposit").

Concurrently with each revision of the rent pursuant to Section 4.01 in this LEASE, the Security Deposit to be provided by the AIRLINE shall be adjusted to approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director to guarantee the faithful performance by the AIRLINE of its obligations under this LEASE and the payment of all rents, fees, and charges due hereunder. In no event shall the amount of the Security Deposit be less than the existing Security Deposit. The amount of the Security Deposit will not be increased unless the adjusted Security Deposit is equal to or more than one hundred twenty percent (120%) of the prevailing Security Deposit. PFCs shall be excluded from the rents, fees, and charges used to determine the AIRLINE's Security Deposit.

The Security Deposit shall take one of the forms set out below and shall guarantee the AIRLINE's full and faithful performance of all the terms, covenants, and conditions of this LEASE:

A. A Letter of Credit from one or more financial institutions, subject to regulation by the State of California or Federal government, pledging that funds necessary to secure performance of the terms, covenants, and conditions of this LEASE are on deposit and guaranteed for payment, and agreeing that said funds shall be trust funds securing AIRLINE'S performance and that all or any part shall be paid to COUNTY, or order upon demand by Airport Director. Both the financial institution(s) and the form of the instrument(s) must be approved by Airport Director, or designee. The financial institution shall have a minimum long-term credit rating by two of the three Nationally Recognized Statistical Rating Organizations (NRSROs): Moody's (AA3), S&P Global (AA-), and Fitch (AA-).

B. A Faithful Performance Bond executed by a surety company or financial institution qualified and admitted to do business in the State of California and issued in a form approved by the COUNTY. The surety company must have a minimum A. M. Best rating of A-/VIII as determined by the most current edition of ambest.com. Under the bond, the surety company shall guarantee to COUNTY full and complete performance of all the terms, conditions and covenants herein to be performed on the part of AIRLINE, including the payment of use fees as well as any and all other payments. Said bond shall be maintained at the cost of AIRLINE throughout the existence of this LEASE. Said Surety shall give Airport Director or designee a minimum thirty (30) days' prior written notice of cancellation or material change in said bond. Such cancellation or material change without Airport Director's or designee's prior written consent shall constitute a default under this LEASE.

Regardless of the form in which the AIRLINE elects to make said Security Deposit, all or any portion of the principal sum shall be available unconditionally to the COUNTY for correcting any

default or breach of this LEASE by the AIRLINE, its successors or assigns, or for payment of expenses incurred by the COUNTY as a result of the failure of the AIRLINE, its successors or assigns, to faithfully perform all terms, covenants, and conditions of this LEASE.

Should the AIRLINE elect to provide either a Letter of Credit or a Faithful Performance Bond to fulfill the Security Deposit requirements of this LEASE, said Letter of Credit or bond shall have the effect of releasing the depository or creditor therein from liability on account of the payment of any or all of the principal sum to the COUNTY, or order upon demand by the Airport Director.

In the event the Airport Director withdraws all or any portion of the Security Deposit as provided herein, the AIRLINE shall, within ten (10) days of any withdrawal by the Airport Director, replenish the Security Deposit to maintain it at amounts herein required throughout the term of this LEASE. Failure to do so shall be deemed a default and shall be grounds for immediate termination of this LEASE as per Article XI of this LEASE.

The AIRLINE shall be obligated to maintain the Security Deposit in effect until the expiration date or earlier termination of this LEASE.

The Security Deposit, after deduction of all amounts due the COUNTY, shall be rebated, reassigned, released or endorsed by the COUNTY to the AIRLINE or order, as applicable, after one hundred twenty (120) days have elapsed, or at an earlier time to be determined by the Airport Director, following the expiration date of the term of this LEASE, provided the AIRLINE has fully and faithfully performed each and every term, covenant, and condition of this LEASE.

SECTION 4.07 NEW ENTRANT DEPOSIT

A cash security deposit in the sum of FIVE HUNDRED THOUSAND DOLLARS ($500,000.00) shall be provided by a new entrant AIRLINE prior to the commencement of operations.

This deposit shall be returned to the new entrant AIRLINE after six (6) months of continuous operation.

SECTION 4.08 MARKETING FUND FEE

The COUNTY has established a marketing fund for the Airport to conduct sales promotions, Airport-wide advertising, and related activities intended to promote the Airport and its tenants. Commencing January 1 of each calendar year, AIRLINE shall be required to make an annual marketing fund payment in the amount of ten thousand dollars ($10,000.00). AIRLINE agrees to pay this amount on or before January 1 of each year. All monies received by the Airport for the marketing fund shall be used solely for the purpose of Airport tenants' promotions and directly related expenses. In the event any year of this LEASE contains less than 12 months, AIRLINE shall pay a pro-rata portion of the annual amount corresponding to the number of months remaining in that calendar year.

For example, if the LEASE commenced on November 1, AIRLINE would pay the monthly pro-rata portion ($833.33 per month) of the annual marketing fund amount for November and December (totaling $1,666.66). Then, commencing on January 1, AIRLINE would make the full annual marketing fund payment of $10,000.00. Should the LEASE expire on September 15, AIRLINE would pay a pro-rata portion of the annual amount for the months of January through September.

ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES

SECTION 5.01 USE

The AIRLINE's use of the Leased Premises and its operations shall be limited to conducting a scheduled commercial airline operation. Subject to the limitations set forth in this Section and Sections 5.03, 5.04, 5.05, and 9.01 in this LEASE, AIRLINE'S operations are subject to the following authorized uses:

A. Loading and unloading of passengers.

B. Loading and unloading of baggage.

C. Passenger processing operations.

D. Flight operations office.

E. The AIRLINE shall have the right to have its aircraft and other equipment serviced by suppliers of its choice. Such suppliers may provide materials and services, including, but not limited to, aviation fuel, ground vehicle fuel, lubricating oil, greases, parts, and all other materials and supplies and services required by AIRLINE in the conduct of its air transportation service.

F. Mail, freight, and cargo operations, but only when such activity is incidental to, and conducted in connection with, regularly scheduled commercial passenger operations. The AIRLINE shall not conduct any operations at the Airport with aircraft which are:

   1) Used at the Airport exclusively or primarily for mail, freight, or cargo services; or

   2) Which have been modified in any manner for the purpose or the primary effect of reducing the passenger carrying capacity and increasing the cargo or freight carrying capacity of the aircraft.

G. Air charter activities in compliance with Access Plan.

H. Commissary services for the AIRLINE's employees at the Airport and in-flight catering services in support of the AIRLINE's air operations at the Airport. This does not permit

the AIRLINE to conduct commissary or in-flight services for any other airline or other person at the Airport without first obtaining a separate license to allow commissary or in-flight services for other airlines.

I. Handling of other airlines' operations and ticketing pursuant to Section 9.01 in this LEASE.

J. Employee training incidental to the other uses permitted under this Section.

K. Areas identified on the attached "Exhibits A, B, and C" as the AIRLINE Ticket Counter, AIRLINE Ticket Office, Baggage Service Office, Ramp/Operations Office, and Apron Equipment Storage are strictly limited to their identified uses.

L. Other uses as authorized by the Airport Director.

SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES

The COUNTY grants the AIRLINE a license for the nonexclusive use of all public Airport facilities including, but not limited to, taxiways, runways, navigational aids, and facilities relating thereto for purposes of landings, takeoffs, and taxiing of the AIRLINE's aircraft. All such use shall be in accordance with the laws of the United States of America, State of California, and the rules and regulations promulgated by their authority with reference to aviation and air navigation, and in accordance with all reasonable and applicable rules, regulations, and ordinances of the COUNTY now in force or hereafter prescribed or promulgated by ordinance or by law, including the Access Plan. The use of these areas shall be subject to the control and regulation of the Airport Director.

This license for non-exclusive use is subject to all rights reserved by the COUNTY to license, permit, authorize, regulate, and relocate concessionaires and other Airport tenants, including but not limited to booths, counters, offices, lockers, and wall space.

SECTION 5.03 RULES AND REGULATIONS

The COUNTY may adopt and enforce “Airport Rules and Regulations” that the AIRLINE agrees to observe and obey with respect to the use of the Airport and its appurtenances, facilities, improvements, equipment, and services, provided that such rules and regulations shall not be inconsistent with safety, with applicable rules, regulations and orders including those of the FAA and TSA with respect to all operations of the Airport, and with the terms of and AIRLINE’s rights under this LEASE. Except in the case of emergency, the COUNTY shall give the AIRLINE written notice and opportunity to comment on any proposed changes or additions to the Airport Rules and Regulations that could impact the AIRLINE's operations at the Airport before such proposed rules and regulations are adopted by the COUNTY. If requested, the COUNTY shall promptly provide a copy of such Airport Rules and Regulations to the AIRLINE.

The AIRLINE's operations under this LEASE shall comply with all Airport Rules and Regulations and shall observe, obey, comply with, and not otherwise hinder or obstruct any and all rules, regulations, laws, ordinances, statutes, or orders of any governmental authority, whether federal, state, or local, lawfully exercising authority over the Airport or the activities thereon, including compliance with FAA, TSA, and Airport security rules, regulations and plans.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines, or penalties of any nature whatsoever that may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE's operation under this LEASE, including, but not limited to, the payment of any fines or penalties for any breach of security, arising from the unauthorized entry of any person or vehicle onto the Airport or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE's operation under this LEASE.

The COUNTY shall not be liable to the AIRLINE for any diminution or deprivation of possession, or of its rights hereunder, on account of the exercise of such right or authority provided in this LEASE, nor shall the AIRLINE be entitled to terminate the whole or any portion of the leasehold estate herein created by reason of the exercise of such right or authority, unless the exercise thereof shall so interfere with the AIRLINE's use and occupancy of the Leased Premises so as to constitute a termination in whole or in part of this LEASE by operation of law in accordance with the laws of the State of California.

SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE

The AIRLINE agrees that:

A. Notwithstanding any provision in this LEASE to the contrary, the AIRLINE shall conduct all of its operations and activities at the Airport in strict conformity with the Access Plan and each of its regulations and limitations on the AIRLINE's activities and operations at the Airport.

B. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are privileges that may be revoked or modified by the COUNTY at any time during the term of this LEASE, and that such privileges do not constitute property rights of the AIRLINE.

C. The ADD allocations and other operating privileges made to the AIRLINE under the Access Plan are not transferable, assignable, or delegable by the AIRLINE to any other person or entity by operation of law or otherwise, and that such allocations and other operating privileges may not be pledged, hypothecated or encumbered by the AIRLINE at any time for any purpose.

D. The remedies specified in the Access Plan for any Access Plan violation by the AIRLINE are not the exclusive remedies of the COUNTY, but shall constitute additional nonexclusive remedies that the COUNTY may enforce separately or cumulatively with other remedies under the enforcement provisions of this LEASE.

E. The AIRLINE shall not at any time, or for any reason, make any assertion to any court, administrative agency, administrative tribunal, or other similar forum that is in any respect inconsistent with the terms and provisions of this Section, except that nothing in this Section shall prevent the AIRLINE from making any argument or asserting any position to the COUNTY, as applicable, in connection with any action by the COUNTY to revoke or modify allocations of operating privileges or any amendments to the Access Plan.

F. All provisions of Section 5.01 and Article XI in this LEASE are subject to the terms, provisions, and limitations of this Section.

SECTION 5.05 OPERATIONAL REQUIREMENTS

The AIRLINE agrees to abide by the following operational conditions and requirements:

A. **Flight Operations and Reallocations**. The number of allocated ADDs, including "regularly scheduled," "charter," "maintenance, and "cargo," shall not exceed the number of departures authorized and allocated to the AIRLINE under the Access Plan. In addition to any and all remedies available to the COUNTY under this LEASE and all provisions of the Access Plan, the COUNTY may reallocate ADDs or other operating privileges granted to the AIRLINE under the provisions of the Access Plan. The AIRLINE shall not operate at JWA unless it conducts its operations with ADDs, allocated seat capacity, or other Authorized Departures directly and formally allocated to the AIRLINE by action of the Board of Supervisors; the AIRLINE conducts all of its operations with aircraft that have been certified for operation at the Airport consistent with Access Plan requirements; and, the AIRLINE has met all other applicable COUNTY requirements.

B. **Hours of Operation**. Except as expressly authorized, the AIRLINE's aircraft shall not depart from the Airport between the hours of 10:00 p.m. and 7:00 a.m. (8:00 a.m. on Sundays) and shall not arrive at the Airport between the hours of 11:00 p.m. and 7:00 a.m. (8:00 a.m. Sundays), as measured at any JWA noise monitoring station. All times shown are Pacific Time.

The AIRLINE acknowledges that the COUNTY may, by regulation, permit some operations by general aviation (nonscheduled, noncommercial) users of the Airport during the nighttime hours with certain specific aircraft types that have noise characteristics similar to the noise characteristics of aircraft that can operate as "Class E" aircraft, as that term is defined in the Access Plan. The AIRLINE does now, or may during the term of this LEASE, operate Class E aircraft at the Airport; nevertheless, the AIRLINE agrees that

the limitations on hours of operations contained in this Section shall be applicable to all of its operations at the Airport, including its Class E operations.

The AIRLINE further acknowledges that there is a rational basis for the COUNTY to distinguish between general aviation operations and regularly scheduled operations by Class E (or noise equivalent) aircraft during the nighttime hours and that this distinction does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The COUNTY agrees that this provision is, and during the term of this LEASE shall be, included in all leases, operating agreements, or other service operating agreements between the COUNTY and any person conducting regularly scheduled commercial operations at the Airport.

C. **Aircraft Types**. The AIRLINE agrees that it will not operate any aircraft at the Airport unless and until that aircraft type has been certified and qualified for operation by the COUNTY in accordance with the provisions and procedures of the Access Plan. The AIRLINE further agrees that it will abide by all aircraft-type restrictions and limitations contained in the Access Plan, as amended, or as it may hereafter be amended, and any other restrictions on aircraft types which may hereafter be adopted by the Board of Supervisors of the County of Orange.

D. **Gate Management.** AIRLINE agrees to utilize gate management software, access/equipment provided by Airport, to upload and maintain current daily arrival and departure information for aircraft operations to jetbridge/hardstand gates and RONs utilized by AIRLINE. Airport will make reasonable efforts to develop gate management software that allows for efficient uploading and maintaining of current daily arrival and departure information by AIRLINE.

E. **Noninterference**. The AIRLINE shall cooperate with and not interfere with the COUNTY's and other airlines' use of and operations at the Airport. The AIRLINE shall not place any ropes, barricades, and/or stanchions on the public or Common Use Area without prior written approval of the Airport Director.

F. **Disposal of Refuse from International Operations**. Airlines operating international service shall contract with a CBP-approved vendor for the disposal of refuse from arriving international flights.

SECTION 5.06 RECORDS AND ACCOUNTS

A. **Records**. The AIRLINE shall at all times keep true and complete records of all transactions in the operation of all business activities, of whatever nature, conducted in pursuance of the rights granted by this LEASE. The AIRLINE shall maintain such records for a period of five (5) years beyond the expiration or earlier termination of this LEASE.

B. **Reports**. The AIRLINE shall provide to the Auditor-Controller and the Airport Director at the end of each calendar month, on forms to be supplied by the COUNTY, statistical information respecting the AIRLINE's operations at the Airport, including, but not limited to, the total number of all aircraft operations conducted by the AIRLINE; the total combined certificated gross landing weight of all such aircraft operations; the total number of enplaned, deplaned and through passengers; the total number of pounds of airmail, cargo and express mail enplaned and deplaned; and the total number of aircraft stored daily and monthly at the Airport. Such reports shall be submitted to the Airport Director no later than fifteen (15) calendar days following the last day of each month. The AIRLINE must attest that the list is an accurate representation of the AIRLINE's activity for the month.

The AIRLINE shall also provide to the Airport Director, for each day, a copy of the AIRLINE's flight dispatch logs or a listing made from such logs, certified as correct by a responsible station manager or dispatcher, showing the type of equipment used for each flight and the actual takeoff and landing times, and not gate times. Said copy of logs or listing shall be made available for each day's activities by noon (12:00 p.m., Pacific Time) of the following day.

C. **Audits**. All the AIRLINE's records and supporting source documents related to rates and fees in this LEASE or business operations conducted within or from the Leased Premises shall be kept and made available to the COUNTY at one location within the geographical limits of the COUNTY or shall be made available at offices in the COUNTY within ten (10) working days after written notice to produce said records and source documents. The COUNTY shall, through its duly authorized agents or representatives, have the right to examine and audit said records and supporting source documents at any and all reasonable times, as set out herein, for the purpose of determining the accuracy thereof and of the monthly statements to the COUNTY.

The COUNTY, upon request of the AIRLINE, may authorize the above-referenced records and supporting source documents to be kept in a single location outside the limits of the COUNTY provided the AIRLINE shall agree to pay all expenses including, but not limited to transportation, food and lodging necessary for the COUNTY to send a representative to audit said records. Said right shall not, unless determined necessary by the COUNTY, be exercised by the COUNTY more than once each accounting year.

The full cost of said audit, as determined by the COUNTY, shall be borne by the AIRLINE if either or both of the following conditions exist:

(1) The audit reveals an underpayment of more than two percent (2%) between the rents and fees due as reported and paid by the AIRLINE in accordance with this LEASE and the rent due as determined by said audit; and/or

(2) The AIRLINE has failed to maintain true and complete records and supporting source documents in accordance with paragraph A above. The adequacy of records shall be determined at the sole discretion of the COUNTY.

Otherwise, the COUNTY shall bear the cost of said audit, excluding the aforementioned expenses related to an audit of documents kept outside the limits of the COUNTY. The cost of said audit, if due from the AIRLINE, shall be included as rent for the first month following invoice to the AIRLINE.

Upon the request of the COUNTY, the AIRLINE shall promptly provide necessary data to enable the COUNTY to fully comply with the requirements of the State of California or the United States of America for information or reports directly relating to this LEASE and to the AIRLINE's use of the Leased Premises.

D. **Failure to Maintain Adequate Records**. In addition to any other remedies available to the COUNTY under this LEASE, at law or in equity, in the event that the AIRLINE fails to maintain and keep records and accounts from business operations conducted on or from the Leased Premises and/or source documents relating thereto, or to make the same available to the COUNTY for examination and audit as required by this LEASE, the COUNTY, at the COUNTY's option, may:

(1) Perform such examinations, audits, and/or investigations itself or through agents or employees as the COUNTY and/or its auditors may deem appropriate to confirm the amount of rents, fees, and charges payable by the AIRLINE under this LEASE; and any and all costs and/or expenses incurred by the COUNTY in connection therewith shall be promptly reimbursed to the COUNTY by the AIRLINE upon demand.

(2) Require that the AIRLINE pay rents and fees based on the COUNTY's best good faith estimate of the AIRLINE's activities from business operations conducted on or from the Leased Premises and Airport; and any such determination made by the COUNTY shall be conclusive and binding upon the AIRLINE.

Costs payable by the AIRLINE pursuant to this Section shall include reimbursement to the COUNTY of the services provided at such rates as the COUNTY may, from time to time, in good faith, establish for such services. In the case of services provided by the COUNTY's employees, such rates shall be sufficient to reimburse the COUNTY for employees' salaries, including employee taxes and benefits, and the COUNTY's overhead; or, at the COUNTY's option, may be at the rate for such services that would be charged by a qualified third party or parties, approved by the COUNTY, if engaged by the COUNTY to perform such services. Said costs payable by the AIRLINE shall be included as rent for the first month following invoice to the AIRLINE.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES AND EXCLUSIVE USE AREAS

The AIRLINE agrees to maintain Exclusive Use Areas in a safe, clean, sanitary condition and in compliance with all applicable laws. The AIRLINE shall be responsible for making all necessary repairs required to maintain the Exclusive Use Areas and improvements in good condition. All repairs and improvements made by the AIRLINE to the Exclusive Use Areas shall be in compliance with all current federal, state, local laws, regulations, ordinances, and building codes, and all Airport regulations (collectively, "Codes") adopted consistent with Section 5.03. The Codes encompass all fire, life, and structural safety aspects and apply to the construction, alteration, moving, demolition, repair, and use of the Exclusive Use Areas. Any additions, alterations, repairs, and changes of use or occupancy in the Exclusive Use Areas shall comply with the provisions for new buildings and structures as set forth in the Codes. All devices or safeguards that are required by the Codes shall be maintained in conformance with the edition of the Codes under which it was installed. Maintenance obligations of the AIRLINE are shown on Exhibit E, which exhibit is attached hereto and by reference made a part hereof.

The AIRLINE shall immediately notify the Airport Director and the Airport Operations Center ("AOC") of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings.

The AIRLINE further agrees to provide approved containers for trash and recycling and to keep the Leased Premises free and clear of rubbish and litter. The Airport Director shall have the right to enter upon and inspect the AIRLINE's Leased Premises and other Airport facilities at any time for cleanliness, safety, and maintenance inspections as set out herein. The Airport Director shall attempt to provide reasonable notice prior to entering AIRLINE's Leased Premises.

The AIRLINE shall designate in writing to the Airport Director an on-site representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness, and general order.

If the AIRLINE fails to maintain or make repairs or replacements as required herein, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

If the AIRLINE fails to maintain or make repairs or replacements, including removal of all its GSE and/or any AIRLINE materials at its loading and unloading operations at the end of its approved hours of operation as required herein, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

The AIRLINE expressly waives any and all claims against the COUNTY for compensation for any and all loss or damage to the AIRLINE's property sustained by reason of any defect, deficiency, or impairment of any water supply system, drainage or sewer system, gas supply system, telephone system, electrical supply system or electrical apparatus or wires serving the Leased Premises, except to the extent caused by the COUNTY's negligence or willful misconduct.

SECTION 5.08 APRONS, GATE POSITIONS AND LOADING BRIDGES

The COUNTY will provide a means of access for aircraft between the terminal complex and the taxiway and runway system of the Airport, apron, airplane gate positions, and aircraft loading bridges in the area immediately adjacent to the passenger terminal building. No special possessory, exclusive, or vested right whatsoever, save and except the use in common with other airlines and other aircraft owners, shall vest in the AIRLINE by reason of the proximity of such facilities to the AIRLINE's gate loading positions.

The AIRLINE shall maintain, at its sole expense, apron, aircraft gate positions, and aircraft loading bridges in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum products, or grease that may result from activities of its passengers, employees, agents, or suppliers. AIRLINE shall promptly remove all oil and grease spillage attributable to AIRLINE's aircraft or equipment.

If the AIRLINE fails to perform its obligations in such regard, to perform such as maintenance, cleaning, or repair as the COUNTY reasonably deems necessary, the Airport Director shall notify or attempt to notify the AIRLINE in writing of said failure. Should the AIRLINE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the AIRLINE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the AIRLINE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

SECTION 5.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES

All assignment of gate positions (*i.e.*, aircraft loading bridges and aircraft hardstand positions) shall be made in accordance with rules, regulations, and directives provided in the Access Plan

and made at the complete discretion of the Airport Director, as he/she may determine is appropriate. The Airport Director, in making gate assignment (*i.e.*, loading bridge and hardstand) positions to the airlines, may take into account the needs and requirements of the airlines, as well as the requirements of other Airport users, for use of gate positions adjacent to the passenger terminal building, and other factors that the Airport Director determines are appropriate. Without liability, cost, or obligation to the COUNTY, gate assignment positions and aircraft loading bridge and hardstand positions may be changed from time to time as determined necessary by the Airport Director. The Airport Director may consider passenger activity, number of aircraft operations,

type of aircraft used, scheduling needs, and any other factors they may deem appropriate when assigning gate positions, loading bridges, and hardstand positions.

SECTION 5.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON

The COUNTY reserves the right to regulate, by the adoption of an ordinance, rules, or other means, adopted consistent with Section 5.03, the use of vehicles and automotive equipment upon, over, and across the apron and around the passenger terminal building. Vehicles and equipment used upon, over, and across the apron and around the passenger terminal building should be in good working order and free of leaks. In the event of an emergency not specifically provided for in said rules and regulations, the Airport Director shall have the power to take charge of the direction of such vehicle and automotive traffic in the area affected and regulate the same until the cause of such emergency has been removed. The existence of an emergency other than an aircraft emergency, shall be determined by the Airport Director.

SECTION 5.11 AIRCRAFT PARKING

The AIRLINE shall make arrangements with the Airport Director for each aircraft parking space that may be made available to the AIRLINE subject to Section 3.01 in this LEASE.

If, in the judgment of the Airport Director, it becomes necessary to move the AIRLINE's aircraft in order to ensure public safety, improve ramp area efficiency or otherwise, then the AIRLINE shall immediately move said aircraft to the location designated by the Airport Director.

Should any aircraft owned or operated by the AIRLINE, through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the landing and field facilities at the Airport, the AIRLINE shall:

A. Immediately remove said aircraft to such location as shall be designated by the Airport Director, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

B. In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal

agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by the Airport Director.

Should the AIRLINE fail to remove said aircraft, or should aircraft owned or operated by the AIRLINE be abandoned at the Airport, the COUNTY shall have the right to remove such aircraft by any means the Airport Director deems necessary under the circumstances, and the AIRLINE shall keep and hold the COUNTY harmless from any and all costs, loss, liability, damage or expense incurred by the COUNTY or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal as well as moving and storage costs therefor. The AIRLINE agrees that the designation of any aircraft parking positions anywhere on the Airport, if any, made for the AIRLINE's use is presently regulated by the Access Plan and that nothing in this Section obligates the COUNTY to provide, make available, or consent to any aircraft parking spaces for the AIRLINE's use. The AIRLINE agrees that it may not independently make arrangements for aircraft parking space at the Airport without express written consent of the Airport Director, which may be withheld in their sole discretion.

SECTION 5.12 PORTER SERVICES

The AIRLINE may provide directly or indirectly adequate porter (skycap) and/or assistance service for the convenience of its passengers in areas designated by the Airport Director. Porter services include baggage check-in services, wheelchair services, and ticket screening services. The AIRLINE shall provide the Airport Director a plan that enumerates the salient features of its porter services arrangements and a copy of its agreement if service is provided by other than the AIRLINE's employees. All podiums utilized for porter service shall be approved in writing by the Airport Director. The size, shape, and color shall be coordinated with and must be identical to all other airlines' podiums. The AIRLINE's plan shall also provide the details of any podiums and their proposed locations necessary to provide porter services.

ARTICLE VI - INFORMATION TECHNOLOGY AND COMMON USE EQUIPMENT

SECTION 6.01 COMMON USE EQUIPMENT

The COUNTY agrees to supply and maintain all equipment for the CUPPS/CUSS, which shall be situated in areas such as, but not limited to ticket counters, ticket lobbies, skycap, and gate podiums. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's service desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with CUPPS. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve

the efficiency of the Airport, including but not limited gate assignment, scheduling and implementation of any software updates.

SECTION 6.02 COMMON USE EQUIPMENT STOCK

The AIRLINE may be asked to supply its own ticket (kiosk) stock in the use of the CUPPS at Common Use Area positions from time to time as it pertains to Radio Frequency Identification (RFID) or specialty stock not provided by the COUNTY. In the event that multiple airlines share kiosk space, all airlines will be required to remove their own stock and allow the other airlines to use the COUNTY-supplied stock, as further outlined herein. When utilizing the COUNTY Common Use Area, the AIRLINE may use either its own stock or the COUNTY's common stock. If the AIRLINE elects to use its own stock, it shall be responsible for removing all stock from the COUNTY's equipment at the end of the usage period. AIRLINE stock shall be subject to approval by the COUNTY. In the event that the COUNTY deems the AIRLINE stock to be injurious to CUPPS, the AIRLINE will immediately cease usage of the offending stock upon such notice by the COUNTY.

SECTION 6.03 RADIO FREQUENCY IDENTIFICATION BAG TAG STOCK

The COUNTY will not supply RFID bag tag stock for use in as part of the Baggage Handling System unless RFID becomes standard common-use stock at all locations within the Airport. AIRLINE shall be required to meet the IATA / ATA standards for the twenty-one-inch (21") bag tag (or as the standard may be amended by IATA / ATA) prior to the start-up of operations at the Airport. In the event that RFID is deployed Airport-wide, the AIRLINE shall provide to the COUNTY the necessary Baggage Service Messages (BSMs) that will be required to facilitate the AIRLINE's baggage through the Baggage Handling System that utilizes RFID technology to track and route baggage to the appropriate baggage carrousel. The COUNTY makes no express warranty as to the operability of the technology and/or baggage handling system equipment, and the sole extent of liability of the COUNTY with respect to the technology and/or baggage handling system equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably possible to technical difficulties with the BHS equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE-vendor issues relating to the AIRLINE's applications that run in conjunction with the RFID, BHS, and BSMs systems. The AIRLINE will not be allowed to use its own bag tag stock, unless specifically permitted to do so in writing by the COUNTY, which must at the time meet any and all standards that may be set forth by the COUNTY for such stock. The COUNTY reserves the right to sell and collect applicable advertising revenues that may be generated from the reverse side of any the COUNTY-supplied bag tag stock.

SECTION 6.04 COMMON USE SELF-SERVICE KIOSK (CUSS) EQUIPMENT

The AIRLINE will not install, deploy, or otherwise engage in the use of any proprietary self-service check-in kiosks and/or device, applications, and/or technologies on its Leased Premises, or any portion of the Airport with the expectation to screen any checked bags at the Airport without prior approval from the Airport Director. At the request of the Airport Director, the AIRLINE will work with the COUNTY and other related parties in the development of a Common Use Self Service (CUSS) compliant kiosk application, or other similar applications, and/or devices as may be required to have the AIRLINE operational on all CUSS kiosks at the Airport. The COUNTY reserves the right to establish the locations for implementation of such CUSS kiosks to meet the needs of its customers and the Air Transportation Companies, as well as the operational needs of the Airport. The COUNTY agrees to supply and maintain, with its personnel and at its expense, all common-use self-service kiosk equipment, which shall be situated at designated ticket counters, at various areas of the terminal lobby and customer service areas, and other such locations, and using such passenger processing models as determined by the Airport Director to be most beneficial to meet the operational needs of the Airport. The COUNTY will supply all of the boarding pass stock necessary for the use of the CUSS equipment. The COUNTY makes no express warranty as to the operability of the equipment, and the sole extent of liability of the COUNTY with respect to the equipment shall be limited to repair and/or replacement of malfunctioning equipment. The COUNTY will respond as expeditiously and as reasonably as possible to technical difficulties with the Common Use Equipment after the AIRLINE has notified the COUNTY of such difficulties through the COUNTY's designated central help desk number. The AIRLINE shall ensure the same responsiveness and assistance to the COUNTY staff to identify and resolve the AIRLINE and/or AIRLINE's vendor issues relating to the AIRLINE's applications that run in conjunction with the CUSS systems. The AIRLINE will work cooperatively with the COUNTY for the implementation of other new technologies to improve the efficiency of the Airport.

SECTION 6.05 NO MODIFICATIONS TO COUNTY'S EQUIPMENT

The AIRLINE shall not install at any gate hold room, gate counter, skycap, ticket counter, or kiosk, any AIRLINE-owned or proprietary computer equipment, kiosks, phones, other electronic equipment, or similar equipment without the prior express written permission of Airport Director. The AIRLINE shall not make any modification to the COUNTY's Common Use Equipment, including but not limited to modifying the keyboards, adding adhesive or other markings, or otherwise modifying the equipment physically and/or electronically. Any such modifications and/or damage that is willfully or negligently caused by the AIRLINE shall be remedied by the AIRLINE, to the sole satisfaction of the COUNTY, at the sole cost of the AIRLINE. In the event that the damage is repaired by the COUNTY, the AIRLINE will reimburse the COUNTY for both the fully allocated cost of time and materials pertaining to the repairs plus fifteen percent (15%) administrative fees.

SECTION 6.06 NETWORK USAGE

The AIRLINE will not install any proprietary cabling and/or similar infrastructure at the Airport without prior written approval of the COUNTY. As such, AIRLINE shall make use of the

COUNTY's data communications backbone at the Airport for its communications needs to connect separate operating locations within the Airport campus (i.e., ticketing, baggage service, operations, maintenance, etc.). The AIRLINE shall be fully integrated into the COUNTY's infrastructure backbone prior to startup of operations and thereafter shall be responsible for removing all proprietary cabling and/or other similar infrastructure back to point of origin, at the AIRLINE's sole cost. Where authorized, at the discretion of the Airport Director, any and all data communication cabling installed by the AIRLINE shall be in accordance with the Airport's Tenant Design and Construction Guidelines and, upon installation, shall become the property of the COUNTY. Such improvements shall not be subject to any reimbursement or useful life clauses under Section 8.01 of this LEASE. The COUNTY may impose reasonable fees to AIRLINE for the use of such network, including but not limited to, any fees for unusual and/or excessive or non-standard usage, as reasonably determined by Airport Director.

A. The AIRLINE will assign a representative(s), hereinafter "Authorized Network Representative," to work with the COUNTY to determine user access and network connectivity information. The AIRLINE shall be solely responsible for ensuring that Authorized Network Representatives are not security risks and, upon the COUNTY's request, provide the COUNTY with any information reasonably necessary for the COUNTY to evaluate any security event or incident relating to any Authorized Network Representative or use of the COUNTY's network.

B. The AIRLINE shall be solely responsible for the selection, implementation, and maintenance of security procedures and policies that are sufficient to ensure that (i) the AIRLINE's use of the COUNTY's network is secure and is used only for authorized purposes stated herein, and (ii) the AIRLINE's business information and data are protected against improper access, use, loss, disclosure, alteration, or destruction. The AIRLINE agrees that it will not abuse or misuse the Network Connection, any of the components thereof, or any of the capabilities provided thereby. Unless otherwise explicitly provided herein, in no event shall the AIRLINE use the Network Connection as its internet service provider.

(1) The AIRLINE shall notify the COUNTY's Information Systems as soon as possible upon the discovery of any security breach or potential security breach that may affect the AIRLINE or the COUNTY's confidential information or the security of the Network or any Network Connection.

(2) The AIRLINE shall ensure adequate security protection for the COUNTY from any third-party connections established on the AIRLINE's network. Adequate security protection means (i) protection to preserve confidentiality, integrity, and availability of the Network and information of the COUNTY and (ii) protection from malicious codes and/or unauthorized intrusions.

(3) The AIRLINE and the COUNTY shall be responsible for maintaining the highest industry standards for security best practices on computing devices that

could affect the availability and health of the Network connection, the Network, systems, applications, or data of the AIRLINE and the COUNTY, respectively, specifically including, but not limited to, use of up-to-date antivirus protection, anti-SPAM, and establishment and use of a timely security patch management process.

SECTION 6.07 WIRELESS APPLICATIONS AND SIMILAR TECHNOLOGIES

The AIRLINE acknowledges that the COUNTY provides wireless capabilities for the AIRLINE's operational use in accordance with applicable Federal Communications Commission (FCC) regulations, rulings, and/or guidelines. The AIRLINE agrees that it will not install, deploy, or otherwise engage in the use of any transmitting wireless device, applications, and/or technologies in its Exclusive Use Areas, any portion of the Airport, or within the airport system (regardless of any Exclusive Use, Preferential Use, Common Use, and/or Joint Use assignments) without having first obtained the express written permission of the Airport Director. Such wireless applications shall only be for the AIRLINE's operational use. Use by any others or for the benefit of any other parties is specifically prohibited. At the request of the Airport Director, the AIRLINE will cease operation of a particular device due to interference with another transmitting device that is deemed necessary for operational and/or life-safety purposes.

SECTION 6.08 IN-LINE BAGGAGE HANDLING SYSTEM OBLIGATIONS, DUTIES, AND RESPONSIBILITIES

A. The AIRLINE will have use of the In-Line Baggage Handling Systems (BHS) in a location as designated by the Director to meet the operational needs of the Airport. The AIRLINE will be responsible to verify that it has certified CUTE, CUSS, and Baggage Service Messages (BSM) applications to operate the BHS and RFID, where applicable, prior to the start-up of service at the Airport. The AIRLINE will actively work with the COUNTY staff and the AIRLINE's system provider(s) to expedite all information systems and/or technologies work that may be required to ensure such applications are properly certified by the COUNTY and its system provider(s), if applicable. The COUNTY shall have the right to charge the AIRLINE for any expenses incurred by the COUNTY, including staffing to manage passenger lines and/or additional maintenance staff if the AIRLINE fails to adhere to BHS system procedures and/or properly staff the baggage make-up areas to meet the demand and such failure results in an operational impact to the Airport and/or the BHS equipment.

B. Following the COUNTY's BHS training, provided by the COUNTY to the AIRLINE, the AIRLINE will be solely responsible for the proper operations, training, and supervision of its staff for its portion of the operational responsibilities of the BHS system. The AIRLINE shall ensure that it maintains staffing levels during all operational hours, including irregular operations, that are sufficient to retrieve baggage from the baggage make-up carrousels and/or piers in order to prevent the inefficient use of the in-line baggage handling system in a fully automated mode and to prevent the system from initiating a "die-back" situation,

which may require the COUNTY to intercede manually and/or cause additional staffing by the COUNTY, its contractors, or TSA staff to initiate baggage screening mitigation procedures as a result of baggage stacking up on the make-up carrousels and/or piers. The AIRLINE shall not initiate any procedures or work rules that, as determined by the Director, will negatively impact the in-line BHS without the prior written approval of the COUNTY and without concurrence from TSA. The COUNTY reserves the right to recover any costs from the AIRLINE that may result from the AIRLINE's failure to comply with this Section of the LEASE.

C. The AIRLINE will designate a representative as a Ground Security Coordinator ("GSC") to handle issues that may arise from time to time with the BHS. The GSC will be the point of contact with the TSA and the COUNTY for all issues concerning checked passenger baggage and/or BHS performance. The GSC must be available during the AIRLINE's operational hours.

D. The AIRLINE acknowledges that all oversized checked baggage must be delivered to a designated oversized area for screening.

E. The AIRLINE acknowledges it may have a more stringent screening requirement for checked passenger baggage than that of TSA. As such, the AIRLINE will be responsible for providing these additional screening services and associated staffing to meet such requirements, including, but not limited to, X-Ray screening, and any additional training for additional services, and/or any additional services at no additional cost to the COUNTY. The AIRLINE must provide evidence of proper training for such additional measures to the Director upon request. The COUNTY may, at its sole discretion, provide and maintain the X-ray screening device.

F. The AIRLINE shall be responsible for ordering, pick-up and maintaining an appropriate level of any and all consumables related to the Common Use Equipment and/or BHS, including, but not limited to, RFID embedded bag tag stock, boarding pass stock, toner cartridges for laser printers, or other similar items, in accordance with policies and procedures established by the COUNTY in the event AIRLINE uses propriety consumables.

ARTICLE VII - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

SECTION 7.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE

The AIRLINE agrees that it shall abide with all applicable Hazardous Substances laws, rules and regulations, relating to Hazardous Substances including, but not limited to, 49 C.F.R. Parts 171 *et seq*. The AIRLINE shall not cause any Hazardous Substances to be brought upon, kept, used, stored, generated, treated, managed or disposed of in, on or about or transferred to or from the Airport, except to the extent that such Hazardous Substances are (i) necessary for or useful to the AIRLINE's business and (ii) used, kept and stored in a manner that complies with all applicable

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Environmental Laws, the Airport Rules and Regulations, and all other applicable laws.

The AIRLINE shall comply with all applicable Environmental Laws and shall not engage in any activity on or about the Airport that violates any applicable Environmental Law. In conducting its operations and maintenance on the Airport under this LEASE, the AIRLINE shall comply with such regulations regarding the storage, distribution, processing, handling and/or disposal, including the Stormwater discharge requirements, of Hazardous Substances including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

The AIRLINE shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental agency having jurisdiction or any applicable Environmental Law for clean-up and removal of any contamination involving any Hazardous Substances caused by the AIRLINE. In conducting a clean-up of a Hazardous Substance release under this LEASE, the AIRLINE shall comply with applicable Environmental Laws. Hazardous waste generated by the AIRLINE or its contractors shall be disposed properly and under the AIRLINE's EPA ID number.

The AIRLINE shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Stormwater drainage system unless authorized by applicable Environmental Law and the Airport's Stormwater Discharge Permit. The AIRLINE shall not allow or cause the entry of any Unauthorized Non Stormwater Discharge that is under its control into the Stormwater drainage system of the Airport or into the Stormwater drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the COUNTY for that purpose, and the AIRLINE complies with recommendations made by the state and/or federal Environmental Protection Agency and the Airport's Stormwater Discharge Permit requirements. The AIRLINE shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by any applicable Environmental Law.

The AIRLINE shall provide all notices required pursuant to the SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986, CAL. HEALTH & SAF. CODE § 25249 *et seq*. The AIRLINE shall provide prompt written notice to the COUNTY within three (3) days of receipt of all written notices of violation of any applicable Environmental Law received by the AIRLINE.

SECTION 7.02 SPILL RESPONSE PLAN

Airlines and fueling companies are required to provide (separately or collectively) a Local Spill Response Action Plan to address specific spill response management. Airlines are encouraged to coordinate response efforts between the airlines and fueling contractors. At a minimum, the plan should address the following:

a) Response team organization, members, and responsibilities;
b) Spill response procedures (including notifications);

c) Personnel training;
d) Personal protective equipment; and
e) Spill kit inventory and management

The AIRLINE shall immediately notify the Airport Director and the AOC of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings. The AIRLINE is responsible to mitigate such spills and perform any remediation necessary to satisfy the applicable federal, state, or local oversight agencies. If the COUNTY personnel, equipment, or third party services are needed to support mitigation, the COUNTY will be reimbursed by the AIRLINE for labor, equipment, and third party costs for all services provided. In addition to reimbursing the COUNTY for the costs of all services provided by third parties to mitigate such spills, the AIRLINE shall pay to County administrative costs in the amount of one thousand dollars ($1,000) per incident. Said costs shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the COUNTY.

To the fullest extent authorized by law, the AIRLINE shall be liable to the COUNTY for any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon the COUNTY due to the AIRLINE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to AIRLINE’s operation under this LEASE, including, but not limited to, the payment of any fines or penalties arising from any breach of security, fire, emergency, accident, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, Non-Stormwater Discharge, or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the AIRLINE, its employees, subtenants, agents or suppliers related to AIRLINE’s operation under this LEASE.

SECTION 7.03 STORMWATER CONTROL AND CONTAMINATION

Federal regulations for Stormwater discharges were issued by the U.S. Environmental Protection Agency (U.S. EPA) (40 CFR Parts 122, 123, and 124). The U.S. EPA, through the NPDES permitting program, regulates discharges of potentially contaminated wastewater and Stormwater into waters of the United States. California has been delegated NPDES general permitting authority by the U.S. EPA. California's State Water Board has issued NPDES permits to regulate municipal, industrial, and construction Stormwater discharges under the NPDES permitting program.

Section 402(p) of the Clean Water Act (CWA) requires NPDES permits for Stormwater discharges from municipal separate storm sewer systems (MS4s). The County of Orange is the principal permittee for Orange County's MS4 Permit Order No. R8-2009-0030 (or currently effective permit) No. CAS 618030 (MS4 Permit). As a facility owned and operated by the County of Orange, the Airport implements requirements in the MS4 permit and is responsible for discharges

into the system. One of the MS4 Permit requirements is to establish the legal authority to control discharges. The County's Water Quality Ordinance (OCCO Title 4, Division 13, Sections 4-13-10 et. seq.) regulates non-stormwater discharges into the MS4 to reduce the discharge of pollutants into the waters of the State. The CWA and the resulting MS4 permit require the County to take steps to reduce pollutants leaving its systems to the maximum extent practicable. The MS4 permit requires the County to develop and implement a Local Implementation Plan (LIP) describing the programs and procedures required by the MS4 permit. The Airport will enforce these Stormwater requirements on municipal areas of the Airport

AIRLINE shall not have prohibited discharge to the MS4 system or on-site storm drains. Some non-stormwater discharges (i.e., fire sprinkler tests) require additional permits with the Regional Water Quality Control Board (RWQCB). AIRLINE is responsible for obtaining and implementing monitoring requirements associated with any non-stormwater discharge permits. AIRLINE shall notify COUNTY prior to any non-stormwater discharge.

In the furtherance of these regulations and Section 402 of the Clean Water Act (CWA), the State of California has adopted a General Permit for discharges of Stormwater associated with industrial activities: “State Water Resources Control Board (State Water Board) Water Quality Order No. 2014-0057-DWQ, NPDES General Permit No. CAS 000001 (Industrial General Permit or IGP).” JWA has applied for and received coverage to discharge Stormwater and authorized non-stormwater discharges pursuant to the general permit for industrial activities and is subject to the permit’s requirements, conditions, and penalties. The permit requires the development and implementation of an effective Industrial Stormwater Pollution Prevention Plan (SWPPP) and Monitoring Implementation Plan (MIP). This plan is developed by COUNTY and covers AIRLINE. The airside portion of JWA where industrial activities take place is covered by the IGP. Industrial activities include maintenance, fueling, equipment cleaning, storage areas, and material handling activities. AIRLINE shall comply with applicable Stormwater discharge requirements and Best Management Practices for industrial facilities described in the SWPPP. COUNTY will provide the required annual training for AIRLINE as part of the SWPPP training requirements. AIRLINE shall have all personnel working within the airside portion of John Wayne Airport to attend annual training or AIRLINE shall provide annual training to personnel using JWA-approved training materials.

SECTION 7.04 ENVIRONMENTAL STEWARDSHIP

AIRLINE shall support the COUNTY’s Environmental Compliance and Stewardship program through participation in various efforts or implementation of Airport plans. COUNTY shall provide AIRLINE advance notice of any proposed changes to the following plans that may affect AIRLINE operations:

A. Air Quality Improvement Plan (AQIP) and Memorandum of Understanding (MOU) with the South Coast Air Quality Management District
B. Climate Action Plan.
C. Waste Management Plan.

D. Stormwater Pollution Prevention Plan.
E. Green Concessions Program.

AIRLINE shall implement and support the following environmental policies and provide reports and documents as required:

A. Adopt and adhere to the following GSE requirement: GSE associated with commercial operations shall achieve fleet average oxides of nitrogen (NOx) emission factor of 1.7 grams per brake horsepower per hour (g/bhp-hr)upon lease initiation through 2030 and 0.9 g/bhp-hr by January 1, 2031, respectively, as calculated in accordance with the Airport's AQIP and MOU with SCAQMD. Within 30 days of lease execution the AIRLINE shall develop and provide to JWA a GSE improvement plan to demonstrate how the GSE requirement will be met. Annually AIRLINE shall provide GSE data as required by the MOU by March 30.
B. AIRLINE has been provided a copy of the COUNTY's Environmentally Preferable Purchasing Policy (2022) and shall consider developing a similar policy that addresses the AIRLINE's procurement of goods and services as applicable.
C. AIRLINE shall affirm its commitment to Environmental Sustainability at the Airport. The Policy commitment shall be submitted to the JWA within 30 days of LEASE execution.
D. Upon request, AIRLINE shall provide reports necessary for environmental compliance, regulatory requirements and Airport mitigation measure obligations including but not limited to GSE data, fuel usage, spills, and business emergency plans.

Conservation: All AIRLINE facilities and improvements shall meet the Airport's Tenant Design and Construction Guidelines, as may be amended from time to time. All improvements shall meet the California Green Building Code (Title 24) CALGreen Tier 1. In particular, the AIRLINE shall implement the following conservation measures and policies as applicable:

A. Use equipment and appliances that are ENERGY STAR rated or equivalent and EPA Water Sense or equivalent, as applicable, when replacing existing equipment and appliances.
B. Use high-efficiency light fixtures and bulbs (including compact fluorescents) when replacing or installing new fixtures and bulbs.
C. Install sensors in office areas to turn off lights when unoccupied when these areas are being renovated or updated.
D. Install energy-efficient heating and cooling equipment when replacing or upgrading.
E. Use energy-efficient computers and servers when replacing this equipment.
F. Select equipment with variable-speed motors and fan drives when possible.
G. Use paperless receipt technology when possible.

Waste Minimization and Diversion: AIRLINE is expected to meet all recycling and organics (food waste) reduction requirements to facilitate JWA's solid waste reduction program per the requirements of California Public Resources Code Section 42648. To the fullest extent possible, AIRLINE shall cooperate with COUNTY to reduce and divert waste from landfills. AIRLINE

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shall participate in COUNTY's waste diversion program, which may include waste reduction practices, including recycling, compostable containers (no Styrofoam), composting of food waste, and reuse/recycling of fats, oils, and grease.

SECTION 7.05 RESERVED

SECTION 7.06 ENVIRONMENTAL INDEMNIFICATION

To the fullest extent authorized by law, the AIRLINE shall indemnify, defend, and hold the COUNTY, its officers, and employees harmless from and against any and all applicable Environmental Law claims, judgments, damages, penalties, fines, costs, liabilities, losses, orders, and lawsuits arising out of any actions or inaction by the AIRLINE, the AIRLINE's operations at the Airport or any action arising from and which involve the AIRLINE's officers, agents, subcontractors, and employees, including the cost of defense arising therefrom, including but not limited to the following:

(1) The AIRLINE'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 the AIRLINE's release of Hazardous Substances on the Airport since the time the AIRLINE first occupied the Airport.

(2) The AIRLINE's release of Hazardous Substances upon or within the Airport.

(3) The AIRLINE's violation of any applicable Environmental Law, except that the AIRLINE's obligations under this paragraph shall not extend to known and pre-existing conditions that are, as of the date of this LEASE, the subject of investigation and remediation by the COUNTY or others, or remediation conditions that arise from operations of third parties that are not affiliated with the AIRLINE that take place off of the Airport. For purposes of this provision, a party shall be deemed to be affiliated with the AIRLINE if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of the AIRLINE or if it is controlled by or under common control with the AIRLINE.

(4) The AIRLINE's causing or allowing any discharge into the Airport Drainage System that is prohibited by Section 7.01 of this LEASE.

This indemnification includes, without limitation, reasonable attorney's fees/costs and other costs incurred by the COUNTY in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental entity because of any Hazardous Substances being present in the soil or groundwater under the Airport. However, the AIRLINE'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 the COUNTY or its agents, servants or independent contractors who are directly responsible to the COUNTY.

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In the event the indemnitees described hereinabove are named as defendants or respondents in any lawsuit or administrative proceeding, the AIRLINE shall, at the request of the COUNTY, represent the indemnitee with qualified counsel approved in writing by the COUNTY.

In the event that a monetary judgment is awarded against the COUNTY and the AIRLINE because of the concurrent negligence of the COUNTY and the AIRLINE or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Both the COUNTY and the AIRLINE agree that neither party shall request a jury apportionment. Nothing stated in this LEASE and in this indemnity obligation shall be construed as authorizing any award of attorney's fees/costs in any action to enforce the terms of this LEASE.

The rights and obligations set forth in this indemnification shall survive the termination of this LEASE.

SECTION 7.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS

In the event that any of the terms of the environmental requirements codified in this Article conflict with any other terms of this LEASE, the environmental requirements contained in this Article shall apply.

SECTION 7.08 ANTI-IDLING POLICY

Within six months of LEASE execution, AIRLINE must develop, implement, and submit to the Airport Director or designee for approval a fleet-wide anti-idling policy. At a minimum, the anti-idling policy shall include the requirement that vehicle engines shall be turned off when vehicles are not occupied and that occupied vehicles be turned off after no more than a five-minute idling period. AIRLINE’s policy shall also include all sublicensee and third-party vehicles that enter Airport property at the direction of the AIRLINE.

ARTICLE VIII – CONSTRUCTION AND IMPROVEMENTS

SECTION 8.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY

The COUNTY may alter, repair, maintain, remodel, expand, remove, or improve any of the facilities at the Airport or any of its appurtenances.

In addition, the COUNTY may reassign or relocate the AIRLINE's Exclusive Use Area. The COUNTY shall provide the AIRLINE advance notice of such action and shall make every reasonable effort to provide the AIRLINE alternative space that is reasonably comparable to the AIRLINE's operations at the same rates and charges that the AIRLINE would have paid for the

space being surrendered. In the event no alternative space is available, the AIRLINE shall surrender its space promptly to the COUNTY, provided that the AIRLINE shall be reimbursed for the reasonable cost of any such reassignment, reallocation, or relocation and the cost of the AIRLINE's unamortized investment, if any, as documented by the AIRLINE to the satisfaction of the COUNTY and mutually agreed to by the Airport Director and AIRLINE. All of such costs, as well as the COUNTY's cost of providing the alternative space aforementioned, shall be included in the cost of the particular project requiring such reassignment, reallocation or relocation.

SECTION 8.02 IMPROVEMENTS BY THE AIRLINE

The AIRLINE shall not perform any construction upon the Leased Premises, nor shall the AIRLINE modify, alter, or remove any permanent improvements lying within the Leased Premises without prior written approval of the COUNTY. Any construction, modifications, alterations, or removal of any permanent improvements by the AIRLINE shall be at the AIRLINE's expense.

A. **Consent Required From the COUNTY**. No structures, improvements, or facilities shall be constructed, erected, altered, removed, or made within the Leased Premises without prior written consent of the COUNTY, which consent may be withheld or conditioned in the COUNTY's discretion. Minor repairs, replacement, and maintenance proposed for the Leased Premises, the cost of which does not exceed one hundred seventy-five thousand dollars ($175,000) annually, shall be approved by the Airport Director. All other structures, improvements, facilities, repairs, replacement, removal, and maintenance items shall be approved by the Board of Supervisors.

B. **Compliance with Plans and Construction Standards**. All improvements constructed by the AIRLINE within the Leased Premises shall be constructed in strict compliance with detailed plans and specifications approved by the Airport Director. All construction shall be conducted in a good and workmanlike manner and shall conform to applicable building codes, rules, regulations, and the Airport's architectural standards as contained in reference document "John Wayne Airport, Architect and Engineer Guide," which can be provided by Airport upon request. All work shall be done in conformity with Airport-approved plans, valid building, and other necessary permits and shall be acceptable to the COUNTY and the appropriate governmental entity inspecting such work. The AIRLINE shall be responsible for filing Form 7460 for any construction and/or height of construction equipment with the FAA if required.

All improvements constructed by the AIRLINE, including the plans and specifications therefor, shall conform in all respects to the applicable statutes, ordinances, building codes, rules, and regulations of the COUNTY and such other governmental authority as may have jurisdiction. The Airport Director's approval shall not constitute a representation or warranty as to such conformity, which shall remain the AIRLINE's responsibility. The AIRLINE, at its own cost and expense, shall procure all permits necessary for such construction.

C. **Insurance Requirements**. The AIRLINE shall obtain aviation commercial general liability insurance during construction. If the construction is done by an independent contractor, insurance shall be procured by the contractor in the name of the AIRLINE and the COUNTY. All insurance shall be within the limits and coverages acceptable to the COUNTY's Risk Management Services.

D. **Noninterference**. The AIRLINE warrants that it or its contractor shall in no way delay, cause delays to or interfere with any Airport operations or other contractors working in the terminal or on the Airport, except with the prior written approval of the Airport Director, as set out herein. The AIRLINE agrees to hold the COUNTY harmless from the cost of any time lost by the COUNTY or any damages to the COUNTY due to the actions or failure to act of the AIRLINE or its contractor.

E. **Trailers and Modular Structures**. All improvements constructed by the AIRLINE shall be of a permanent nature. Trailers and modular buildings are prohibited on the Leased Premises. This provision shall not apply to the use of the COUNTY-approved temporary modular buildings or trailers during construction. Upon completion of construction, all trailers or modulars must be immediately removed from the Leased Premises.

F. **The AIRLINE's Cost and Expense**. All renovation or construction by the AIRLINE pursuant to this Section shall be at the AIRLINE's sole cost and expense. The AIRLINE shall keep its existing or future Exclusive Use Area, and the improvements constructed thereon free and clear of all liens and, shall pay all costs for labor and material arising out of such construction, and shall hold the COUNTY harmless from any liability in respect thereto. The AIRLINE shall have the right to contest any and all liens filed against its existing or future Exclusive Use Area. The AIRLINE further agrees that the COUNTY shall have the right to post notices of non-responsibility as provided by Sections 3094 and 3129 of the California Civil Code.

G. **Ownership of Improvements**. All improvements and facilities, exclusive of trade fixtures, constructed or placed within the Leased Premises by the AIRLINE must, upon completion, be free and clear of all liens, claims, or liability for labor or material and at the COUNTY's option shall become the property of the COUNTY at the expiration of this LEASE or upon earlier termination hereof. The COUNTY retains the right to require the AIRLINE, at the AIRLINE's cost, to remove any or all improvements located within the Leased Premises at the expiration or termination hereof.

SECTION 8.03 AIRLINE REIMBURSEMENT

In the event the COUNTY should require the Leased Premises, or any portion thereof, for any Airport purpose and removes any portion of the AIRLINE's Leased Premises from this LEASE or terminates the LEASE for convenience pursuant to Section 2.03, the COUNTY shall reimburse the AIRLINE for improvements completed during the term of this LEASE.

Compensation for improvements located on the Leased Premises shall be calculated by means of the following formula:

$$\text{COMPENSATION} = A \times \frac{B}{C}$$

A = The AIRLINE's actual leasehold improvement construction costs submitted in accordance with Section 8.07 in this LEASE.

B = Number of full months remaining in the term of the LEASE.

C = Number of full months between the date the AIRLINE completed construction of leasehold improvements and the date the LEASE would expire by its terms if the COUNTY did not exercise its right to early termination.

The AIRLINE shall submit to the COUNTY within sixty (60) days of completion of construction of any leasehold improvement notifications of completion of construction and submit detailed supporting documentation of construction costs together with "As-Built Documents" and "Record Documents" as required by Section 8.07 of this LEASE. The AIRLINE acknowledges and agrees if the AIRLINE fails to submit notifications and supporting documentation for any such leasehold improvements in a timely manner, the AIRLINE waives its right to compensation for such improvements.

SECTION 8.04 EXCLUSIVE REMEDY

The compensation provided pursuant to Section 8.03 in this LEASE shall be the AIRLINE's sole and exclusive remedy and form of compensation, costs or damages, including but not limited to, the eminent domain law and inverse condemnation (CAL. CODE CIV. PROC. §§1230.010 *et seq.*), and Relocation Assistance benefits (CAL. GOV. CODE §§7260 *et seq.*), due to termination, re-entry or acquisition of the leasehold by the COUNTY.

The AIRLINE agrees that exercise by the COUNTY of its termination rights hereunder shall not be construed as a taking by the COUNTY of any part of the Leased Premises, nor of the AIRLINE's rights under this LEASE, nor shall the AIRLINE, except as provided herein, be entitled to payment for any loss of goodwill, income, moving expenses or other amount because of partial or full termination of this LEASE.

SECTION 8.05 AIRLINE'S ASSURANCE OF CONSTRUCTION COMPLETION

Prior to commencement of construction of approved facilities, the AIRLINE shall furnish to the COUNTY evidence that assures the COUNTY that sufficient monies will be available to the AIRLINE and the COUNTY to complete the proposed construction. The amount of money available shall be at least the total estimated construction cost. Such evidence may take one of the following forms:

A. Completion Bond issued to the COUNTY as obligee.

B. Irrevocable Letter of Credit issued to the COUNTY that will remain in effect until the COUNTY acknowledges satisfactory completion of construction.

C. Any combination of the above.

All bonds and letters of credit must be issued by a surety company, financial institution or advising bank qualified and admitted to conduct business in the State of California and issued in an approved form approved by the COUNTY. All bonds and letters of credit shall ensure faithful and full observance and performance by the AIRLINE of all terms, conditions, covenants, and agreements relating to the construction of improvements within the Leased Premises.

It is not the intent of the contracting Parties herein to create a third-party beneficiary, and nothing in this Section shall be construed to do so.

SECTION 8.06 MECHANICS LIENS OR STOP-NOTICES

The AIRLINE shall at all times indemnify and hold the COUNTY harmless from all Mechanics Liens, Stop-Notices, claims, losses, demands, damages, costs, expenses or liability costs for labor or materials in connection with construction, repair, alteration, or installation of structures, improvements, equipment, or facilities within the Leased Premises undertaken by the AIRLINE, and from the cost of defending against such claims, including attorneys' fees and costs.

In the event a mechanics lien or stop-notice is imposed upon the Leased Premises, the AIRLINE shall either:

A. Record a valid Release of Lien; or

B. Procure and record a bond in accordance with Section 8424 of the California Civil Code, which frees the Leased Premises from the claim of the lien or stop notice and from any action brought to foreclose the lien.

Should the AIRLINE fail to accomplish either of the two (2) optional actions above within fifteen (15) days after the filing of such a lien or stop notice, the LEASE shall be in default and shall be subject to immediate termination.

SECTION 8.07 RECORD DOCUMENTS, AS-BUILT DOCUMENTS, AND CONSTRUCTION COSTS

Within sixty (60) days following completion of any improvement within the Leased Premises, the AIRLINE shall furnish the Airport Director a complete package of “As-Built Documents” and "Record Documents," which include but are not limited to construction documents, specifications, cost estimates, engineering studies, and calculations. The aforementioned information shall be submitted on two (2) thumb drives containing digital copies of the “As-Built Documents” and "Record Documents," organized in a detailed, logical, and comprehensible folder structure, which

is in a form that is usable and accepted by the COUNTY, to the COUNTY's satisfaction, as described below, unless otherwise allowed by the Airport Director.

A. Drawings and Models:

1. All 2-D and 3-D architectural, engineering, design, and/or construction drawing and/or modeling files for the project shall be completed using AutoCAD 2019 and REVIT 2019 or a newer version of either software if approved by John Wayne Airport.
2. All geographic data, spatial analysis, geographic information system (GIS) mappings, drawings, exhibits, and/or figures for the project shall be completed using Environmental Systems Research Institute (ESRI) ArcGIS.
3. All 2-D and 3-D drawing and/or modeling files created via computer-aided design and drafting (CADD), building information modeling (BIM), and/or GIS for the project shall conform to the John Wayne Airport CADD/BIM/GIS standards and specifications.
4. In addition to the 2-D and 3-D drawing and/or modeling files indicated above, a PDF format (scaled to ARCH E1 format where applicable) of those drawings, exhibits, figures, etc. shall be generated and submitted digitally.

B. Documents and Reports:

1. All specifications, reports, and/or studies (e.g., geotechnical report, etc.), calculations, and other project information (e.g., construction submittals, operations, and maintenance (O&M) manuals, warranties, etc.) for the project shall be completed using MS Office suite applications and also generated and submitted digitally in a PDF format.

Note: "Record Documents," e.g., record drawings, specifications, calculations, etc., shall be prepared, stamped, and signed by the Architect and/or Engineer of Record for the project and shall reflect all updates and/or modifications that were approved during design and construction, i.e., separate from the as-built documents, which include contractor redlines, contract changes, etc. Refer to the "John Wayne Airport Construction Standards" for additional information.

In addition, two (2) sets of hard prints of the stamped and signed record drawings for the project, as described above, must be furnished by the AIRLINE with the thumb drives containing the "As-Built Documents" and "Record Documents." Basic specifications, standards, and requirements for BIM, CAD, and/or GIS produced information at the Airport can be located on the www.ocair.com website or provided by the Airport upon request.

Furthermore, the AIRLINE shall furnish the Airport Director with an itemized statement of the actual, direct construction costs of such improvement. The construction costs may include actual, direct fees paid to contractors, architects, engineers, surveyors, laborers, and suppliers, or permit

fees required by governmental agencies to allow construction. Construction costs shall not include indirect costs such as financing costs, holding costs, legal fees, interest, administrative and overhead expenses, bond premiums, or developer fees. The statement of cost shall be sworn to and signed by the AIRLINE or its responsible agent under penalty of perjury. The AIRLINE must obtain the Airport Director's approval of acceptance of the "As-Built Documents" and "Record Documents" and the form and content of the itemized statement.

SECTION 8.08 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS

The AIRLINE shall be responsible for any damage caused by the AIRLINE, or the AIRLINE's aircraft, equipment, employees, agents, visitors, or suppliers, to common use areas of the Terminal or Airport facilities, including but not limited to runways, taxiways, access roads, navigational aids, apron areas and loading bridges. Should such damage require immediate repairs or replacement, and the AIRLINE is unable to respond immediately to complete said repairs or replacement, the Airport Director may cause to be made or make any necessary repairs or replacements, and the cost thereof shall be paid by the AIRLINE. Said cost shall include all labor, materials, equipment costs, and an administrative fee equal to fifteen percent (15%) of the sum of those items. Said cost shall be paid by the AIRLINE within fifteen (15) days of receipt of an invoice for costs from the Airport Director.

In the event of damage to or destruction of the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises or in the event the AIRLINE-owned or constructed buildings, facilities, or improvements located within the Leased Premises are declared unsafe or unfit for use or occupancy by the COUNTY or any other public entity with jurisdiction to make and enforce such a declaration, the AIRLINE shall, within thirty (30) days, commence and diligently pursue completion of the repair, replacement or reconstruction of improvements to the same size and floor area as they existed immediately prior to the event causing the damage or destruction, as necessary to permit full use and occupancy of the Leased Premises for the purposes required by the LEASE. Repair, replacement, or reconstruction or improvements within the Leased Premises shall be accomplished in a manner and according to plans approved by the Airport Director. Except as otherwise provided herein, termination of this LEASE shall not reduce or nullify the AIRLINE's obligation under this paragraph. With respect to damage or destruction to be repaired by the COUNTY or which the COUNTY elects to repair, the AIRLINE waives and releases its rights under California Civil Code Sections 1932(2) and 1933(4).

SECTION 8.09 HEALTH AND SAFETY

The AIRLINE shall comply with all applicable California Occupational Safety & Health Administration (Cal/OSHA) requirements and all federal, state, or local safety orders. The AIRLINE shall post on the Lease Premises and at all construction sites a copy of "Construction Safety Orders" and "General Industry Safety Orders" issued by the California State Division of Industrial Safety.

The AIRLINE shall, within thirty (30) days after the execution of this LEASE, submit to the COUNTY a comprehensive Safety Plan outlining the code of safe work practices and procedures. The plan must include emergency response procedures, notification procedures, and personnel training procedures. The AIRLINE shall convene safety meetings at regularly scheduled times as described in its Safety Plan and as required by Cal/OSHA. The AIRLINE and/or AIRLINE's contractor shall submit, prior to the start of any tenant improvements, the AIRLINE or AIRLINE's contractor required Cal/OSHA Safety Plan for approval by the Airport.

The AIRLINE shall submit to the COUNTY an annual report detailing the status of all permits required and issued to the AIRLINE by CAL OSHA or any other federal, state, or local government agency. Said report shall be due on or before January 31 of each calendar year.

ARTICLE IX - ACCOMMODATION

SECTION 9.01 JOINT USE REQUIREMENT

The AIRLINE and/or other airlines may be provided the opportunity by the COUNTY to initiate or expand service at the Airport and may have a need or requirement for certain types of Airport space and facilities. Such initiation or expansion of service may be reasonably implemented by the Airport Director based upon provisions of the Access Plan.

The AIRLINE agrees to make every reasonable effort to offer to any airline initiating service at the Airport the opportunity to share use of its Exclusive Use Area. In determining whether the use of another incoming airline initiating service at the Airport is reasonable and possible, the AIRLINE will have the right to consider the compatibility of the proposed operations of those with whom the AIRLINE has subleases or handling arrangements, the AIRLINE's existing and future flight schedules, the need for labor cooperation, the adverse competitive impacts resulting from the presence of the other aircraft operator on the AIRLINE's Exclusive Use Area and the availability of other such space at the Airport. Should the AIRLINE deny another airline initiating service at the Airport the opportunity to use the AIRLINE's Exclusive Use Area, the COUNTY may review the AIRLINE's space usage, and should it reasonably determine, considering all the factors noted herein (including the AIRLINE's reasons for such refusal), that the AIRLINE unreasonably refused usage by such other airline, it may require the AIRLINE to permit the other airline to use the AIRLINE's Exclusive Use Area, subject to the initiating airline executing an agreement with the AIRLINE acceptable to the COUNTY that complies with the material terms and conditions of this LEASE, including the indemnification and insurance provisions.

The AIRLINE shall, by separate agreement with such certificated and/or commuter airline as the COUNTY may designate, or by other arrangement as provided by the Airport Director, provide space and/or services within Leased Premises to accommodate said airlines' operation. Any said agreement for joint use shall be subject to the Airport Director's approval and subject to the terms and conditions of this LEASE, including the indemnification and insurance provisions.

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The AIRLINE agrees that in the event it subleases its Leased Premises to another airline, any sublease rental rate shall be calculated on a per-square-foot basis.

Sublease per square foot rental rates for sublet space shall reflect a reasonable pro-rata allocation of the AIRLINE's actual and direct costs related to said space and shall be based upon the following factors:

A. The square foot per annum rental rate currently paid by the AIRLINE to the COUNTY for space to be sublet; and

B. A reasonable square foot charge to compensate the AIRLINE for the pro-rata costs per square foot applicable to the AIRLINE improvement costs, maintenance costs, and a reasonable administrative fee.

The annual sublease rental rate shall not exceed two (2) times the square foot per annum rental rate currently paid by the AIRLINE to the COUNTY unless the AIRLINE can demonstrate to the satisfaction of the Airport Director that its costs for the subleased premises, exclusive of the administrative fee, justify a higher rate.

ARTICLE X - ASSIGNMENT AND SUBLEASE

SECTION 10.01 ASSIGNING, SUBLETTING, AND TRANSFERRING

The provisions of this Section are subject and subordinate to the limitations of Section 5.04 of this LEASE.

A. **Transfers**. The AIRLINE shall not transfer, assign, sublet, or hypothecate (hereinafter referred to as "Transfer") any interest of the AIRLINE in the Leased Premises without the prior written approval of the COUNTY. The AIRLINE shall give the COUNTY thirty (30) days' prior written notice of all proposed Transfers. The AIRLINE shall not make any such Transfers for a period longer than the remaining term of the LEASE.

If the COUNTY approves such Transfers, such approval does not constitute a waiver of any of the terms of the LEASE. All Transfer documents shall be consistent with the terms, covenants, and conditions of the LEASE, and in the event of any inconsistency, the provisions of this LEASE shall govern.

If the AIRLINE is a corporation, an unincorporated association, or a partnership, Transfers include the acquisition by any person other than the AIRLINE of any stock or interest in said corporation, unincorporated association, or partnership in the aggregate amount of fifty-one percent (51%) or more.

The failure by the AIRLINE to obtain the prior written approval by the COUNTY of any Transfer of the LEASE or any interest in the Leased Premises shall constitute a material

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breach of this LEASE and shall not confer any leasehold rights upon the transferee. Such failure shall be grounds for termination of this LEASE for default pursuant to Section 11.02.

B. **Conditions of the COUNTY Approval**. The COUNTY agrees that it will not arbitrarily withhold consent to any Transfer, but the COUNTY may withhold consent at its sole discretion if any of the following conditions exist:

(1) The AIRLINE, its successors, or assigns are in default of any term, covenant, or condition of this LEASE, whether notice of default has or has not been given by the COUNTY.

(2) The prospective subtenant, assignee, or transferee has not agreed in writing to keep, perform, and be bound by all the terms, covenants, and conditions of this LEASE.

(3) The prospective subtenant, assignee, or transferee is not financially capable or experienced in performing the LEASE obligations, as determined by the Airport Director.

(4) Subtenant's use is in conflict with the terms of this LEASE.

(5) All the terms, covenants, and conditions of Transfer, including the consideration therefore, of any and every kind, have not been revealed in writing to the Airport Director.

(6) Any construction required of the AIRLINE as a condition of this LEASE has not been completed to the satisfaction of the COUNTY.

(7) The AIRLINE has not provided the Airport Director with a copy of all documents relating to the Transfer, including, but not limited to, appraisals, notes, trust deeds, title reports, escrow instructions, *etc*.

(8) The AIRLINE attempts to hypothecate the leasehold for an amount greater than the cost of new improvements to be constructed on the Leased Premises. Hypothecation of the leasehold shall not be permitted for any reason other than to obtain loan proceeds necessary to construct new improvements on the Leased Premises.

C. **Affiliate Transactions**. The COUNTY has adopted in the Access Plan policies and regulations regarding transactions and aircraft operations at the Airport involving affiliations of commercial airlines operating, or desiring to operate, at the Airport ("the affiliate policy"). The AIRLINE acknowledges that the COUNTY considers the affiliate policy to be an important and significant policy in support of the COUNTY's regulation of the Airport.

The AIRLINE acknowledges that there is a rational basis for this policy under the operational and historical circumstances affecting the Airport, that under such circumstances, this policy maintains appropriate equity between the rights and privileges of competing commercial operators using the Airport, and that the affiliate policy does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The AIRLINE agrees to comply fully and completely with the affiliate policy and all related regulations that appear in the Access Plan and/or this LEASE.

Any affiliate transaction described and defined in the Access Plan, and any affiliate transaction between the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, shall constitute a Transfer within the meaning of Paragraph A, above. In the event an affiliate transaction involving the AIRLINE is initiated, then not later than the time when the affiliate transaction is publicly announced:

(1) The AIRLINE shall notify the Airport Director of the fact of the initiation of the affiliate transaction.

(2) If the affiliate transaction is initiated by the AIRLINE, the AIRLINE shall promptly provide to the Airport Director copies of all agreements, or written offers or proposals, made with respect to the transaction and copies of all documents filed with federal authorities with respect to the transaction. If the affiliate transaction is initiated by some other person in respect of the AIRLINE, the AIRLINE shall promptly and continuously provide such documentation or other information regarding the transaction as may be available to the AIRLINE.

(3) In addition to all other obligations of the AIRLINE, if the affiliate transaction involves the AIRLINE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, the AIRLINE shall promptly arrange to negotiate with the Airport Director regarding the terms and conditions upon which the Director would recommend consent by the Board of Supervisors to a Transfer of this LEASE, or Transfer of the written agreement(s) between the other person or entity involved in the affiliate transaction and the COUNTY.

Notwithstanding any other provision of this LEASE, the LEASE may be terminated by the COUNTY on thirty (30) days' notice to the AIRLINE without further obligation of the COUNTY, and without any liability of the COUNTY to the AIRLINE whatsoever, if:

(4) The AIRLINE fails to comply with Paragraph C of this Section; or if

(5) The Airport Director fails to make a favorable recommendation to the Board of Supervisors regarding the Transfer within sixty (60) days after initiation and public announcement of the affiliate transaction, which contains terms and conditions agreed to by the AIRLINE and its affiliate(s); or if

(6) The Board of Supervisors fails to consent to the Transfer on terms and conditions which have been accepted by the AIRLINE within thirty (30) days after receipt of the recommendations of the Airport Director.

D. **Bankruptcy Transaction**. If the AIRLINE assumes this LEASE or proposes to assign the same pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, then notice of such proposed assignment shall be given to the COUNTY. The following information shall be provided to the COUNTY:

(1) The name and address of proposed assignee;

(2) All of the terms and conditions of such offer; and

(3) Adequate assurance to the COUNTY of the proposed assignee's future performance under the LEASE, including, without limitation, the assurance referred to in the U.S. BANKRUPTCY CODE, 11 U.S.C. §365(b)(3).

Any person or entity to which this LEASE is assigned pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, shall be deemed without further act or deed to have assumed all of the obligations arising under this LEASE on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to the COUNTY an instrument confirming such assumption.

E. **Non-Transferable Privileges.** Aircraft operations and ADDs authorized by Section 5.05 in this LEASE and the Access Plan are not property interests of the AIRLINE and are non-transferable in any form, and as such, are not subject to sale, assignment, hypothecation, and transfer by the AIRLINE under the terms of this Section. Any such attempted hypothecation, assignment, encumbrance, sale, or other such attempted transfer of operations, privileges, or ADDs is in violation of the public policy of the COUNTY and shall be void and shall constitute a breach and default of this LEASE.

SECTION 10.02 SUCCESSORS IN INTEREST

Unless otherwise provided in this LEASE, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all Parties hereto, all of whom shall be jointly and severally liable hereunder.

ARTICLE XI - TERMINATION AND DEFAULT

SECTION 11.01 TERMINATION OF PRIOR AGREEMENTS

It is mutually agreed that this LEASE shall terminate and supersede any prior leases or agreements between the Parties hereto for the purpose of commercial air transportation and all related activities of the AIRLINE at the Airport.

SECTION 11.02 TERMINATION FOR DEFAULT

The COUNTY may terminate this LEASE and all of its obligations hereunder with prior written notice to the AIRLINE and may exercise all rights of entry for default and breach if the AIRLINE fails to perform any of its obligations under this LEASE, including, but not limited to:

A. Payment of rents, fees, charges and PFCs;

B. A general assignment for the benefit of creditors and any Transfer without the prior written approval by the COUNTY;

C. The issuance of any execution or attachment against the AIRLINE at the Airport that is undischarged within sixty (60) days of levy or seizure or if the Leased Premises are occupied by someone other than the AIRLINE;

D. The voluntary vacation or abandonment by the AIRLINE of the conduct of air transportation business at the Airport;

E. The violation by the AIRLINE of any of the terms of any insurance policy referred to in the LEASE;

F. If the AIRLINE is found by the FAA, TSA, or other government regulatory or successor agency to have violated specified safety standards in the conduct of the AIRLINE's business;

G. The violation or breach of any provision of the Access Plan;

H. The violation of any written directions of the Airport Director;

I. The appointment of a receiver to take possession of all or substantially all, the assets of the AIRLINE located at the Leased Premises or of the AIRLINE's leasehold interest in the Leased Premises.

Where applicable, and unless otherwise stated in this LEASE, or by written notice, the AIRLINE shall have fifteen (15) calendar days to cure any default prior to termination of this LEASE, or such longer period as may be reasonably necessary to cure such default considering the nature thereof, at the Airport Director’s discretion.

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SECTION 11.03 CONDITION OF LEASED PREMISES UPON TERMINATION

Except as otherwise agreed to herein, upon termination of this LEASE, the AIRLINE shall redeliver possession of said Leased Premises to the COUNTY in substantially the same condition that existed immediately prior to the AIRLINE's entry thereon, reasonable wear and tear, flood, earthquakes, war and any act of war, excepted. References to the termination of the LEASE in this LEASE shall include termination by reason of expiration.

SECTION 11.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY

If the AIRLINE abandons or quits the Leased Premises or is dispossessed thereof by process of law or otherwise, title to any personal property belonging to the AIRLINE and left on the Leased Premises fifteen (15) days after such event shall be deemed to have been transferred to the COUNTY. The COUNTY shall have the right to remove and to dispose of such property without liability therefor to the AIRLINE or to any person claiming under the AIRLINE and shall have no need to account therefor. Personal property left on the Leased Premises after termination, expiration, or abandonment of the LEASE shall not be construed as giving the AIRLINE possession of the Leased Premises during the fifteen (15) days after termination, expiration, or abandonment of the LEASE.

SECTION 11.05 THE COUNTY'S RIGHT TO RE-ENTER

The AIRLINE agrees to yield and peaceably deliver possession of the Leased Premises to the COUNTY on the date of termination of this LEASE, whatsoever the reason for such termination.

Upon giving written notice of termination to the AIRLINE, the COUNTY shall have the right to re-enter and take possession of the Leased Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the LEASE and re-entry of the Leased Premises by the COUNTY shall in no way alter or diminish any obligation of the AIRLINE under the LEASE terms and shall not constitute an acceptance or surrender.

The AIRLINE waives any and all rights of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Leased Premises for any lawful reason or in the event the COUNTY re-enters and takes possession of the Leased Premises in a lawful manner.

ARTICLE XII - SECURITY

SECTION 12.01 AIRPORT SECURITY

The AIRLINE shall comply with all current and applicable Airport, FAA, TSA, CBP, security-related rules, regulations, plans, and procedures. The AIRLINE is responsible for fines imposed by any regulatory agency as a result of the AIRLINE’s failure to comply with applicable rules, regulations, orders, plans, and procedures regarding airport security.

The AIRLINE employees, subtenants/contractors shall be required to obtain airport security clearance in order to perform work under this LEASE. The AIRLINE must maintain a current, updated list of Authorized Signatories responsible for the Airport-Issued Identification Credential ("Airport ID/Security Credential") process, a list of current Airport ID/Security Credentialed AIRLINE employees and subtenants/contractors, and respond to scheduled and unscheduled audits at the request of the Airport. The AIRLINE employees and subtenants/contractors applying for an Airport ID/Security Credential must successfully complete a Criminal History Records Check ("CHRC") and a Security Threat Assessment ("STA") in accordance with current regulations. The AIRLINE employees and subtenants/contractors must also attend and successfully pass all related Security Identification Display Area ("SIDA") classes and tests for access to secure areas and a driver's permit with an appropriate and valid California Driver's License to drive on the airfield. The AIRLINE must attend all mandatory security-related exercises, and monthly security consortium meetings hosted by the Airport.

A. **Local Security**. The AIRLINE shall be responsible for the security of gates or doors that are located on the Leased Premises. Said gates and/or doors on the Leased Premises permitting entry to the restricted areas of the Airport shall be locked when not in use and/or under the AIRLINE's constant surveillance. The AIRLINE shall install such security equipment, including, but not limited to, video monitoring equipment, as may be required by the Airport Director to ensure compliance with all regulations of the FAA, TSA, or other governmental agencies having jurisdiction over Airport security. The AIRLINE shall exercise control over any person or vehicle escorted by the AIRLINE onto restricted or secure areas of the Airport, or to whom an Airport ID/Security Credential was issued by or at the request of the AIRLINE and ensure that such person or vehicle shall comply with all Airport security regulations.

B. **Federal Security**. As of the date of this LEASE, the TSA provides for all passenger and baggage screening conducted at the Airport. The AIRLINE may be required to provide assistance to TSA in its efforts to carry out its federal mandates. At some point during the term of this LEASE, the Airport or another entity may be authorized to provide these security services in lieu of the TSA.

C. **Penalties and Fines.** The AIRLINE shall promptly pay any penalties for which the AIRLINE is responsible. These penalties include, but are not limited to, civil penalties or fines assessed against the Airport or the AIRLINE by the FAA, TSA, or any other governmental agency for the violation of any security-related laws, rules, policies, or regulations at the Airport.

D. **Airport ID/Security Credential Application and Lifecycle.** Prior to issuance of an Airport ID/Security Credential(s), designated AIRLINE Authorized Signatories who will be working onsite and engaged in the performance of work under this LEASE must pass the Airport's background check requirements, which includes an F.B.I. Criminal History Records Check ("CHRC") and a TSA Security Threat Assessment ("STA"), and the

AIRLINE shall pay the applicable fees. Upon successful completion of the background checks, the AIRLINE's designated personnel will be required to attend a SIDA class and pass a written test. Those personnel who may be permitted by the Airport to drive on the Airport Operations Area ("AOA") perimeter road must also complete a Driver's Training class and written test. Airport ID/Security Credentials are not issued until designated AIRLINE personnel have: 1) completed appropriate application forms and submitted proof of identity and employment eligibility, 2) passed both background checks, 3) completed and passed appropriate training, and 4) paid an Airport ID/Security credential fee for each applicant. The AIRLINE should anticipate a minimum of fourteen (14) business days to complete the Airport ID/Security Credential process if all requirements listed above are fulfilled by individual Airport ID/Security Credential applicants in a timely manner, but factors outside the Airport's control can contribute to longer durations. If an applicant is applying for a CBP Seal due to their operational need to work international air service operations, this process may take longer. Authorized Signatories must be in constant contact with the Airport's ID/Access Control Office. The AIRLINE's designated personnel must successfully complete the Airport ID/Security Credential acquisition process unless other arrangements have been approved by the Airport. The AIRLINE shall be responsible for all applicable fees and costs associated with the background checks and badging process. The amount of such fees is subject to change without notice.

E. **Airport ID/Security Credential Applicant Requirements and Responsibilities.** The Airport Security Plan (ASP) requires that each person issued an Airport ID/Security Credential be made aware of their responsibilities regarding the privilege of access to restricted areas of the Airport.

The AIRLINE and all AIRLINE personnel within an access-controlled area (AOA, SIDA, secured area, or sterile area) are required to display on their person an Airport ID/Security Credential, unless they are escorted by an appropriately credentialed Airport individual with escort privileges. When working in a secure area, each Airport-credentialed person is responsible for challenging any individual who is not properly displaying an Airport-issued or approved and valid Airport ID/Security Credential. AIRLINE personnel and their subtenants/contractors must also validate Airport ID/Security Credential employees as described in security training. Any person who is not properly displaying or who cannot produce a valid Airport ID/Security Credential, unless they are being escorted, must immediately be referred to the Sheriff's Department – Airport Police Services Office for proper handling.

The Airport ID/Security Credential is the property of the County of Orange and must be returned upon termination of AIRLINE personnel employment and/or termination of the Lease. The loss of an Airport ID/Security Credential shall be reported within twenty-four (24) hours to the Sheriff's Department–Airport Police Services by calling (949) 252-5000. The AIRLINE or AIRLINE personnel who lose their Airport ID/Security Credential shall be required to pay a fee before receiving a replacement Airport ID/Security Credential. The charge for lost Airport ID/Security Credential replacement will be posted in the Airport

Administration Office and is subject to change without notice. A report shall be made before a replacement Airport ID/Security Credential will be issued.

The Airport ID/Security Credential is nontransferable.

In the event that the AIRLINE's employee's or contractor's Airport ID/Security Credential is not returned within three (3) business days to the Airport upon: 1) termination of AIRLINE personnel or contractor, 2) Airport ID badge expiration, or 3) upon termination of the LEASE, the AIRLINE shall be liable to the Airport for a fine in the amount of $250.00 per unreturned Airport ID/Security Credential. The amount of the fine is subject to change without notice. The AIRLINE's Security Deposit may be applied to cover the cost of the fine.

ARTICLE XIII - INSURANCE AND INDEMNITY

SECTION 13.01 INSURANCE

The AIRLINE agrees to carry all required insurance at the AIRLINE's expense and to provide the COUNTY current Certificates of Insurance, including all endorsements required herein, necessary to satisfy the COUNTY that the insurance provisions of this LEASE have been complied with. AIRLINE shall keep such insurance coverage current, provide Certificate of Insurance, and endorsements to the COUNTY during the entire term of this LEASE.

The AIRLINE agrees that the AIRLINE shall not operate on the Airport Premises at any time the required insurance is not in full force and effect as evidenced by a Certificate of Insurance and necessary endorsements or, in the interim, an official binder being in the possession of Airport Director. In no cases shall assurances by the AIRLINE, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. Airport Director will only accept valid Certificates of Insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. The AIRLINE also agrees that upon cancellation, termination, or expiration of the AIRLINE's insurance, the COUNTY may take whatever steps are necessary to interrupt any operation from or on the Airport Premises until such time as the Airport Director reinstates the LEASE.

If the AIRLINE fails to provide Airport Director with a valid Certificate of Insurance and endorsements, or binder at any time during the term of the LEASE, the COUNTY and the AIRLINE agree that this shall constitute a material breach of the LEASE. Whether or not a notice of default has or has not been sent to the AIRLINE, said material breach shall permit the COUNTY to take whatever steps necessary to interrupt any operation from or on the Airport Premises, and to prevent any persons, including, but not limited to, members of the general public, and the AIRLINE'S employees and agents, from entering the Premises until such time as Airport Director is provided with adequate evidence of insurance required herein. The AIRLINE further agrees to hold the COUNTY harmless for any damages resulting from such interruption of business and

possession, including, but not limited to, damages resulting from any loss of income or business resulting from the COUNTY's action.

The AIRLINE may occupy the Airport Premises only upon providing to the COUNTY, the required insurance stated herein and maintain such insurance for the entire term of this LEASE. The COUNTY reserves the right to terminate this LEASE at any time the AIRLINE's insurance is canceled or terminated and not reinstated within ten (10) days of said cancellation or termination. The AIRLINE shall pay the COUNTY a fee of $300.00 for processing the reinstatement of the LEASE. The AIRLINE shall provide to the COUNTY immediate notice of said insurance cancellation or termination.

All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the same terms and conditions as set forth herein for the AIRLINE; excluding General Aviation Liability. All contractors performing work on behalf of the AIRLINE pursuant to this LEASE shall obtain insurance subject to the following required minimum limits: Commercial General Liability $1,000,000 per occurrence with a $2,000,000 aggregate; Commercial Auto Liability $1,000,000 combined single limit each accident for non-air operations area (AOA); and, $5,000,000 combined single limit each accident for air operations area. Pollution Liability will be required when hazardous materials or waste are involved with limits commensurate with the exposure. The AIRLINE shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by the COUNTY from the AIRLINE under this LEASE. It is the obligation of the AIRLINE to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Airport Premises. Such proof of insurance must be maintained by the AIRLINE through the entirety of this LEASE and be available for inspection by a COUNTY representative at any reasonable time.

All self-insured retentions (SIRs) shall be clearly stated on the Certificate of Insurance. Any self-insured retention (SIR) in excess of Fifty Thousand Dollars ($50,000) shall specifically be approved by the County's Risk Manager. The COUNTY reserves the right to require current audited financial reports from the AIRLINE. If the AIRLINE is self-insured, AIRLINE will indemnify and defend the COUNTY for any and all claims resulting or arising from AIRLINE's use of the Airport Premises, services or other performance in accordance with the indemnity provision states in this LEASE.

If the AIRLINE fails to maintain insurance acceptable to the COUNTY for the full term of this LEASE, the COUNTY may terminate this LEASE.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com**).

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If the insurance carrier does not have an A.M. Best Rating of A-VIII, the CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the AIRLINE shall provide the minimum limits and coverage as set forth below:

Coverages	Minimum Limits
Aviation Commercial General Liability (Including but not limited to General Liability, Passenger Legal Liability, War/Extended Perils Liability, Personal Injury, Contractual Liability, Premises, Products and Completed Operations, Ground Hangarkeepers and liability for vehicles and mobile equipment operated on restricted airport premises.)	$250,000,000 per occurrence $250,000,000 aggregate
Workers' Compensation	Statutory
Employers' Liability Insurance	$1,000,000 per accident or disease
Pollution Liability Insurance	$1,000,000 per claims made or per occurrence
Commercial Property Insurance on an "All Risk" or "Special Causes of Loss" basis covering all contents and any tenant improvements including Business Interruption/Loss of Rents with a 12-month limit.	100% of the Replacement Cost Value and no coinsurance provision

Increased insurance limits may be satisfied with Excess/Umbrella policies. Excess/Umbrella policies when required must provide Follow Form coverage.

Required Endorsements

The Aviation Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees, agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by County of Orange shall be excess and non-contributing.

The Pollution Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the AIRLINE's insurance is primary, and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

Pollution Liability insurance must include coverage for bodily injury and property damage, including coverage for loss of use and/or diminution in property value, and for clean-up costs arising out of, pertaining to, or in any way related to the actual or alleged discharge, dispersal, seepage, migration, release or escape of contaminants or pollutants resulting from any services or work performed by, or behalf of, AIRLINE, including the transportation of hazardous waste, hazardous materials, or contaminants.

If AIRLINE's Pollution Liability policy is a claims-made policy, AIRLINE shall agree to the following:

1. The retroactive date must be shown and must be before the date of the contract or the beginning of the LEASE.

2. Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after expiration or earlier termination of LEASE.

3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the contract services, AIRLINE must purchase an extended reporting period for a minimum of three (3) years after expiration of earlier termination of the LEASE.

The Workers' Compensation policy shall contain a Waiver of Subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees. Blanket coverage may also be provided which will state **– As Required by Written Agreement.**

All insurance policies required by this LEASE shall waive all rights of subrogation against County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

The Commercial Property policy shall contain a Loss Payee endorsement naming the County of Orange as respects the COUNTY's financial interest when applicable.

Insurance certificates should be forwarded to the COUNTY address provided in the Clause (NOTICES) below or to an address provided by Airport Director. AIRLINE has ten (10) business days to provide adequate evidence of insurance, or this LEASE may be cancelled.

AIRLINE shall provide thirty (30) days prior written notice of any policy cancellation or non-renewal and ten (10) days prior written notice where cancellation is due to non-payment of premium and provide a copy of the cancellation notice to COUNTY. Failure to provide written notice of cancellation may constitute a material breach of the LEASE, upon which the COUNTY may suspend or terminate this Contract

The COUNTY expressly retains the right to require AIRLINE to increase or decrease insurance of any of the above insurance types throughout the term of this LEASE. Any increase or decrease in insurance will be as deemed by the County of Orange Risk Manager as appropriate to adequately protect the COUNTY.

The COUNTY shall notify AIRLINE in writing of changes in the insurance requirements. If the AIRLINE does not deposit copies of acceptable certificates of insurance and endorsements with the COUNTY incorporating such changes within thirty (30) days of receipt of such notice, this LEASE may be in breach without further notice to the AIRLINE, and the COUNTY shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit the AIRLINE's liability hereunder nor to fulfill the indemnification provisions and requirements of this LEASE, nor in any way to reduce the policy coverage and limits available from the insurer.

SECTION 13.02 INDEMNITY

The AIRLINE agrees to indemnify, defend with counsel approved in writing by the COUNTY, and hold the COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies which the COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by the AIRLINE pursuant to this LEASE. If judgment is entered against the AIRLINE and the COUNTY by a court of competent jurisdiction because of the concurrent active negligence of the COUNTY or the COUNTY INDEMNITEES, the AIRLINE and the COUNTY agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

ARTICLE XIV - FEDERAL GRANT ASSURANCES AND REQUIREMENTS

SECTION 14.01 CIVIL RIGHTS AND NONDISCRIMINATION

A. In all its activities within the scope of its airport program, AIRLINE 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 (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance

If AIRLINE transfers its obligation to another, the transferee is obligated in the same manner as AIRLINE.

B. During the performance of this LEASE, AIRLINE, for itself, its assignees, and successors in interest, agrees as follows::

1) **Compliance with Regulations:** AIRLINE 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 LEASE.

2) **Nondiscrimination:** AIRLINE, with regard to the work performed by it during the LEASE, will not discriminate on the grounds of race, color, or national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The AIRLINE 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.

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

4) **Information and Reports:** AIRLINE 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 COUNTY or the FAA to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive

possession of another who fails or refuses to furnish the information, AIRLINE will so certify to the COUNTY or the FAA, as appropriate, and will set forth what efforts it has made to obtain this information.

5) **Sanctions for Noncompliance:** In the event of the AIRLINE's noncompliance with the non-discrimination provisions of this LEASE, the COUNTY will impose such sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

a. Withholding payments under the LEASE until the AIRLINE complies, and/or

b. cancelling, terminating, or suspending the LEASE, in whole or in part.

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

C. AIRLINE, for itself, 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 Leased Premises for a purpose for which an FAA activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, AIRLINE 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 said facilities.

2) 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.

3) In the construction of any improvements on, over, or under the Leased Premises 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.

4) AIRLINE will use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title VI List of Pertinent Nondiscrimination Acts and Authorities.

D. AIRLINE shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service.

E. AIRLINE, for itself, its assignees, and successors in interest, agrees to comply with the following nondiscrimination 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);

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

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programs or activities of the Federal-aid recipients, subrecipients and contractors, 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) The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex)

10) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations); [rescinded January 21, 2025];

11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)][rescinded March 1, 2025]; and

12) 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).

F. In the event of a breach of any of the above Nondiscrimination covenants, the COUNTY shall have the right to terminate the LEASE and to re-enter and repossess said lands and facilities thereon and hold the same as if said LEASE had never been made or issued.

SECTION 14.02 DEVELOPMENT/MAINTENANCE OF AIRPORT

The COUNTY reserves the right to develop further or improve the Airport as it sees fit, regardless of the desires or views of the AIRLINE, and without interference or hindrance.

The COUNTY reserves the right, but shall not be obligated to the AIRLINE, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of the AIRLINE in this regard.

SECTION 14.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A.

Docusign Envelope ID: 6C15C5A7-45BD-404E-B7CF-4768E0390B0F

This LEASE shall be subordinate to the provisions and requirements of any existing or future agreement between the COUNTY and the United States or any lawful requirement of the United States relative to the development, operation, or maintenance of the Airport.

SECTION 14.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS

The AIRLINE agrees that the AIRLINE's use of the Leased Premises, including all construction thereon, shall conform to applicable FEDERAL AVIATION REGULATIONS.

The AIRLINE agrees to comply with the applicable notification and review requirements covered in Part 77 of the FEDERAL AVIATION REGULATIONS (as same may be amended from time to time or such other regulation replacing Part 77 as may be adopted by Federal authority) prior to the construction of the improvements described herein and prior to the construction of any future structure or building upon the Leased Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

SECTION 14.05 FEDERAL LAW PREEMPTION

Notwithstanding any provisions of this LEASE, to the contrary and notwithstanding any provision of any other agreements, laws, or ordinances to the contrary, any requirement that is imposed on the AIRLINE in this LEASE, or any local authorities, shall not apply to the AIRLINE to the extent that such requirement is or would otherwise be preempted by federal law, including but not limited to the Airline Deregulation Act (49 U.S.C. § 41713).

SECTION 14.06 NONEXCLUSIVE RIGHT

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to conduct aeronautical activities or provide aeronautical services to the public as prohibited by 49 U.S.C. § 40103(e) and 47107(a)(4), as amended from time to time, and the COUNTY reserves the right to grant others the privilege and right of conducting any or all activities of an aeronautical nature.

SECTION 14.07 WAR OR NATIONAL EMERGENCY

This LEASE 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.

SECTION 14.08 RESERVED

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SECTION 14.09 AMERICANS WITH DISABILITIES ACT

The AIRLINE shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 ("ADA") in connection with: (a) the Leased Premises or any portion thereof and its operations thereon, the AIRLINE's furnishings, trade fixtures, and equipment; (b) removing physical barriers; (c) providing auxiliary aids and services for use of the AIRLINE's furnishings, trade fixtures and equipment, where necessary or required; and (d) modifying its policies, practices and procedures to comply with the ADA. The AIRLINE shall develop a work plan to correct or avoid any violations or non-compliance with the ADA and to address the processing of disability complaints. The AIRLINE shall deliver to the COUNTY, upon the COUNTY's request, a copy of each report and work plan. The COUNTY's approval of or acceptance of any aspect of the AIRLINE's activities under this LEASE shall not be deemed or construed in any way as a representation that such item or activity of practice complies with the ADA. The AIRLINE agrees to indemnify, defend, and hold the COUNTY harmless from and against any and all costs incurred by the COUNTY with respect to the AIRLINE's failure to comply with the ADA.

SECTION 14.10 BOARDING ASSISTANCE FOR AIRCRAFT

In accordance with 49 C.F.R. § 27.72, the AIRLINE shall ensure the provision of boarding equipment for passengers with mobility impairment, including, but not limited to, aircraft boarding chairs used to transfer passengers from their wheelchair or other apparatus to their seat in the aircraft cabin. The AIRLINE shall provide all related passenger assistance with this equipment. The equipment shall be provided and maintained in accordance with 49 C.F.R. § 27.72 and the applicable FAA Advisory Circulars, including AC 150/5220-21C.

The COUNTY owns and maintains ramps for utilization by the AIRLINE on the Airport apron in the event a ramp is needed for boarding or deplaning of the aircraft. The AIRLINE shall promptly notify the COUNTY if COUNTY-owned ramps require maintenance. If the AIRLINE owns and operates additional ramps, the AIRLINE shall maintain those ramps in proper working condition. The AIRLINE shall provide assistance to passengers with mobility impairment when ramps are used for boarding or deplaning of the aircraft.

ARTICLE XV - MISCELLANEOUS PROVISIONS

SECTION 15.01 TIME

Time is of the essence in this LEASE.

SECTION 15.02 LEASE ORGANIZATION

The various headings and numbers herein, the grouping of provisions of this LEASE into separate

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sections and paragraphs, and the organization hereof, are for the purpose of convenience only and shall not be considered otherwise.

SECTION 15.03 AMENDMENTS

This LEASE sets forth all of the agreements and understandings of the Parties with regard to its subject matter, and any modification must be written and properly executed by both Parties.

SECTION 15.04 SIGNS

The AIRLINE agrees not to construct, maintain, or allow any sign upon the Leased Premises except as approved by the COUNTY. The AIRLINE shall submit for approval all new signage to be placed in the ticketing lobby, including baggage sizers, and pylon signs. Illustrative drawings and design dimensions must accompany all requests for approval. Unapproved signs, banners, flags, etc., may be removed by the COUNTY without prior notice to the AIRLINE.

The AIRLINE will not place any promotional signs or advertising materials in any location within the Leased Premises or within any Common Use Area of the Terminal without the prior consent of the COUNTY. All requests for the approval of temporary promotional signs for the AIRLINE shall be accompanied by illustrative drawings and design dimensions along with information about the type of signs proposed and proposed locations. All approved promotional signs shall be allowed to remain in the terminal for ninety (90) days. At the end of ninety (90) days, all temporary signage must be removed, or the AIRLINE may resubmit a request to COUNTY to extend past ninety (90) days.

The AIRLINE shall keep all ticket counter space used by the AIRLINE and any associated ticket lifts and podiums free of all signs, advertising materials, credit card application dispensing units, posters, and banners. The COUNTY may, without notice, remove any unauthorized signs or advertising materials, and may store them at the AIRLINE's expense; the COUNTY may dispose of items if they are not promptly claimed by the AIRLINE after notice from the COUNTY.

SECTION 15.05 PERMITS AND LICENSES

The AIRLINE shall be required to obtain any and all approvals, permits, and/or licenses that may be required in connection with the operation of the Leased Premises as set out herein. No permit, approval, or consent given hereunder by the COUNTY in its governmental capacity shall affect or limit the AIRLINE's obligations hereunder, nor shall any approvals or consents given by the COUNTY as a Party to this LEASE be deemed approval as to compliance or conformance with applicable governmental codes, laws, ordinances, rules, or regulations.

SECTION 15.06 RESERVED

SECTION 15.07 TAXES AND ASSESSMENTS

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This LEASE may create a possessory interest that is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) that become due and payable upon the Leased Premises or upon fixtures, equipment, or other property installed or constructed thereon shall be the full responsibility of the AIRLINE, and the AIRLINE shall cause said taxes and assessments to be paid promptly.

SECTION 15.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If either Party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental laws or regulations, or other cause without fault and beyond the control of the Party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse the AIRLINE from the prompt payment of any rental or other charge required of the AIRLINE except as may be expressly provided elsewhere in this LEASE.

SECTION 15.09 PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this LEASE is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 15.10 WAIVER OF RIGHTS

The failure of the COUNTY or the AIRLINE to insist upon strict performance of any of the terms, covenants, or conditions of this LEASE shall not be deemed a waiver of any right or remedy that the COUNTY or the AIRLINE may have and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of the LEASE thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this LEASE. Any waiver, in order to be effective, must be signed by the Party whose right or remedy is being waived.

SECTION 15.11 RESERVATIONS TO THE COUNTY

The Leased Premises are accepted "AS IS," and the AIRLINE is subject to any and all existing easements and encumbrances. The COUNTY reserves the right to install, lay, construct, maintain, repair, and operate sanitary sewers, drains, Stormwater sewers, pipelines, manholes and connections; water, oil and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, under and along the Leased Premises or any part thereof; and to enter the Leased Premises for any and all such purposes. The COUNTY also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, under, and along any and all portions of

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the Leased Premises. No right reserved by the COUNTY in this Section shall be so exercised as to interfere unreasonably with the AIRLINE's operations hereunder or to impair the security of any secured creditor of the AIRLINE.

The COUNTY agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The COUNTY further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Leased Premises by the AIRLINE.\, the AIRLINE shall only be entitled to a reduction in the rent payable to the COUNTY during the period of interference, which shall be reduced in proportion to the interference with the AIRLINE's use of the Leased Premises. The AIRLINE shall not be entitled to any other form of compensation.

SECTION 15.12 AUTHORITY OF THE AIRLINE

If the AIRLINE is a corporation, each individual executing this LEASE on behalf of said corporation represents and warrants that they are duly authorized to execute and deliver this LEASE on behalf of said corporation, in accordance with the by-laws of said corporation, and that this LEASE is binding upon said corporation.

SECTION 15.13 PUBLIC RECORDS

The AIRLINE understands that written information submitted to and/or obtained by the COUNTY from the AIRLINE related to this LEASE and/or the Leased Premises, either pursuant to this LEASE or otherwise, may be open to inspection by the public pursuant to the California Public Records Act (Cal. Gov. Code §§7920.000 *et seq.*) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public.

SECTION 15.14 RELATIONSHIP OF PARTIES

The relationship of the Parties hereto is that of lessor and lessee, and it is expressly understood and agreed that the COUNTY does not in any way or for any purpose become a partner of the AIRLINE in the conduct of the AIRLINE's business or otherwise or a joint venturer with the AIRLINE; and the provisions of this LEASE and the agreements relating to rent payable hereunder are included solely for the purpose of providing a method by which rental payments are to be measured and ascertained. This LEASE is intended for the sole benefit of the Parties hereto and their successors, and unless otherwise provided herein or by law, no rights are created, or are intended to be created, for the benefit of, or enforceable by, any third parties.

SECTION 15.15 GOVERNING LAW AND VENUE

This LEASE has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this LEASE, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

SECTION 15.16 ATTORNEY'S FEES

In any action or proceeding to enforce or interpret any provision of this LEASE, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorney's fees, costs, and expenses.

SECTION 15.17 EMERGENCY SERVICES

The Airport Director has the right to request that the AIRLINE'S employees aid in and use AIRLINE's inventory of goods in an emergency to assist in maintaining the welfare of persons at or near the Airport. The AIRLINE shall be reimbursed by the COUNTY for the cost of goods as soon as practicable at a rate not to exceed costs as existed immediately prior to the emergency.

SECTION 15.18 NOTICES

All notices pursuant to this LEASE shall be addressed to either Party as set forth below and shall be sent through the United States mail, duly registered or certified, return receipt requested with postage prepaid, or by an overnight carrier service. If any notice is sent by an overnight carrier service, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof. Notwithstanding the above, the COUNTY may also provide notices to the AIRLINE by personal delivery or by regular mail postage prepaid, and any such notice so given shall be deemed to have been given upon the date of personal delivery or three (3) days after the date of deposit in the United States Mail, respectively.

To: COUNTY
John Wayne Airport
3160 Airway Avenue
Costa Mesa, CA 92626
Attention: Airport Director

To: AIRLINE
WestJet, an Alberta Partnership
19300 International Boulevard
Seattle, WA 98188

Either Party hereto may, from time to time, by written notice to the other in the method described above, designate a different address, which shall be substituted for the one above specified.

JOHN WAYNE AIRPORT
ORANGE COUNTY

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

AIRLINE: WestJet, ~~an Alberta Partnership~~

By: _____
Diederik Pen, President and COO

By: _____
Daniele Gorla, VP Supply Chain and Procurement

APPROVED AS TO FORM:
County Counsel

By: _____

APPROVED AS TO AUDIT AND ACCOUNTING:
Auditor-Controller

By: _____

RECOMMENDED FOR APPROVAL:
John Wayne Airport

By: _____
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this
document has been delivered to the Chair
of the Board per G.C. Sec. 25103, Reso 79-1535

Attest:

COUNTY:
COUNTY OF ORANGE

_____
Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

By: _____
Chairman, Board of Supervisors

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first above written.

AIRLINE: WestJet, an Alberta Partnership

By: _____

By: _____

APPROVED AS TO FORM:
County Counsel

By: DocuSigned by: Mark Sanchez 5EE66EC8DA7B48F...

APPROVED AS TO AUDIT AND ACCOUNTING:
Auditor-Controller

By: Signed by: Vivian Luz C. Grzeszczak 98187C051B2C443...

RECOMMENDED FOR APPROVAL:
John Wayne Airport

By: Signed by: Charlene Reynolds A1A526A921AF49F...
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this document has been delivered to the Chair of the Board per G.C. Sec. 25103, Reso 79-1535

Attest:

COUNTY:
COUNTY OF ORANGE

_____
Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

By: _____
Chairman, Board of Supervisors

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT A
LEASED PREMISES DESCRIPTION

Project Management Number: PM 1121-0300-0086

Airline: WestJet, an Alberta Partnership

The Leased Premises referred to in this Lease shall mean all the premises shown on a floor plan marked "Exhibit B," attached hereto and made a part hereof, being those certain Exclusive Use Areas designated as follows:

> Airline Ticket Office, and Airline Ticket Counter, containing 287 square feet and 244 square feet, respectively, located on the Terminal A concourse of the Departure Level.

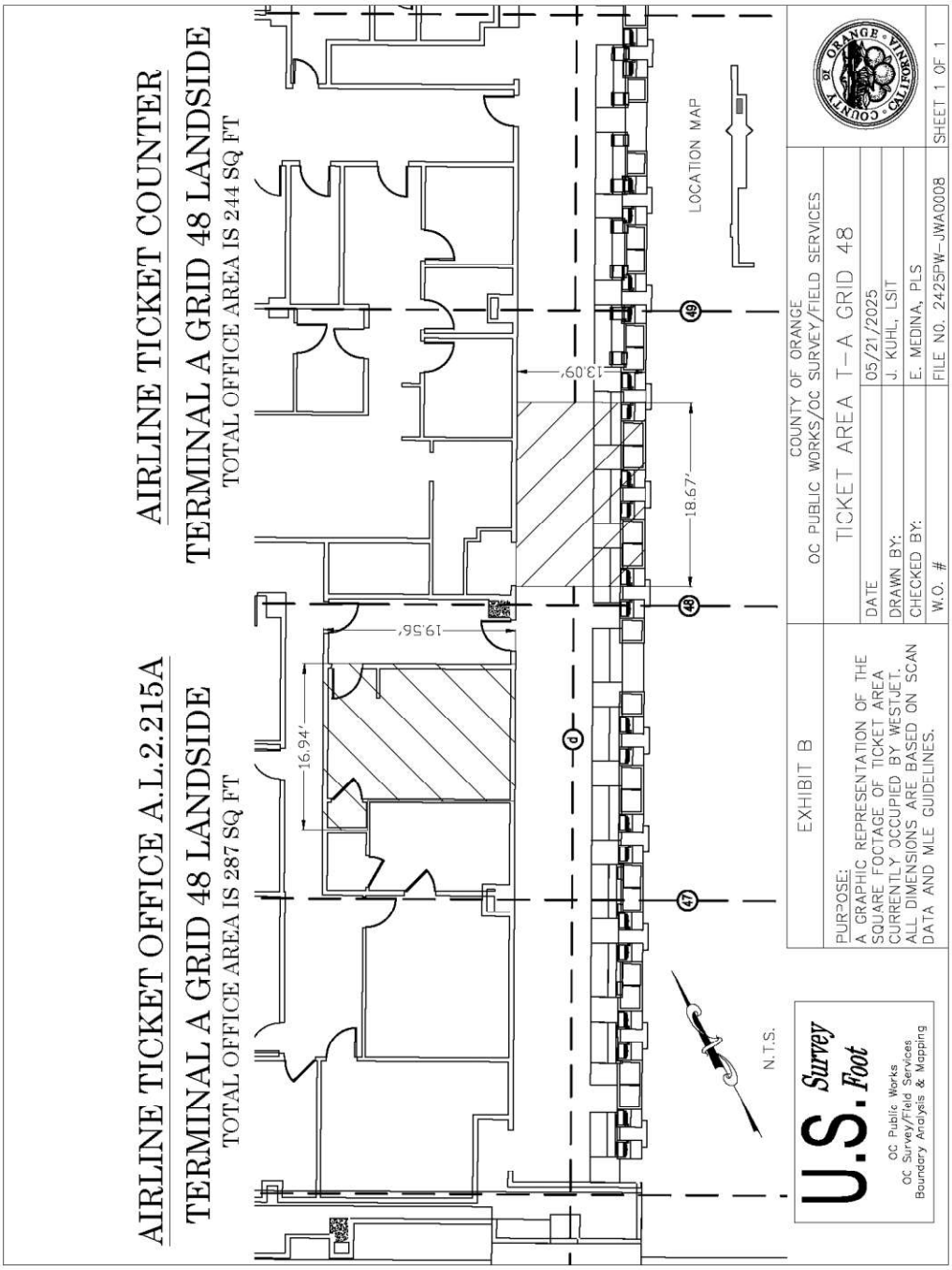
Said Exclusive Use Areas shall also include the premises shown on a map marked "Exhibit C," attached hereto and made a part hereof, being Apron Area. Said "Exhibit C" may be revised at any time by Airport Director.

The Leased Premises shall also include the premises shown on a map marked "Exhibit D," being those certain Common Use Areas designated as Baggage Claim/Baggage Make-up Areas, Holdrooms, Airside Concourses, Security Areas, and Loading Bridges,

Said Exclusive Use and Common Use Areas are situated at the Thomas F. Riley Terminal Building, John Wayne Airport, 18601 Airport Way, in the City of Santa Ana, County of Orange, State of California, and located on Lots 132 and 135 of Block 7 of the Irvine Subdivision, per map recorded in Book 1, Page 88 of Miscellaneous Maps in the Office of the County Recorder of Orange County, together with the right of ingress and egress thereto.

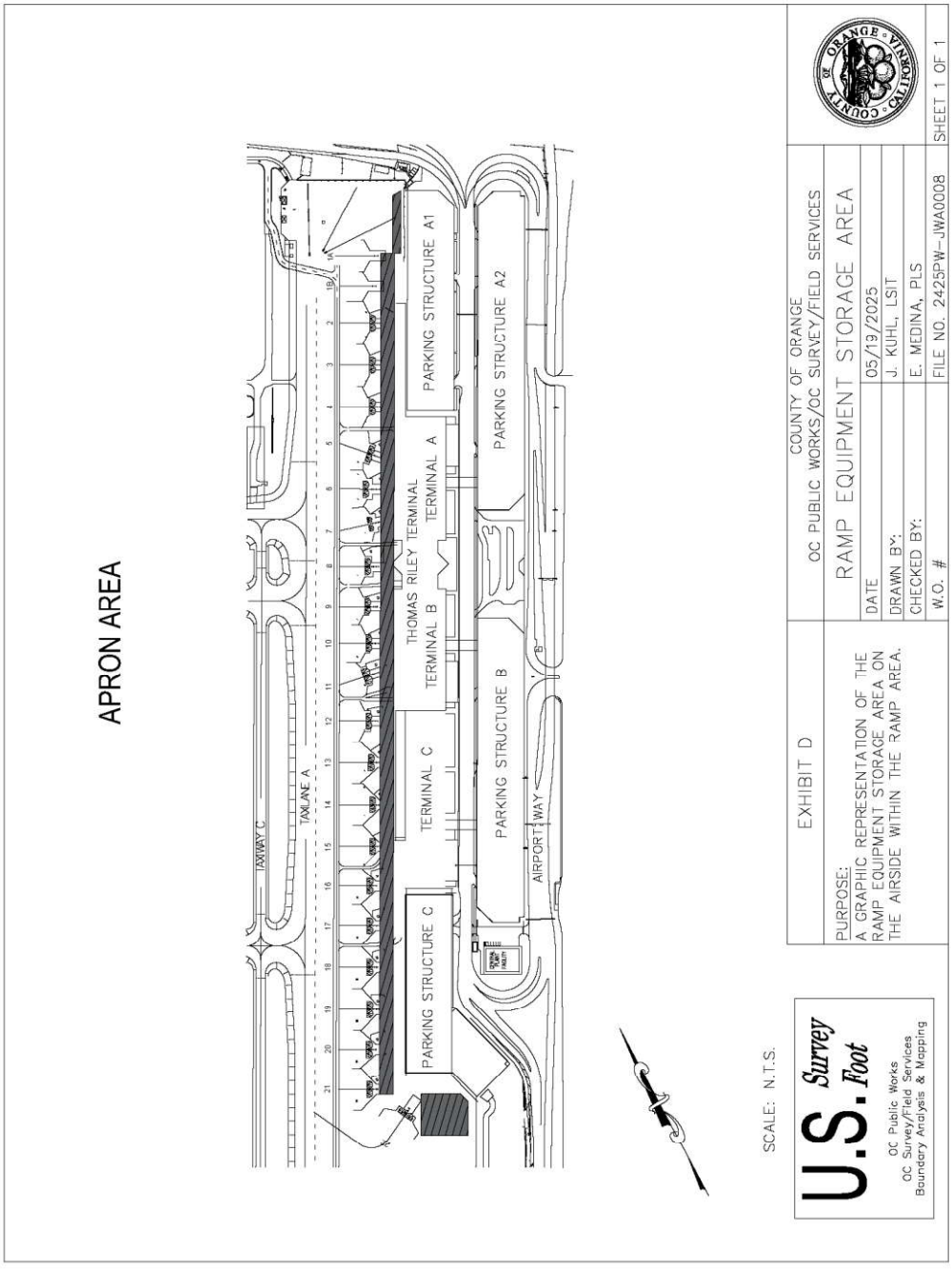
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT B
FLOOR PLAN OF LEASED PREMISES – EXCLUSIVE TERMINAL USE AREA



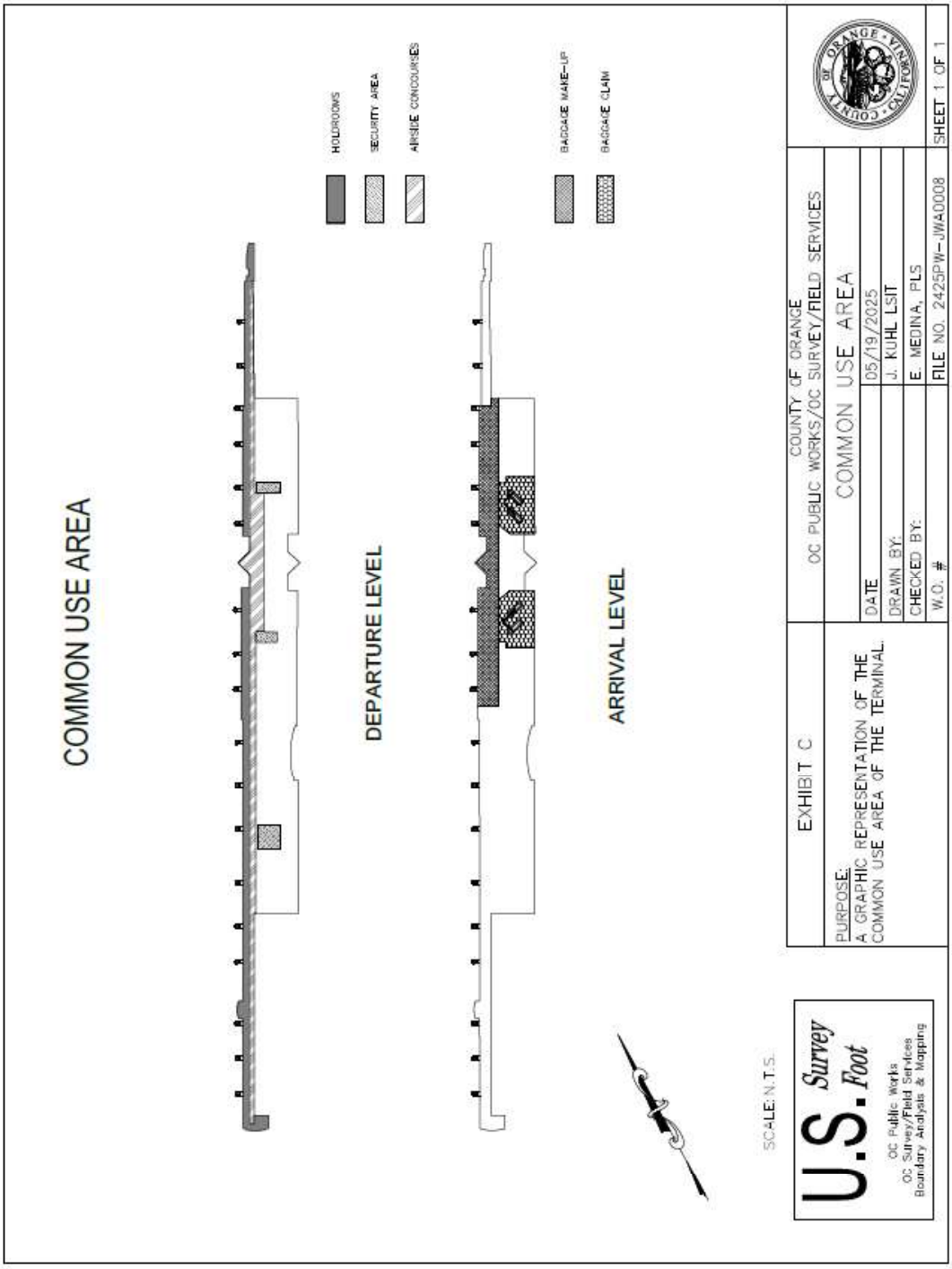
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT C
APRON AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT D
COMMON USE AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LEASE

EXHIBIT E
JOHN WAYNE AIRPORT
SUMMARY OF OPERATION AND MAINTENANCE RESPONSIBILITIES

	Exclusive Use Areas	Common Use Areas	SIDA - Non Public Areas	Public Areas Sidewalks and Roadways	Airfield
Building Exteriors	C	C	C	C	C
Doors	A (1)	C (1)	C	C	-
Loading Bridges	C	C	C	-	C
Landscaping	-	C	C	C	C
Roadways	-	C	C	C	C
Law Enforcement, Fire Protection, Emergency Medical Services	C	C	C	C	C
Plumbing	C (1,2)	C	C	C	C
Electrical and Lighting	C (1,2)	C	C	C	C
HVAC	C (1)	C	C	C	C
Glass Breakage	C (1)	C	C	C	C
Communications Systems CU P PS	C (1)	C(1)	C	C	C
Custodial Service/Window Cleaning	A	C	C	C	C
Baggage Handling Systems	C	C	C	C	-
Bag-Claim Carousel Equipment	-	C	C	C	-
Baggage Scales (ticket counters)	C	C	-	-	-
People Movers (elevators, escalators)	C	C	C	C	-
Signage	A	C	C	C	C
Ramp	A	C (3)	C (3)	-	-

Key: A = Airline
C = County

1. Airline is responsible for maintenance, repair and replacement of Airline-installed devices and equipment.
2. Airline is responsible for routine maintenance, including relamping and ballast replacement.
3. Airline is responsible for cleaning ramp areas of trash and spills (from building to VSR).

If Airline fails to perform its maintenance and repair obligations as stated in the Lease, the County may perform the work after providing the Airline written notice and recover its entire cost plus a 15% charge from Airline as additional costs. Said cos ts shall be due and payable by the Airline to the County as stated in Article V, Section 5.07 of the Lease.

In the event the Airline makes any repairs or modifications to an area or equipment, at the request of the County, as per Section 4.01 subsection C of this Lease, and those areas or equipment are currently maintained by the County, the County will continue the maintenance responsibilities for those areas or equipment.
y the County, the County will continue the maintenance responsibilities for those areas or equipment.

JOHN WAYNE AIRPORT
ORANGE COUNTY

AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE OPERATING LICENSE

Dated _____

Between

County of Orange

and

Horizon Air Industries, Inc.

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

TABLE OF CONTENTS

Page

RECITALS 1
ARTICLE I - DEFINITIONS 2
SECTION 1.02 AAAC CHAIR 2
SECTION 1.03 ACCESS PLAN 2
SECTION 1.04 ADD 2
SECTION 1.05 AIRLINE RATES AND CHARGES 3
SECTION 1.06 AIRPORT 3
SECTION 1.07 AIRPORT DIRECTOR 3
SECTION 1.08 APRON AREA 3
SECTION 1.09 AUDITOR-CONTROLLER 3
SECTION 1.10 BOARD OF SUPERVISORS 3
SECTION 1.11 CBP 3
SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT 3
SECTION 1.13 COMMON USE AREA 3
SECTION 1.14 COUNTY 4
SECTION 1.15 CUPPS 4
SECTION 1.16 CUSS 4
SECTION 1.17 DOT 4
SECTION 1.18 EMV 4
SECTION 1.19 ENVIRONMENTAL LAWS 4
SECTION 1.20 FAA 5
SECTION 1.21 GSE 5
SECTION 1.22 HAZARDOUS SUBSTANCES 5
SECTION 1.23 IAF 5
SECTION 1.24 NON- STORMWATER DISCHARGE 6
SECTION 1.25 OPERATING AREA 6
SECTION 1.26 PFC 6
SECTION 1.27 POLLUTANT 6
SECTION 1.28 RON 7
SECTION 1.29 STORMWATER 7
SECTION 1.30 TERMINAL 7
SECTION 1.31 TSA 7
ARTICLE II – TERM OF LICENSE 7
SECTION 2.01 TERM OF LICENSE 7
SECTION 2.02 TERMINATION FOR CONVENIENCE 7
SECTION 2.03 HOLDING OVER 8
ARTICLE III – FEES AND CHARGES 8
SECTION 3.01 FEES AND CHARGES 8
SECTION 3.02 PAYMENT PROCEDURE 11

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

SECTION 3.03 CHARGE FOR LATE PAYMENT 12
SECTION 3.04 PASSENGER FACILITY CHARGE 13
SECTION 3.05 PROVISION AGAINST SET-OFFS 14
SECTION 3.06 SECURITY DEPOSIT 14
SECTION 3.07 NEW ENTRANT DEPOSIT 15
ARTICLE IV - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES 16
SECTION 4.01 USE 16
SECTION 4.02 USE OF PUBLIC AIRPORT FACILITIES 17
SECTION 4.03 RULES AND REGULATIONS 17
SECTION 4.04 ACCESS PLAN LIMITATIONS ON USE 18
SECTION 4.05 OPERATIONAL REQUIREMENTS 19
SECTION 4.06 RECORDS AND ACCOUNTS 20
SECTION 4.07 MAINTENANCE AND OPERATION 22
SECTION 4.08 APRONS, GATE POSITIONS AND LOADING BRIDGES 23
SECTION 4.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES 24
SECTION 4.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON 24
SECTION 4.11 AIRCRAFT PARKING 25
SECTION 4.12 PORTER SERVICES 25
ARTICLE V - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION 26
SECTION 5.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE 26
SECTION 5.02 SPILL RESPONSE PLAN 27
SECTION 5.03 STORMWATER CONTROL AND CONTAMINATION 28
SECTION 5.04 ENVIRONMENTAL STEWARDSHIP 29
SECTION 5.05 RESERVED 30
SECTION 5.06 ENVIRONMENTAL INDEMNIFICATION 30
SECTION 5.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS 32
SECTION 5.08 ANTI-IDLING POLICY 32
ARTICLE VI - CONSTRUCTION AND IMPROVEMENTS 32
SECTION 6.01 CONSTRUCTION AND/OR ALTERATION BY COUNTY 32
SECTION 6.02 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS 32
SECTION 6.03 HEALTH AND SAFETY 33
ARTICLE VII - ASSIGNMENT 33
SECTION 7.01 ASSIGNING AND TRANSFERRING 33
SECTION 7.02 SUCCESSORS IN INTEREST 37
ARTICLE VIII - TERMINATION AND DEFAULT 37
SECTION 8.01 TERMINATION OF PRIOR AGREEMENTS 37
SECTION 8.02 TERMINATION FOR DEFAULT 37
SECTION 8.03 DISPOSITION OF ABANDONED PERSONAL PROPERTY 38
ARTICLE IX - SECURITY 38

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

SECTION 9.01 AIRPORT SECURITY 38
ARTICLE X - INSURANCE AND INDEMNITY 41
SECTION 10.01 INSURANCE 41
SECTION 10.02 INDEMNITY 45
ARTICLE XI FEDERAL GRANT ASSURANCES AND REQUIREMENTS 45
SECTION 11.01 CIVIL RIGHTS AND NONDISCRIMINATION 45
SECTION 11.02 DEVELOPMENT/MAINTENANCE OF Airport 49
SECTION 11.03 LICENSE SUBORDINATE TO AGREEMENT WITH U.S.A. 49
SECTION 11.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS 50
SECTION 11.05 FEDERAL LAW PREEMPTION 50
SECTION 11.06 NONEXCLUSIVE RIGHT 50
SECTION 11.07 WAR OR NATIONAL EMERGENCY 50
SECTION 11.08 RESERVED 50
SECTION 11.09 AMERICANS WITH DISABILITIES ACT 50
SECTION 11.10 BOARDING ASSISTANCE FOR AIRCRAFT 51
ARTICLE XII MISCELLANEOUS PROVISIONS 51
SECTION 12.01 TIME 51
SECTION 12.02 LICENSE ORGANIZATION 51
SECTION 12.03 AMENDMENTS 51
SECTION 12.04 SIGNS 52
SECTION 12.05 PERMITS AND LICENSES 52
SECTION 12.06 RESERVED 52
SECTION 12.07 TAXES AND ASSESSMENTS 52
SECTION 12.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE 52
SECTION 12.09 PARTIAL INVALIDITY 53
SECTION 12.10 WAIVER OF RIGHTS 53
SECTION 12.11 RESERVATIONS TO THE COUNTY 53
SECTION 12.12 AUTHORITY OF LICENSEE 54
SECTION 12.13 PUBLIC RECORDS 54
SECTION 12.14 RELATIONSHIP OF PARTIES 54
SECTION 12.15 GOVERNING LAW AND VENUE 54
SECTION 12.16 ATTORNEYS' FEES 54
SECTION 12.17 EMERGENCY SERVICES 55
SECTION 12.18 NOTICES 55

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

LIST OF EXHIBITS

EXHIBIT A MAP – APRON AREA

EXHIBIT B MAP – COMMON USE AREA

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

THIS AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE OPERATING LICENSE is made and entered into this ___ day of _____, 2025, by and between the COUNTY OF ORANGE, a political subdivision of the State of California ("COUNTY"), and Horizon Air Industries, Inc. ("LICENSEE") "), with COUNTY and LICENSEE sometimes individually referred to as "Party" or collectively referred to as "Parties."

RECITALS

WHEREAS, the COUNTY, through its Board of Supervisors, is the owner and proprietor of John Wayne Airport ("JWA" or "Airport"), located in the County of Orange, State of California, and operates and maintains the Airport as a governmental function for the primary purpose of providing air transportation to the public; and

WHEREAS, COUNTY and LICENSEE entered into a Certificated Passenger Airline Operating License dated November 3, 2020 ("Existing License"); and

WHEREAS, LICENSEE is engaged in the business of commercial air transportation of persons, property, cargo and mail as a scheduled air carrier and is certificated or otherwise authorized by the United States of America to engage in such business; and

WHEREAS, LICENSEE desires to enter into an agreement addressing certain premises, facilities, rights, licenses, services and privileges at the Airport; and

WHEREAS, as part of its ongoing effort to operate the Airport in a manner sensitive to the residents who live under the Airport's approach and departure corridors, the COUNTY has developed one of the most stringent access and noise abatement programs in the country. The Airport monitors all aircraft operations, both commercial and private, for compliance with the program. These noise abatement and access restrictions derive from the 1985 Settlement Agreement between the COUNTY, City of Newport Beach and other parties, and are implemented through ordinances, resolutions (including Resolutions No. 85-255, 85-256, 85-259, 85-1231, 85-1232, and 85-1233), regulations (including the Phase 2 Commercial Airline Access Plan and Regulation) and policies of the COUNTY, as they may be amended from time to time; and

WHEREAS, the 1985 Settlement Agreement has been periodically amended by its parties to, among other things, increase the authorized passenger levels at the Airport; and

WHEREAS, the amendments to the 1985 Settlement Agreement preserve and continue to implement important restrictions on the use of JWA, "grandfathered" under the AIRPORT NOISE AND CAPACITY ACT OF 1990 ("ANCA"), which reflect and accommodate historical policy decisions of the Board of Supervisors regarding the appropriate point of balance between the competing interests of the air transportation and aviation community and local residents living in the vicinity of the Airport. These policy decisions address, among other issues, nighttime operational restrictions and maximum permitted single-event noise levels; and

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

WHEREAS, COUNTY and LICENSEE mutually desire to enter into this LICENSE, which amends and restates the Existing License, in order to provide air transportation services to the community and its visitors; and

WHEREAS, COUNTY has the right to permit and grant the use of its property at the Airport to the LICENSEE for the operation of the LICENSEE's air transportation services; and

WHEREAS, LICENSEE acknowledges that this LICENSE is being entered into under the provisions of CAL. PUBLIC UTIL. CODE §§21690.5, *et seq.*, and in particular, §21690.9.

NOW, THEREFORE, in consideration of the promises and mutual covenants, hereinafter contained to be observed and performed by the respective Parties hereto.

THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I - DEFINITIONS

The following words, terms and phrases whenever used in this LICENSE shall have the meaning and significance attached to them in this Article, unless otherwise apparent from context.

SECTION 1.01 AAAC

"AAAC" shall mean the JWA – Airport Airline Affairs Committee. The AAAC is composed of the airline properties' representatives for the carriers serving John Wayne Airport.

SECTION 1.02 AAAC CHAIR

"AAAC Chair" shall mean the Chairperson elected by the AAAC to act the spokesperson for carriers serving John Wayne Airport.

SECTION 1.03 ACCESS PLAN

"Access Plan" shall mean the Phase 2 Commercial Airline Access Plan and Regulation for John Wayne Airport, Orange County, as that plan existed when originally adopted and approved by the Orange County Board of Supervisors in 1990, as it has been amended by the Board of Supervisors from time to time, and as it may be amended by the Board of Supervisors at any time during the term of this LICENSE.

SECTION 1.04 ADD

"ADD" shall mean Average Daily Departure, as defined in the Access Plan. Except as expressly provided in the Access Plan, all commercial air carrier departures at JWA are regulated departures and require an ADD allocation. ADD allocations are the exclusive property of the COUNTY.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

SECTION 1.05 AIRLINE RATES AND CHARGES

"Airline Rates and Charges" shall mean all rates, fees and charges payable to the COUNTY by the LICENSEE as specified herein.

SECTION 1.06 AIRPORT

"Airport" shall mean the John Wayne Airport, Orange County, California.

SECTION 1.07 AIRPORT DIRECTOR

"Airport Director" shall mean the Director of JWA, or his or her duly authorized designee.

SECTION 1.08 APRON AREA

"Apron Area" shall mean the land identified as Apron Area in Exhibit A attached hereto, and, except as otherwise provided herein, all facilities, equipment and improvements now or hereafter located thereon.

SECTION 1.09 AUDITOR-CONTROLLER

"Auditor-Controller" shall mean the Auditor-Controller, County of Orange, or designee.

SECTION 1.10 BOARD OF SUPERVISORS

"Board of Supervisors" shall mean the COUNTY'S governing body.

SECTION 1.11 CBP

"CBP" shall mean Customs and Border Protection, U.S. Department of Homeland Security.

SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT

"Certificated Maximum Landing Weight" shall mean the current maximum allowable gross landing weight of aircraft operated by the LICENSEE and certificated by the Federal Aviation Administration (FAA) for operation at the Airport.

SECTION 1.13 COMMON USE AREA

"Common Use Area" shall mean the nonexclusive use of space, in common with other airlines, located in the Terminal, as shown on Exhibit B.

SECTION 1.14 COUNTY

"COUNTY" shall mean the County of Orange, a political subdivision of the State of California.

SECTION 1.15 CUPPS

"CUPPS" shall mean the Airport's Common Use Passenger Processing System

SECTION 1.16 CUSS

"CUSS" shall mean Common Use Self Service.

SECTION 1.17 DOT

"DOT" shall mean the U.S. Department of Transportation.

SECTION 1.18 EMV

"EMV" shall mean Europay, Mastercard, or Visa.

SECTION 1.19 ENVIRONMENTAL LAWS

"Environmental Laws" shall mean any federal, State, or local laws, statutes, ordinances, codes, judgments, orders, rules, or regulations pertaining to the environment and/or human health, Hazardous Substances, Pollutants, occupational safety and health, industrial hygiene, or the environmental conditions on, at, under or about the Airport, and includes, without limitation, the following: (i) the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; (ii) Clean Water Act, 33 U.S.C. § 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 C.F.R. Parts 173 and 175; (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 U.S.C. § 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 ("Proposition 65"); (ix) California Health and Safety Code §§25100, 25395.7, 25915 *et seq*.; (x) the Porter-Cologne Water Quality Control Act (California Water Code); (xi) California Civil Code § 3479 *et seq*.; (xii) Stormwater Discharge Rules, 40 C.F.R. §§ 122.26, 122.30-37; (xiii) the Carpenter-Presley-Tanner Hazardous Substances Account Act; (xiv) the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; (xv) the Safe Drinking Water Act, 24 U.S.C. § 300f, *et seq.*; xvi) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Industrial Activities, Order No. 2014-0057-DWQ (or most current); xvii) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, Order No. 2009-0009-DWQ amended by 2010-0014-DWQ & 2012-

0006-DWQ; xviii) The County of Orange, Orange County Flood Control District and The Incorporated Cities of Orange County within the Santa Ana Region Areawide Urban Stormwater Runoff Orange County Municipal Separate Storm Sewer System (MS4) Permit Order No. R8-2009-0030 (National Pollutant Discharge Elimination System No. CAS618030) as amended by Order No. R8-2010-0062; xix) South Coast Air Quality Management District Regulations and Rules; and (xx) all other federal, State, and local laws, rules, orders, directives, and codes, regulations, judgments, and orders relating to (a) emissions, discharges, releases, and/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 (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Substances, as such laws are amended, and the regulations and administrative codes applicable thereto.

SECTION 1.20 FAA

"FAA" shall mean the Federal Aviation Administration created under the Federal Aviation Act of 1958, or such successor agency as may have similar jurisdiction over LICENSEE or its business, and the Airport.

SECTION 1.21 GSE

"GSE" shall mean any auxiliary power unit, mobile stairs, aircraft support equipment, machinery, spare parts, or other equipment used or stored by any qualified air carrier in support of its operations at JWA.

SECTION 1.22 HAZARDOUS SUBSTANCES

"Hazardous Substances" shall mean any pollutant, contaminant, chemical, compound, substance, hazardous or toxic substance, material, waste, and/or any other matter, which is or shall become regulated by any governmental entity, including, but not limited to COUNTY acting in its governmental capacity, the State of California, and/or the United States Government. 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, nuisance, and/or is controlled or governed under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos-containing materials; (iv) flammable or explosive substances; (v) mold-containing materials; poly-chlorinated biphenyl compounds; and/or (vi) substances designated by any governmental entity to cause cancer and/or reproductive toxicity.

SECTION 1.23 IAF

"IAF" shall mean the areas of the terminal that house U.S. Customs and Border Protection and are for the use of arriving international passengers.

SECTION 1.24 NON- STORMWATER DISCHARGE

"Non-Stormwater Discharge" shall mean any discharge to storm sewer systems that is not entirely composed of Stormwater. "Non-Stormwater Discharge," includes "Unauthorized Non-Stormwater Discharges" and "Authorized Non-Stormwater Discharges" as defined by the California Environmental Protection Agency State Water Resources Control Board's National Pollutant Discharge Elimination System General Permit for Discharges of Stormwater Associated with Industrial Activities and Construction Activities.

SECTION 1.25 OPERATING AREA

“Operating Area” shall mean the Apron Area and Common Use Area as depicted in Exhibits A and B.

SECTION 1.26 PFC

“PFC” shall mean federally approved Passenger Facility Charges or passenger facility fees, as authorized by 49 U.S.C. § 40117 and regulated by 14 C.F.R. Part 158, as such statute and regulation currently exist or as they may be amended during the term of this LICENSE.

SECTION 1.27 POLLUTANT

“Pollutant” means any chemical, compound, substance, liquid, solid or semi-solid substances, or combination thereof, including but not limited to:

a. Artificial materials (such as floatable plastics, wood products or metal shavings);

b. Household waste (such as trash, paper, and plastics; cleaning chemicals, yard wastes, animal fecal materials, used oil and fluids from vehicles, lawnmowers and other common household equipment);

c. Metals and nonmetals, including compounds of metals and nonmetals (such as cadmium, lead, zinc, copper, silver, nickel, chromium, cyanide, phosphorus and arsenic) with characteristics which cause an adverse effect on living organisms;

d. Petroleum and related hydrocarbons (such as fuels, lubricants, surfactants, waste oils, solvents, coolants and grease);

e. Substances having a pH less than 6.5 or greater than 8.6, or unusual coloration, turbidity or odor;

f. Materials causing an increase in biochemical oxygen demand, chemical oxygen demand or total organic carbon;

g. Materials which contain base/neutral or acid extractable organic compounds;

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

h. Those pollutants defined in Section 1362(6) of the Federal Clean Water Act;

i. Any other constituent or material, including but not limited to pesticides, herbicides, fertilizers, fecal coliform, fecal streptococcus, or enterococcus, or eroded soils, sediment and particulate materials, in quantities that will interfere with or adversely affect the beneficial use of the receiving waters, flora or fauna of the State; and

j. Any substance listed under Health and Safety Code, §25316.

SECTION 1.28 RON

"RON" shall mean the remain overnight positions where the LICENSEE's aircraft are required to park when they "remain overnight" at JWA.

SECTION 1.29 STORMWATER

"Stormwater" shall mean stormwater runoff, snowmelt runoff, and stormwater surface runoff and drainage.

SECTION 1.30 TERMINAL

"Terminal" shall mean the Thomas F. Riley commercial passenger terminal and concourses at John Wayne Airport, as may be modified at any time during the term of this LICENSE.

SECTION 1.31 TSA

"TSA" shall mean the Transportation Security Administration of the U.S. Department of Homeland Security, the federal agency responsible for regulation of airport security, or any such successor agency.

ARTICLE II – TERM OF LICENSE

SECTION 2.01 TERM OF LICENSE

The term of this LICENSE shall shall continue on a month-to-month basis until terminated by either Party.

SECTION 2.02 TERMINATION FOR CONVENIENCE

This LICENSE may be terminated for convenience by either Party for any reason, and without cause, upon thirty (30) days written notice.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

SECTION 2.03 HOLDING OVER

In the event LICENSEE continues use of the Operating Area after the termination of this LICENSE, such use shall not be considered an extension or renewal of this LICENSE. LICENSEE's continued use of the Operating Area after termination of this LICENSE shall be on a month-to-month basis and shall be governed by terms, conditions, and covenants of this LICENSE.

ARTICLE III – FEES AND CHARGES

SECTION 3.01 FEES AND CHARGES

The fees and charges contained in this LICENSE are established in accordance with (i) Resolution 02-062 dated March 12, 2002 (or as subsequently amended), which reasserts and establishes the John Wayne Airport Revenue Planning Policy, and (ii) the Bond Indenture for the Airport Revenue Bonds, Series 1987, and the First Supplemental, Second Supplemental, Third Supplemental, Fourth Supplemental, Fifth Supplemental, and Sixth Supplemental Indenture Series 1993, 1997, 2003, 2009 and 2019, as well as any future bond indentures or supplemental indentures that may be issued or adopted from time to time. The Airport Director and the AAAC Chair shall present any modifications to the rents, fees, and charges to the AAAC prior to implementation.

A. The LICENSEE shall make payment of the following fees and charges which shall be due and payable monthly in advance on the first day of each month with a 15-day grace period; and the LICENSEE agrees that the COUNTY will not invoice for such fees and charges, and may require LICENSEE to submit future monthly reports electronically via JWA's portal and prescribed format. COUNTY will make reasonable efforts to develop an electronic format that allows LICENSEE to report the information requested efficiently:

(1) Common Use Areas

(a) Arrival Level. The COUNTY shall establish fees for shared use of baggage claim and baggage make-up areas. Said fees shall be established on the basis of allocating the Airport's total costs and expenses associated with the baggage claim and baggage make-up areas to the commercial airlines in the terminal accordingly: twenty percent (20%) of the costs to be shared evenly among the commercial airlines and eighty percent (80%) of the costs to be shared based on each commercial airline's percentage of total deplaned passengers at the Airport including their commuter affiliates.

(b) Departure Level. The COUNTY shall establish fees for shared use of departure level common areas including hold-rooms, airside concourses, baggage/passenger screening areas and security areas. Said fees shall be established by allocating the Airport's total costs and expenses associated with departure level common areas accordingly: ten percent (10%) of the

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costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

COUNTY may modify the rents, fees and charges described in Paragraphs A and B of section 3.01. Said modification of rates and charges may not occur more often than every six (6) months. Modifications may include fee revisions, the establishment of new fee classifications, or such other changes as needed to respond to the LICENSEE's use of the Airport. At the end of each modification period, the COUNTY shall establish monthly fees and issue credits for any overpayments by the LICENSEE or invoice the LICENSEE for any underpayments for the previous period.

In the event an obligation to pay fees begins or terminates on a day other than the first or last day of the month, the fees shall be prorated to reflect the actual period of use based on a thirty (30) day month. The fees for any partial calendar month during which this LICENSE becomes effective will be payable on such effective date.

(c) IAF. Fees shall be established by the COUNTY for shared use of the IAF. Said fees shall be established based on the Airport's total costs and expenses associated with the IAF area. The IAF shall be allocated to commercial carrier operating international flights according to the carrier's ratio of international deplaned passengers and the schedule established by the COUNTY.

(d) CBP. Costs shall be passed-through to commercial carriers operating international flights based on international deplaned passengers at JWA and the schedule established by the COUNTY.

(e) CUPPS. Fees shall be established by the COUNTY for the implementation, maintenance, support, services and supplies, and periodic upgrades of the Common Use Passenger Processing System (CUPPS). Said fees shall be established and allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

In the event of future CUPPS upgrade implementation due to technological requirement or regulatory compliance, the cost of CUPPS upgrade shall be amortized over three years, allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each airlines percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

(1) The JWA CUPPS has EMV credit card capability. JWA will not activate this capability until the JWA AAAC agrees to its activation, in whole or in part, using a processing system acceptable to the affected airlines and JWA.

(2) In the event LICENSEE does not use JWA' s installed EMV chip credit card processing system, the COUNTY will not be liable for fraudulent credit card transactions by LICENSEE customers and LICENSEE shall indemnify the COUNTY pursuant to Section 10.02 of this LICENSE for such transactions.

(2) **Additional Fees**

The COUNTY shall establish additional fees including, but not limited to, utility expenses, janitorial expenses, and annual security expenses resulting from any security measures implemented after September 11, 2001. Such fees shall be established annually by allocating Airport's total cost accordingly: ten percent (10%) of the cost to be shared evenly among the commercial airlines in the terminal, forty five percent (45%) of the cost to be shared based on each commercial airlines percentage of total enplaned passengers at Airport including their commuter affiliates, and forty five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

B. The LICENSEE shall pay the following fees and charges payable monthly in arrears on or before the twentieth (20th) day of each month with no grace period. The LICENSEE agrees that the COUNTY will not invoice for the following fees and charges, and may require LICENSEE to submit future monthly report electronically via JWA' s portal and prescribed format. COUNTY will make reasonable efforts to develop and electronic format that allows LICENSEE to efficiently report information requested.

(1) Landing fees based on the latest schedule established by the COUNTY covering the operation of scheduled airlines and commercial operations at the Airport. Landing fees shall be expressed in terms of a rate per one thousand (1,000) pounds of maximum gross landing weight of aircraft certified by the FAA.

(2) Aircraft RON parking fees based on the latest schedule established by the COUNTY. Aircraft parking fees shall be expressed in dollars per night.

(3) Operations fees (gate use fees) based on the schedule established by the COUNTY. Operations fees shall be expressed in dollars per daily departure.

C. Upon thirty (30) days written notice from the Airport Director, the COUNTY may modify the fees and charges described in Paragraphs A and B of section 3.01. Said modification of rates and charges may not occur more often than every six (6) months. Changes may include fee revisions, establishment of new fee classifications or such other changes as needed to respond to the LICENSEE's use of Airport, the need for the COUNTY to receive fair and equitable fees and charges for all uses of Airport and to ensure Airport is operated at no cost to the local taxpayer. With regard to any dispute as to what may constitute reasonable fees and charges, the LICENSEE shall first exhaust all remedies provided by applicable federal law and FAA regulations. At the end of each modification period, the COUNTY shall establish monthly fees and apply any underpayments or overpayments by the LICENSEE to the subsequent rates and charges period. At the discretion of the COUNTY, overpayments may be refunded via credit memo and underpayments may be invoiced.

Notwithstanding anything in this LICENSE to the contrary, all amounts payable by the LICENSEE to or on behalf of the COUNTY under this LICENSE, whether or not expressly denominated as rent, shall constitute rent for the purposes of the U.S. BANKRUPTCY CODE, 11 U.S.C. §502(b)(6).

The LICENSEE shall notify Airport in writing within thirty (30) days of filing a petition for Bankruptcy.

SECTION 3.02 PAYMENT PROCEDURE

A. **Place of Payment and Filing**. Payments and statements required by Sections 3.01 and 4.06 in this LICENSE shall be delivered to the County of Orange, Office of the Auditor-Controller, John Wayne Airport Accounting Services, 3160 Airway Avenue, Costa Mesa, California 92626. The designated place of payment and filing may be changed at any time by the COUNTY upon ten (10) days' written notice to the LICENSEE. Payments may be remitted by automated clearing house (ACH) deposit to the airport's designated bank account or made by check payable to the County of Orange. The LICENSEE assumes all risk of loss if payments are made by mail.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

B. **Form of Payment**. All sums due under this LICENSE shall be paid in lawful money of the United States of America without offset or deduction or prior notice or demand. No payment by the LICENSEE or receipt by the COUNTY of a lesser amount than the payment due shall be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and the COUNTY shall accept such check or payment without prejudice to the COUNTY's right to recover the balance of the amount due or pursue any other remedy in this LICENSE. All electronic payments must be remitted by Automated Clearing House (ACH)/direct deposit to the Airport's designated bank account, or any future mode prescribed by the COUNTY. Any fees assessed to the COUNTY's bank account due to the use of another form of payment (e.g., wire transfer) not prescribed or approved by the COUNTY, shall be passed-through to LICENSEE plus a twenty-five dollar ($25) processing fee.

C. **Penalty for NSF Check** In the event a check submitted by LICENSEE is returned for non-sufficient funds ("NSF"), LICENSEE agrees to pay COUNTY a service charge in the amount of twenty-five dollars ($25) for the first returned check, and thirty-five dollars ($35) for each subsequent check. LICENSEE may also be liable for treble damages pursuant to California Civil Code Section 1719.

SECTION 3.03 CHARGE FOR LATE PAYMENT

The LICENSEE hereby acknowledges that the late payment of fees and charges or any other sums due hereunder will cause the COUNTY to incur costs not contemplated by this LICENSE, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices, increased accounting costs, or lost interest income.

Accordingly, if any payment of fees and charges as specified in Section 3.01 in this LICENSE entitled "FEES AND CHARGES" or of any other sum due to the COUNTY is not received by COUNTY by the due date, a late charge of one and one-half percent (1.5%) of the payment due and unpaid shall be added to the payment, and the total sum shall become immediately due and payable to the COUNTY. An additional charge of one and one-half percent (1.5%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

The LICENSEE and the COUNTY hereby agree that such late charges represent a fair and reasonable estimate of the costs that the COUNTY will incur by reason of the LICENSEE's late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by the COUNTY shall in no event constitute a waiver of LICENSEE's default with respect to such overdue payment, or prevent the COUNTY from exercising any of the other rights and remedies granted hereunder.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

SECTION 3.04 PASSENGER FACILITY CHARGE

The COUNTY expressly reserves the right to impose PFCs on LICENSEE's passengers for the use of the Airport in accordance with 49 U.S.C. § 40117 and applicable implementing regulations adopted by the FAA, including 14 C.F.R. Part 158, as they may be amended from time to time (the "PFC Regulations").

The LICENSEE shall hold in trust for the COUNTY the net principal amount of all PFCs that are collected by the LICENSEE or its agents on behalf of the COUNTY. For the purposes of this Section 3.04, net principal amount shall mean the total principal amount of all PFCs that are collected by the LICENSEE or its agents on behalf of the COUNTY, reduced by any amount that the LICENSEE is permitted to retain pursuant to 49 U.S.C. § 40117 and the PFC Regulations. Monthly PFCs collected by the LICENSEE shall be remitted to the COUNTY no later than the last day of the following calendar month or if that date falls on a weekend or holiday, the first business day thereafter. In addition, PFCs collected by the LICENSEE shall be remitted to the COUNTY at the address specified in Section 3.02, Part A, "Place of Payment and Filing" or at such other place as designated by the COUNTY.

Should the LICENSEE fail to remit the net principal amount of all PFCs to the COUNTY within five (5) days following the remittance date specified above, the LICENSEE shall be deemed to be in default pursuant to Article VIII hereof. In addition, any late payment of PFCs shall be subject to late fees computed at the rate of one and one-half percent (1.5%) per month of the payment due and unpaid or the highest rate allowable under applicable state law from the due date until paid in accordance with Section 3.03 of this LICENSE.

Nothing contained herein shall be construed to supersede the rights and obligations provided in 14 C.F.R. Part 158 regarding PFC's. In the event that a conflict exists between such federal regulation and this agreement, the federal regulation shall govern.

PFC Reporting and Auditing Requirement: Airlines are required to comply with Part 158 Subpart D Reporting, Recordkeeping and Audits of PFC accounts maintained by the collecting carriers, specifically refer to Part §158.65, §158.69 and §158.71. The PFC report must be filed by the last day of the month following the calendar quarter by the collecting carrier to the County/Airport. The collecting air carrier's quarterly report must state:

(i) The collecting air carrier and airport involved
(ii) The total PFC revenue collected
(iii) The total PFC revenue refunded to passengers
(iv) The collected revenue withheld for reimbursement of expenses under §158.53
(v) The dates and amounts of each remittance for the quarter

SECTION 3.05 PROVISION AGAINST SET-OFFS

It is the obligation of the LICENSEE to pay all fees and charges, free of any set-offs or claims, in the amount and at the times specified in this LICENSE. In the event that the LICENSEE desires to contest the validity or amount of any such fees and charges, the LICENSEE shall first pay the same to the COUNTY and may then seek a refund in any appropriate forum.

SECTION 3.06 SECURITY DEPOSIT

The LICENSEE, prior to the commencement of operations, shall deposit with the COUNTY a security deposit approximately three (3) times the estimated monthly rent, fees and charges ("Security Deposit") as determined by the Airport Director.

Concurrently with each revision of the fees and charges pursuant to the Section 3.01 in this LICENSE, the security deposit to be provided by the LICENSEE shall be adjusted to approximately three (3) times the estimated monthly fees and charges as determined by the Airport Director to guarantee the faithful performance by the LICENSEE of its obligations under this LICENSE and the payment of all fees and charges due hereunder. In no event shall the amount of the Security Deposit be less than the existing Security Deposit. The amount of the Security Deposit will not be increased unless the adjusted Security Deposit is equal to or more than one hundred twenty percent (120%) of the prevailing Security Deposit. PFCs shall be excluded from the fees and charges used to determine the LICENSEE's Security Deposit.

The Security Deposit shall take one of the forms set out below and shall guarantee the LICENSEE's full and faithful performance of all the terms, covenants, and conditions of this LICENSE:

A. Letter of Credit from one or more financial institutions, subject to regulation by the State of California or federal government, pledging that funds necessary to secure performance of the terms, covenants, and conditions of this LICENSE are on deposit and guaranteed for payment, and agreeing that said funds shall be trust funds securing LICENSEE's performance and that all or any part shall be paid to COUNTY, or order upon demand by Airport Director. Both the financial institution(s) and the form of the letters of credit must be approved by Airport Director, or designee. The financial institution shall have a minimum long-term credit rating by two of the three Nationally Recognized Statistical Rating Organizations (NRSROs): Moody's (AA3), S&P Global (AA-), and Fitch (AA-).

B. Faithful Performance Bond executed by a surety company or financial institution qualified and admitted to do business in the State of California and issued in a form approved by the COUNTY. The surety company must have a minimum A. M. Best rating of A-/VIII as determined by the most current edition of ambest.com. Under the bond, the surety company shall guarantee to COUNTY full and complete performance of all the terms, conditions and covenants herein to be performed on the part of LICENSEE, including the payment of use fees as well as any and all other payments. Said bond shall be maintained at the cost of

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

LICENSEE throughout the existence of this LICENSE. Said Surety shall give Airport Director or designee a minimum thirty (30) days' prior written notice of cancellation or material change in said bond. Such cancellation or material change without Airport Director's or designee's prior written consent shall constitute a default under this LICENSE.

Regardless of the form in which the LICENSEE elects to make said Security Deposit, all or any portion of the principal sum shall be available unconditionally to the COUNTY for correcting any default or breach of this LICENSE by the LICENSEE, its successors or assigns, or for payment of expenses incurred by the COUNTY as a result of the failure of the LICENSEE, its successors or assigns, to faithfully perform all terms, covenants, and conditions of this LICENSE.

Should the LICENSEE elect to provide either an Instrument of Credit or a Faithful Performance Bond to fulfill the Security Deposit requirements of this LICENSE, said instrument or bond shall have the effect of releasing the depository or creditor therein from liability on account of the payment of any or all of the principal sum to the COUNTY, or order upon demand by Airport Director.

In the event Airport Director withdraws all or any portion of the Security Deposit as provided herein, the LICENSEE shall, within ten (10) days of any withdrawal by Airport Director, replenish the Security Deposit to maintain it at amounts herein required throughout the term of this LICENSE. Failure to do so shall be deemed a default and shall be grounds for immediate termination of this LICENSE, as per article VIII of this LICENSE.

The LICENSEE shall be obligated to maintain the Security Deposit in effect until the expiration date or earlier termination of this LICENSE.

The Security Deposit, after deduction of all amounts due to the COUNTY, shall be rebated, reassigned, released or endorsed by the COUNTY to the LICENSEE or order, as applicable, after one hundred twenty (120) days have elapsed or at an earlier time to be determined by the Airport Director, following the expiration date of the term of this LICENSE, provided the LICENSEE has fully and faithfully performed each and every term, covenant, and condition of this LICENSE.

SECTION 3.07 NEW ENTRANT DEPOSIT

A cash security deposit in the sum of Five Hundred Thousand Dollars ($500,000.00) shall be provided by a new entrant LICENSEE prior to the commencement of operations.

This deposit shall be returned to the new entrant LICENSEE after six (6) months of continuous operation.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

ARTICLE IV - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES

SECTION 4.01 USE

The COUNTY hereby grants to the LICENSEE authorization to conduct a scheduled commercial airline operation at the Airport and for no other purpose whatsoever. Said operation shall be conducted in accordance with an agreement between the LICENSEE and another commercial airline(s) and subject to the terms and conditions of the Certificated Passenger Airline Lease between the COUNTY and such other commercial airline(s). The terms and conditions of this LICENSE shall prevail in the event of any conflict with said agreement between the LICENSEE another commercial airline(s) and subject to the limitations set forth in the Sections 4.03 and 4.05 in this LICENSE, this operation may include any or all of the following uses and no other uses whatsoever:

AUTHORIZED USES:

A. Loading and unloading of passengers.

B. Loading and unloading of baggage.

C. Passenger processing operations.

D. Flight operations office.

E. The LICENSEE shall have the right to have its aircraft and other equipment serviced by suppliers of its choice. Such suppliers may provide materials and services, including, but not limited to, aviation fuel, ground vehicle fuel, lubricating oil, greases, parts, and all other materials and supplies and services required by the LICENSEE in the conduct of its air transportation service.

F. Mail, freight and cargo operations but only when such activity is incidental to, and conducted in connection with, regularly scheduled commercial passenger operations. The LICENSEE shall not conduct any operations at the Airport with aircraft which are:

   1) Used at the Airport exclusively or primarily for mail, freight ,or cargo services; or

   2) Which have been modified in any manner for the purpose or the primary effect of reducing the passenger carrying capacity and increasing the cargo or freight carrying capacity of the aircraft.

G. Air charter activities in compliance with Access Plan.

H. Commissary services for the LICENSEE's employees at the Airport and in-flight catering services in support of the LICENSEE's air operations at the Airport. This does not permit

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the LICENSEE to conduct commissary or in-flight services for any other LICENSEE or other person at Airport without first obtaining a separate license to allow commissary or in-flight services for other airlines.

I. Employee training incidental to the other uses permitted under this Section.

J. Other uses as authorized by the Airport Director.

SECTION 4.02 USE OF PUBLIC AIRPORT FACILITIES

The COUNTY grants the LICENSEE a license for the nonexclusive use of all public Airport facilities including, but not limited to, taxiways, runways, navigational aids and facilities relating thereto for purposes of landings, takeoffs and taxiing of the LICENSEE's aircraft. All such use shall be in accordance with the laws of the United States of America, the State of California, and the rules and regulations promulgated by their authority with reference to aviation and air navigation, and in accordance with all reasonable and applicable rules, regulations, and ordinances of the COUNTY now in force or hereafter prescribed or promulgated by ordinance or by law, including the Access Plan. The use of these areas shall be subject to the control and regulation of Airport Director.

This LICENSE for non-exclusive use is subject to all rights reserved by the COUNTY to license, permit, authorize, regulate and relocate concessionaires and other Airport tenants, including but not limited to, booths, counters, offices, lockers and wall space.

SECTION 4.03 RULES AND REGULATIONS

The COUNTY may adopt and enforce “Airport Rules and Regulations” that the LICENSEE agrees to observe and obey, with respect to the use of the Airport and its appurtenances, facilities, improvements, equipment and services; provided that such rules and regulations shall not be inconsistent with safety, with applicable rules, regulations and orders including those of the FAA and TSA with respect to all operations of the Airport, and with the terms of and LICENSEE’s rights under this LICENSE. Except in the case of emergency, the COUNTY shall give the LICENSEE written notice and opportunity to comment on any proposed changes or additions to the Airport Rules and Regulations that could impact the LICENSEE's operations at the Airport before such proposed rules and regulations are adopted by the COUNTY. If requested, the COUNTY shall promptly provide a copy of such Airport Rules and Regulations to the LICENSEE.

The LICENSEE’s operations under the LICENSE shall comply with all Airport Rules and Regulations and shall observe, obey, comply with and not otherwise hinder or obstruct any and all rules, regulations, laws, ordinances, statutes or orders of any governmental authority, whether federal, state, or local, lawfully exercising authority over the Airport or the activities thereon, including compliance with FAA, TSA and Airport security rules, regulations and plans.

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To the fullest extent authorized by law, the LICENSEE shall be liable to the COUNTY for any and all claims, demands, damages, fines or penalties of any nature whatsoever that may be imposed upon the COUNTY due to the LICENSEE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to LICENSEE's operation under this LICENSE, including, but not limited to, the payment of any fines or penalties for any breach of security, arising from the unauthorized entry of any person or vehicle onto the Airport or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the LICENSEE, its employees, subtenants, agents or suppliers related to LICENSEE's operation under this LICENSE.

The COUNTY shall not be liable to the LICENSEE for any diminution or deprivation of possession, or of its rights hereunder, on account of the exercise of such right or authority provided in this LICENSE, nor shall the LICENSEE be entitled to terminate the whole or any portion of the Operating Area herein created by reason of the exercise of such right or authority, unless the exercise thereof shall so interfere with the LICENSEE's use and occupancy of the Operating Area so as to constitute a termination in whole or in part of this LICENSE by operation of law in accordance with the laws of the State of California.

SECTION 4.04 ACCESS PLAN LIMITATIONS ON USE

The LICENSEE agrees that:

A. Notwithstanding any provision in this LICENSE to the contrary, the LICENSEE shall conduct all of its operations and activities at the Airport in strict conformity with the Access Plan and each of its regulations and limitations on the LICENSEE's activities and operations at the Airport.

B. The ADD allocations and other operating privileges made to the LICENSEE under the Access Plan are a privilege that may be revoked or modified by the COUNTY at any time during the terms of this LICENSE, and such privileges do not constitute property rights of the LICENSEE.

C. The ADD allocations and other operating privileges made to the LICENSEE under the Access Plan are not transferable, assignable or delegable by the LICENSEE to any other person or entity, by operation of law or otherwise, and such allocations and other operating privileges may not be pledged, hypothecated or encumbered by the LICENSEE at any time for any purpose.

D. That the remedies specified in the Access Plan for any Access Plan violation by the LICENSEE are not the exclusive remedies of the COUNTY, but shall constitute additional nonexclusive remedies that the COUNTY may enforce separately or cumulatively with other remedies under the enforcement provisions of this LICENSE.

E. That LICENSEE shall not at any time, or for any reason, make any assertion to any court, administrative agency, administrative tribunal or another similar forum that is in any respect inconsistent with the terms and provisions of this Section, except that nothing in this Section shall prevent the LICENSEE from making any argument or asserting any position to the COUNTY as applicable in connection with any action by the COUNTY to revoke or modify allocations of operating privileges or any amendments to the Access Plan.

F. All provisions of Section 4.01 and 8.02 in this LICENSE are subject to the terms, provisions and limitations of this Section.

SECTION 4.05 OPERATIONAL REQUIREMENTS

The LICENSEE agrees to abide by the following operational conditions and requirements:

A. **Flight Operations and Reallocations**. The number of allocated ADDs, including "regularly scheduled," "charter," "maintenance" and "cargo" shall not exceed the number of departures authorized and allocated to the LICENSEE under the Access Plan. In addition to any and all remedies available to the COUNTY under this LICENSE and all provisions of the Access Plan, the COUNTY may reallocate ADDs or other operating privileges granted to the LICENSEE under the provisions of the Access Plan. The LICENSEE shall not operate at JWA unless it conducts its operations with ADDs, allocated seat capacity or other Authorized Departures directly and formally allocated to the LICENSEE by action of the Board of Supervisors; the LICENSEE conducts all of its operations with aircraft that have been certified for operation at the Airport consistent with Access Plan requirements; and the LICENSEE has met all other applicable COUNTY requirements.

B. **Hours of Operation**. Except as expressly authorized, the LICENSEE's aircraft shall not depart from the Airport between the hours of 10:00 p.m. and 7:00 a.m. (8:00 a.m. on Sundays) (local time) and shall not arrive at the Airport between the hours of 11:00 p.m. and 7:00 a.m. (8:00 a.m. Sundays) (local time), as measured at any JWA noise monitoring station.

The LICENSEE acknowledges that the COUNTY may by regulation permit some operations by general aviation (nonscheduled, noncommercial) users of the Airport during the nighttime hours with certain specific aircraft types that have noise characteristics similar to the noise characteristics of aircraft that can operate as "Class E" aircraft, as that term is defined in the Access Plan. The LICENSEE does now, or may during the term of this LICENSE, operate Class E aircraft at the Airport; nevertheless, the LICENSEE agrees that the limitations on hours of operations contained in this Section shall be applicable to all of its operations at the Airport, including its Class E operations.

The LICENSEE further acknowledges that there is a rational basis for the COUNTY to distinguish between general aviation operations and regularly scheduled operations by Class E (or noise equivalent) aircraft during the nighttime hours, and that this distinction does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The COUNTY agrees that this provision is, and during the term of this LICENSE shall be included in all Licenses, operating agreements or other service operating agreements between the COUNTY and any person conducting regularly scheduled commercial operations at the Airport.

C. **Aircraft Types**. The LICENSEE agrees that it will not operate any aircraft at the Airport unless and until that aircraft type has been certified and qualified for operation by the COUNTY in accordance with the provisions and procedures of the Access Plan. The LICENSEE further agrees that it will abide by all aircraft-type restrictions and limitations contained in the Access Plan, as amended, or as it may hereafter be amended, and any other restrictions on aircraft types which may hereafter be adopted by the Board of Supervisors of the County of Orange.

D. **Gate Management.** LICENSEE agrees to utilize gate management software, access/equipment provided by AIRPORT, to upload and maintain current daily arrival and departure information for aircraft operations to jetbridge/hardstand gates and RONs utilized by LICENSEE.

E. **Noninterference**. The LICENSEE shall cooperate with and not interfere with the COUNTY's and other airlines' use of and operations at the Airport. The LICENSEE shall not place any ropes, barricades and/or stanchions on the public or Common Use Area without prior written approval of the Airport Director.

F. **Disposal of Refuse from International Operations**. Airlines operating international service shall contract with a CBP- approved vendor for the disposal of refuse from arriving international flights.

SECTION 4.06 RECORDS AND ACCOUNTS

A. **Records**. The LICENSEE shall at all times keep true and complete records of all transactions in the operation of all business activities, of whatever nature, conducted in pursuance of the rights granted by this LICENSE. The LICENSEE shall maintain such records for a period of five years beyond the expiration or earlier termination of this LICENSE.

B. **Reports**. The LICENSEE shall provide to Auditor-Controller and Airport Director at the end of each calendar month, on forms to be supplied by the COUNTY, statistical information respecting the LICENSEE's operations at the Airport including, but not limited to, the total number of all aircraft operations conducted by the LICENSEE; the total

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combined certificated gross landing weight of all such aircraft operations; the total number of enplaned, deplaned and through passengers; the total number of pounds of airmail, cargo and express mail enplaned and deplaned; and the total number of aircraft stored daily and monthly at the Airport. Such reports shall be submitted to the Airport Director no later than fifteen (15) calendar days following the last day of each month. The LICENSEE must attest that the list is an accurate representation of the LICENSEE's activity for the month.

The LICENSEE shall also provide to the Airport Director, for each day, a copy of the LICENSEE's flight dispatch logs, or a listing made from such logs, certified as correct by a responsible station manager or dispatcher, showing the type of equipment used for each flight and the actual takeoff and landing times and not gate times. Said copy of logs or listing shall be made available for each day's activities by noon (12:00 p.m., local time) of the following day.

C. **Audits**. All the LICENSEE's records and supporting source documents related to rates and fees in this LICENSE or business operations conducted within or from the Operating Area shall be kept and made available to the COUNTY at one location within the geographical limits of the COUNTY or shall be made available at offices in the COUNTY within ten (10) working days after written notice to produce said records and source documents. The COUNTY shall, through its duly authorized agents or representatives, have the right to examine and audit said records and supporting source documents at any and all reasonable times, as set out herein, for the purpose of determining the accuracy thereof, and of the monthly statements to the COUNTY.

The COUNTY, upon request of the LICENSEE, may authorize the above-referenced records and supporting source documents to be kept in a single location outside the limits of the COUNTY provided the LICENSEE shall agree to pay all expenses including, but not limited, to transportation, food and lodging necessary for the COUNTY to send a representative to audit said records. Said right shall not, unless determined necessary by the COUNTY, be exercised by the COUNTY more than once each accounting year.

The full cost of said audit, as determined by the COUNTY, shall be borne by the LICENSEE if either or both of the following conditions exist:

(1) The audit reveals an underpayment of more than two percent (2%) between the fees and charges due as reported and paid by the LICENSEE in accordance with this LICENSE and the fees and charges due as determined by said audit; and/or

(2) The LICENSEE has failed to maintain true and complete records and supporting source documents in accordance with paragraph A. above. The adequacy of records shall be determined at the sole discretion of the COUNTY.

Otherwise, the COUNTY shall bear the cost of said audit excluding the aforementioned expenses related to audit of documents kept outside the limits of the COUNTY. The cost of said audit, if due from the LICENSEE, shall be included as fees and charges for the first month following an invoice to LICENSEE.

Upon the request of COUNTY, the LICENSEE shall promptly provide, necessary data to enable the COUNTY to fully comply with requirements of the State of California or the United States of America for information or reports directly relating to this LICENSE and to the LICENSEE's use of the Operating Area.

D. **Failure to Maintain Adequate Records**. In addition to any other remedies available to the COUNTY under this LICENSE, at law or in equity, in the event that the LICENSEE fails to maintain and keep records and accounts from business operations conducted on or from the Operating Area and/or source documents relating thereto, or to make the same available to the COUNTY for examination and audit as required by this LICENSE, the COUNTY, at the COUNTY's option, may:

(1) Perform such examinations, audits and/or investigations itself or through agents or employees as the COUNTY and/or its auditors may deem appropriate to confirm the amount of fees and charges payable by the LICENSEE under this LICENSE; and any and all costs and/or expenses incurred by the COUNTY in connection therewith shall be promptly reimbursed to the COUNTY by the LICENSEE upon demand.

(2) Require that the LICENSEE pay fees and charges based on the COUNTY's best good faith estimate of the LICENSEE's activities from business operations conducted on or from the Operating Area and Airport; and any such determination made by the COUNTY shall be conclusive and binding upon the LICENSEE.

Costs payable by the LICENSEE pursuant to this Section shall include reimbursement to the COUNTY of the services provided at such rates as the COUNTY may from time to time, in good faith, establish for such services. In the case of services provided by the COUNTY's employees, such rates shall be sufficient to reimburse the COUNTY for employees' salaries, including employee taxes and benefits and the COUNTY's overhead or, at COUNTY's option, may be the rate for such services that would be charged by a qualified third party or parties, approved by Auditor-Controller, if engaged by the COUNTY to perform such services. Said costs payable by the LICENSEE shall be included as fees and charges for the first month following an invoice to the LICENSEE.

SECTION 4.07 MAINTENANCE AND OPERATION

The LICENSEE agrees to provide approved containers for trash and recycling and to keep the Operating Area free and clear of rubbish and litter. Airport Director shall have the right to enter

into and inspect LICENSEE'S Operating Area and other Airport facilities at any time for cleanliness, safety, and maintenance inspections as set out herein.

The LICENSEE shall designate in writing to Airport Director an on-site representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness and general order.

The LICENSEE shall immediately notify the Airport Director and the Airport Operations Center ("AOC") of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings.

The LICENSEE agrees to maintain or make repairs or replacements, including removal of all its GSE and/or any of the LICENSEE materials at its loading and unloading operations at the end of its approved hours of operation. If the LICENSEE fails to maintain, make repairs, replacements or removals, as required herein, the Airport Director shall notify or attempt to notify the LICENSEE in writing of said failure. Should the LICENSEE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made and the cost thereof, including but not limited to the cost of labor, materials and equipment shall be charged to the LICENSEE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the LICENSEE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein, or as provided by law.

The LICENSEE expressly waives any and all claims against the COUNTY for compensation for any and all loss or damage to the LICENSEE's property sustained by reason of any defect, deficiency or impairment of any water supply system, drainage or sewer system, gas supply system, telephone system, electrical supply system or electrical apparatus or wires serving the Operating Area, except to the extent caused by the COUNTY's negligence or willful misconduct.

SECTION 4.08 APRONS, GATE POSITIONS AND LOADING BRIDGES

The COUNTY will provide a means of access for aircraft between the terminal complex and the taxiway and runway system of Airport, apron, airplane gate positions and aircraft loading bridges in the area immediately adjacent to the passenger terminal building. No special possessory, exclusive or vested right whatsoever, save and except the use in common with other airlines and other aircraft owners shall vest in the LICENSEE by reason of the proximity of such facilities to the LICENSEE's gate loading positions.

The LICENSEE shall maintain, at its sole expense, apron, aircraft gate positions and aircraft loading bridges in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum

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products, or grease that may result from activities of its passengers, employees, agents, or suppliers. LICENSEE shall promptly remove all oil and grease spillage attributable to the LICENSEE's aircraft or equipment.

If the LICENSEE fails to perform its obligations in such regard, to perform such as maintenance, cleaning, or repair as the COUNTY reasonably deems necessary, the Airport Director shall notify or attempt to notify the LICENSEE in writing of said failure. Should the LICENSEE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made and the cost thereof, including but not limited to the cost of labor, materials and equipment shall be charged to the LICENSEE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the LICENSEE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein, or as provided by law.

SECTION 4.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES

All assignment of gate positions (*i.e.*, aircraft loading bridges and aircraft hardstand positions) shall be made in accordance with rules, regulations and directives provided in the Access Plan and made at the complete discretion of the Airport Director, as may be determined is appropriate. The Airport Director, in making assignments of gate (*i.e.*, loading bridge and hardstand) positions to the LICENSEE, may take into account the needs and requirements of the LICENSEE, as well as the requirements of other Airport users, for use of gate positions adjacent to the passenger terminal building, and other factors that the Airport Director determines are appropriate. Without liability, cost or obligation to the COUNTY, assignment of gate positions and aircraft loading bridge and hardstand positions may be changed from time to time as determined necessary by the Airport Director. The Airport Director may consider passenger activity, number of aircraft operations, type of aircraft used, scheduling needs, and any other factors he/she may deem appropriate when assigning gate positions, loading bridges and hardstand positions.

SECTION 4.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON

The COUNTY reserves the right to regulate, by adoption of ordinance, rules or other means, adopted consistent with Section 4.03, the use of vehicles and automotive equipment upon, over and across the apron and around the passenger terminal building. Vehicles and equipment used upon, over and across the apron and around the passenger terminal building should be in good working order and free of leaks. In the event of an emergency not specifically provided for in said rules and regulations, the Airport Director shall have power to take charge of the direction of such vehicle and automotive traffic in the area affected and regulate the same until the cause of such emergency has been removed. The existence of an emergency, other than an aircraft emergency, shall be determined by the Airport Director.

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SECTION 4.11 AIRCRAFT PARKING

The LICENSEE shall make arrangements with the Airport Director for each aircraft parking space that may be made available to the LICENSEE subject to Section 3.01 in this LICENSE.

If, in the judgment of the Airport Director, it becomes necessary to move the LICENSEE's aircraft in order to ensure public safety, improve ramp area efficiency or otherwise, then LICENSEE shall immediately move said aircraft to the location designated by the Airport Director.

Should any aircraft owned or operated by the LICENSEE, through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the landing and field facilities at Airport, the LICENSEE shall:

A. Immediately remove said aircraft to such location as shall be designated by the Airport Director, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

B. In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting there from the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from Airport or stored at a location approved by Airport Director.

Should the LICENSEE fail to remove said aircraft, or should aircraft owned or operated by the LICENSEE be abandoned at the Airport, the COUNTY shall have the right to remove such aircraft by any means the Airport Director deems necessary under the circumstances, and the LICENSEE shall keep and hold the COUNTY harmless from any and all costs, loss, liability, damage or expense incurred by the COUNTY or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal as well as moving and storage costs therefore. The LICENSEE agrees that the designation of any aircraft parking positions anywhere on the Airport, if any, made for the LICENSEE's use is presently regulated by the Access Plan, and that nothing in this Section obligates the COUNTY to provide, make available or consent to any aircraft parking spaces for the LICENSEE's use. The LICENSEE agrees that it may not independently make arrangements for aircraft parking space at the Airport without the express written consent of the Airport Director, which may be withheld in his or her sole discretion.

SECTION 4.12 PORTER SERVICES

The LICENSEE may provide directly or indirectly adequate porter (skycap) and/or assistance service for the convenience of its passengers in areas designated by the Airport Director. Porter services include baggage check-in services, wheelchair services and ticket screening services. The LICENSEE shall provide the Airport Director a plan that enumerates the salient features of its porter services arrangements and a copy of its agreement if service is provided by other than the

LICENSEE's employees. All podiums utilized for porter service shall be approved in writing by the Airport Director. The size, shape and color shall be coordinated with and must be identical to all other airlines' podiums. The LICENSEE's plan shall also provide the details of any podiums and their proposed locations necessary to provide porter services.

ARTICLE V - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

SECTION 5.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE

The LICENSEE agrees that it shall abide with all applicable Hazardous Substances laws, rules and regulations, relating to Hazardous Substances including, but not limited to, 49 C.F.R. Parts 171 *et seq*. The LICENSEE shall not cause any Hazardous Substances to be brought upon, kept, used, stored, generated, treated, managed or disposed of in, on or about or transferred to or from the Airport, except to the extent that such Hazardous Substances are (i) necessary for or useful to the LICENSEE's business and (ii) used, kept and stored in a manner that complies with all applicable Environmental Laws, the Airport Rules and Regulations, and all other applicable laws.

The LICENSEE shall comply with all applicable Environmental Laws and shall not engage in any activity on or about the Airport that violates any applicable Environmental Law. In conducting its operations and maintenance on the Airport under this LICENSE, the LICENSEE shall comply with such regulations regarding the storage, distribution, processing, handling and/or disposal, including the Stormwater discharge requirements, of Hazardous Substances including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

The LICENSEE shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental agency having jurisdiction or any applicable Environmental Law for clean-up and removal of any contamination involving any Hazardous Substances caused by the LICENSEE. In conducting a clean-up of a Hazardous Substance release under this LICENSE, the LICENSEE shall comply with applicable Environmental Laws. Hazardous waste generated by the LICENSEE or its contractors shall be disposed properly and under the LICENSEE's EPA ID number.

The LICENSEE shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Stormwater drainage system unless authorized by applicable Environmental Law and the Airport's Stormwater Discharge Permit. The LICENSEE shall not allow or cause the entry of any Unauthorized Non Stormwater Discharge that is under its control into the Stormwater drainage system of the Airport or into the Stormwater drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the COUNTY for that purpose, and the LICENSEE complies with recommendations made by the state and/or federal Environmental Protection Agency and the Airport's Stormwater

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Discharge Permit requirements. The LICENSEE shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by any applicable Environmental Law.

The LICENSEE shall provide all notices required pursuant to the SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986, CAL. HEALTH & SAF. CODE § 25249 *et seq*. The LICENSEE shall provide prompt written notice to the COUNTY within three (3) days of receipt of all written notices of violation of any applicable Environmental Law received by the LICENSEE.

SECTION 5.02 SPILL RESPONSE PLAN

LICENSEEs and fueling companies are required to provide (separately or collectively) a Local Spill Response Action Plan to address specific spill response management. LICENSEEs are encouraged to coordinate response efforts between the LICENSEEs and fueling contractors. At a minimum, the plan should address the following:

a) Response team organization, members, and responsibilities;
b) Spill response procedures (including notifications);
c) Personnel training;
d) Personal protective equipment; and
e) Spill kit inventory and management

The LICENSEE shall immediately notify the Airport Director and the AOC of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings. The LICENSEE is responsible to mitigate such spills and perform any remediation necessary to satisfy the applicable federal, state, or local oversight agencies. If the COUNTY personnel, equipment, or third party services are needed to support mitigation, the COUNTY will be reimbursed by the LICENSEE for labor, equipment, and third party costs for all services provided. In addition to reimbursing the COUNTY for the costs of all services provided by third parties to mitigate such spills, the LICENSEE shall pay to County administrative costs in the amount of one thousand dollars ($1,000) per incident. Said costs shall be paid by the LICENSEE within fifteen (15) days of receipt of an invoice for costs from the COUNTY.

To the fullest extent authorized by law, the LICENSEE shall be liable to the COUNTY for any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon the COUNTY due to the LICENSEE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to LICENSEE’s operation under this LICENSE, including, but not limited to, the payment of any fines or penalties arising from any breach of security, fire, emergency, accident, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, Non-Stormwater Discharge,

or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the LICENSEE, its employees, subtenants, agents or suppliers related to LICENSEE's operation under this LICENSE.

SECTION 5.03 STORMWATER CONTROL AND CONTAMINATION

Federal regulations for Stormwater discharges were issued by the U.S. Environmental Protection Agency (U.S. EPA) (40 CFR Parts 122, 123, and 124). The U.S. EPA, through the NPDES permitting program, regulates discharges of potentially contaminated wastewater and Stormwater into waters of the United States. California has been delegated NPDES general permitting authority by the U.S. EPA. California's State Water Board has issued NPDES permits to regulate municipal, industrial, and construction Stormwater discharges under the NPDES permitting program.

Section 402(p) of the Clean Water Act (CWA) requires NPDES permits for Stormwater discharges from municipal separate storm sewer systems (MS4s). The County of Orange is the principal permittee for Orange County's MS4 Permit Order No. R8-2009-0030 (or currently effective permit) No. CAS 618030 (MS4 Permit). As a facility owned and operated by the County of Orange, the Airport implements requirements in the MS4 permit and is responsible for discharges into the system. One of the MS4 Permit requirements is to establish the legal authority to control discharges. The County's Water Quality Ordinance (OCCO Title 4, Division 13, Sections 4-13-10 et. seq.) regulates non-stormwater discharges into the MS4 to reduce the discharge of pollutants into the waters of the State. The CWA and the resulting MS4 permit require the County to take steps to reduce pollutants leaving its systems to the maximum extent practicable. The MS4 permit requires the County to develop and implement a Local Implementation Plan (LIP) describing the programs and procedures required by the MS4 permit. The Airport will enforce these Stormwater requirements on municipal areas of the Airport

LICENSEE shall not have prohibited discharge to the MS4 system or on-site storm drains. Some non-stormwater discharges (i.e., fire sprinkler tests) require additional permits with the Regional Water Quality Control Board (RWQCB). LICENSEE is responsible for obtaining and implementing monitoring requirements associated with any non-stormwater discharge permits. LICENSEE shall notify COUNTY prior to any non-stormwater discharge.

In the furtherance of these regulations and Section 402 of the Clean Water Act (CWA), the State of California has adopted a General Permit for discharges of Stormwater associated with industrial activities: "State Water Resources Control Board (State Water Board) Water Quality Order No. 2014-0057-DWQ, NPDES General Permit No. CAS 000001 (Industrial General Permit or IGP)." JWA has applied for and received coverage to discharge Stormwater and authorized non-Stormwater discharges pursuant to the general permit for industrial activities and is subject to the permit's requirements, conditions, and penalties. The permit requires the development and implementation of an effective Industrial Stormwater Pollution Prevention Plan (SWPPP) and Monitoring Implementation Plan (MIP). This plan is developed by COUNTY and covers

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LICENSEE. The airside portion of JWA where industrial activities take place is covered by the IGP. Industrial activities include maintenance, fueling, equipment cleaning, storage areas, and material handling activities. LICENSEE shall comply with applicable Stormwater discharge requirements and Best Management Practices for industrial facilities described in the SWPPP. COUNTY will provide the required annual training for LICENSEE as part of the SWPPP training requirements. LICENSEE shall have all personnel working within the airside portion of John Wayne Airport to attend annual training or LICENSEE shall provide annual training to personnel using JWA-approved training materials.

SECTION 5.04 ENVIRONMENTAL STEWARDSHIP

LICENSEE shall support the COUNTY's Environmental Compliance and Stewardship program through participation in various efforts or implementation of Airport plans. COUNTY shall provide LICENSEE advance notice of any proposed changes to the following plans that may affect LICENSEE operations:

A. Air Quality Improvement Plan (AQIP) and Memorandum of Understanding (MOU) with the South Coast Air Quality Management District
B. Climate Action Plan.
C. Waste Management Plan.
D. Stormwater Pollution Prevention Plan.
E. Green Concessions Program.

LICENSEE shall implement and support the following environmental policies and provide reports and documents as required:

A. Adopt and adhere to the following GSE requirement: GSE associated with commercial operations shall achieve fleet average oxides of nitrogen (NOx) emission factor of 1.7 grams per brake horsepower per hour (g/bhp-hr)upon LICENSE initiation through 2030 and 0.9 g/bhp-hr by January 1, 2031, respectively, as calculated in accordance with the Airport's AQIP and MOU with SCAQMD. Within 30 days of LICENSE execution the LICENSEE shall develop and provide to JWA a GSE improvement plan to demonstrate how the GSE requirement will be met. Annually LICENSEE shall provide GSE data as required by the MOU by March 30.
B. LICENSEE has been provided a copy of the COUNTY's Environmentally Preferable Purchasing Policy (2022) and shall consider developing a similar policy that addresses the LICENSEE's procurement of goods and services as applicable.
C. LICENSEE shall affirm its commitment to Environmental Sustainability at the Airport. The Policy commitment shall be submitted to the JWA within 30 days of LICENSE execution.
D. Upon request, LICENSEE shall provide reports necessary for environmental compliance, regulatory requirements and airport mitigation measure obligations including but not limited to GSE data, fuel usage, spills, and business emergency plans.

Conservation: All LICENSEE facilities and improvements shall meet the Airport's Tenant Design and Construction Guidelines, as may be amended from time to time. All improvements shall meet the California Green Building Code (Title 24) CALGreen Tier 1. In particular, the LICENSEE shall implement the following conservation measures and policies as applicable:

A. Use equipment and appliances that are ENERGY STAR rated or equivalent and EPA Water Sense or equivalent, as applicable, when replacing existing equipment and appliances.
B. Use high-efficiency light fixtures and bulbs (including compact fluorescents) when replacing or installing new fixtures and bulbs.
C. Install sensors in office areas to turn off lights when unoccupied when these areas are being renovated or updated.
D. Install energy-efficient heating and cooling equipment when replacing or upgrading.
E. Use energy-efficient computers and servers when replacing this equipment.
F. Select equipment with variable-speed motors and fan drives when possible.
G. Use paperless receipt technology when possible.

Waste Minimization and Diversion: LICENSEE is expected to meet all recycling and organics (food waste) reduction requirements to facilitate JWA's solid waste reduction program per the requirements of California Public Resources Code Section 42648. To the fullest extent possible, LICENSEE shall cooperate with COUNTY to reduce and divert waste from landfills. LICENSEE shall participate in COUNTY's waste diversion program, which may include waste reduction practices, including recycling, compostable containers (no Styrofoam), composting of food waste, and reuse/recycling of fats, oils, and grease.

SECTION 5.05 RESERVED

SECTION 5.06 ENVIRONMENTAL INDEMNIFICATION

To the fullest extent authorized by law, the AIRLINE shall indemnify, defend, and hold the COUNTY, its officers, and employees harmless from and against any and all applicable Environmental Law claims, judgments, damages, penalties, fines, costs, liabilities, losses, orders, and lawsuits arising out of any actions or inaction by the AIRLINE, the AIRLINE's operations at the Airport or any action arising from and which involve the AIRLINE's officers, agents, subcontractors, and employees, including the cost of defense arising therefrom, including but not limited to the following:

(1) The AIRLINE'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 the AIRLINE's release of Hazardous Substances on the Airport since the time the AIRLINE first occupied the Airport.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

(2) The AIRLINE's release of Hazardous Substances upon or within the Airport.

(3) The AIRLINE's violation of any applicable Environmental Law, except that the AIRLINE's obligations under this paragraph shall not extend to known and pre-existing conditions that are, as of the date of this LEASE, the subject of investigation and remediation by the COUNTY or others, or remediation conditions that arise from operations of third parties that are not affiliated with the AIRLINE that take place off of the Airport. For purposes of this provision, a party shall be deemed to be affiliated with the AIRLINE if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of the AIRLINE or if it is controlled by or under common control with the AIRLINE.

(4) The AIRLINE's causing or allowing any discharge into the Airport Drainage System that is prohibited by Section 7.01 of this LEASE.

This indemnification includes, without limitation, reasonable attorney's fees/costs and other costs incurred by the COUNTY in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental entity because of any Hazardous Substances being present in the soil or groundwater under the Airport. However, the AIRLINE'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 the COUNTY or its agents, servants or independent contractors who are directly responsible to the COUNTY.

In the event the indemnitees described hereinabove are named as defendants or respondents in any lawsuit or administrative proceeding, the AIRLINE shall, at the request of the COUNTY, represent the indemnitee with qualified counsel approved in writing by the COUNTY.

In the event that a monetary judgment is awarded against the COUNTY and the AIRLINE because of the concurrent negligence of the COUNTY and the AIRLINE or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Both the COUNTY and the AIRLINE agree that neither party shall request a jury apportionment. Nothing stated in this LEASE and in this indemnity obligation shall be construed as authorizing any award of attorney's fees/costs in any action to enforce the terms of this LEASE.

The rights and obligations set forth in this indemnification shall survive the termination of this LEASE.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

SECTION 5.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS

In the event that any of the terms of the environmental requirements codified in this Article conflict with any other terms of this LICENSE, the environmental requirements contained in this Article shall apply.

SECTION 5.08 ANTI-IDLING POLICY

Within six months of LICENSE execution, LICENSEE must develop, implement, and submit to the Airport Director or designee for approval a fleet-wide anti-idling policy. At a minimum, the anti-idling policy shall include the requirement that vehicle engines shall be turned off when vehicles are not occupied and that occupied vehicles be turned off after no more than a five-minute idling period. LICENSEE's policy shall also include all sublicensee and third-party vehicles that enter Airport property at the direction of the LICENSEE.

ARTICLE VI - CONSTRUCTION AND IMPROVEMENTS

SECTION 6.01 CONSTRUCTION AND/OR ALTERATION BY COUNTY

The COUNTY may alter, repair, maintain, remodel, expand, remove or improve any of the facilities at the Airport or any of its appurtenances.

In addition, the COUNTY may reassign or relocate LICENSEE's Operating Area. The COUNTY shall provide the LICENSEE advance notice of such action and shall make every reasonable effort to provide the LICENSEE alternative space that is reasonably to comparable to the LICENSEE's operations at the same rates and charges that the LICENSEE would have paid for the space being surrendered. In the event no alternative space is available, the LICENSEE shall surrender its space promptly to the COUNTY, provided that the LICENSEE shall be reimbursed for the reasonable cost of any such reassignment, reallocation or relocation and the cost of the LICENSEE's unamortized investment, if any, as documented by the LICENSEE to the satisfaction of the COUNTY and mutually agreed to by the Airport Director and LICENSEE. All of such costs, as well as the COUNTY's cost of providing the alternative space aforementioned, shall be included in the cost of the particular project requiring such reassignment, reallocation or relocation.

SECTION 6.02 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS

The LICENSEE shall be responsible for any damage caused by the LICENSEE, or the LICENSEE's aircraft, equipment, employees, agents, visitors or suppliers, to Common Use Areas of the Terminal or Airport facilities, including but not limited to runways, taxiways, access roads, navigational aids, areas Apron Areas and loading bridges. Should such damage require immediate repairs or replacement and the LICENSEE is unable to respond immediately to complete said repairs or replacement, the Airport Director may cause to be made or make any necessary repairs or replacements and the cost thereof shall be paid by the LICENSEE. Said cost shall include all

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labor, materials, equipment costs and an administrative fee equal to fifteen percent (15%) of the sum of those items. Said cost shall be paid by the LICENSEE within fifteen (15) days of receipt of an invoice for costs from the Airport Director. Except as otherwise provided herein, termination of this LICENSE shall not reduce or nullify the LICENSEE's obligation under this paragraph. With respect to damage or destruction to be repaired by COUNTY or which COUNTY elects to repair, the LICENSEE waives and releases its rights under California Civil Code Sections 1932(2) and 1933(4).

SECTION 6.03 HEALTH AND SAFETY

The LICENSEE shall comply with all applicable California Occupational Safety & Health Administration (Cal/OSHA) requirements, and all federal, state or local safety orders. The LICENSEE shall post on the Operating Area and at all construction sites a copy of "Construction Safety Orders" and "General Industry Safety Orders" issued by the California State Division of Industrial Safety.

The LICENSEE shall, within thirty (30) days after the execution of this LICENSE, submit to the COUNTY a comprehensive Safety Plan outlining the code of safe work practices and procedures. The plan must include emergency response procedures, notification procedures, and personnel training procedures. The LICENSEE shall convene safety meetings at regularly scheduled times as described in its Safety Plan and as required by Cal/OSHA. The LICENSEE and/or LICENSEE's contractor shall submit, prior to the start of any tenant improvements, the LICENSEE or LICENSEE's contractor required Cal/OSHA Safety Plan for approval by the Airport.

The LICENSEE shall submit to the COUNTY an annual report detailing the status of all permits required and issued to the LICENSEE by Cal/OSHA or any other federal, state or local government agency. Said report shall be due on or before January 31 of each calendar year.

ARTICLE VII - ASSIGNMENT

SECTION 7.01 ASSIGNING AND TRANSFERRING

The provisions of this Section are subject to, and subordinate to the limitations of Section 4.04 of this LICENSE.

A. **Transfers**. The LICENSEE shall not transfer or assign (hereinafter referred to as "Transfer") any interest of the LICENSEE in the LICENSE without the prior written approval of the COUNTY. The LICENSEE shall give the COUNTY thirty (30) days prior written notice of all proposed Transfers. The LICENSEE shall not make any such Transfers for a period longer than the remaining term of the LICENSE.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

If the COUNTY approves such Transfers, such approval does not constitute a waiver of any of the terms of the LICENSE. All Transfer documents shall be consistent with the terms, covenants, and conditions of the LICENSE, and in the event of any inconsistency, the provisions of this LICENSE shall govern.

If the LICENSEE is a corporation, an unincorporated association, or a partnership, Transfers include the acquisition by any person other than the LICENSEE of any stock or interest in said corporation, unincorporated association, or partnership in the aggregate amount of fifty-one percent (51%) or more.

The failure by the LICENSEE to obtain the prior written approval by the COUNTY of any Transfer of the LICENSE or the Operating Area shall constitute a material breach of this LICENSE by, and shall not confer any rights to the Operating Area upon the transferee. Such failure shall be grounds for termination of this LICENSE for default pursuant to Section 8.02.

B. **Conditions of COUNTY Approval**. The COUNTY agrees that it will not arbitrarily withhold consent to any Transfer, but the COUNTY may withhold consent at its sole discretion if any of the following conditions exist:

(1) The LICENSEE, its successors or assigns are in default of any term, covenant or condition of this LICENSE, whether notice of default has or has not been given by the COUNTY.

(2) The prospective subtenant, assignee or transferee has not agreed in writing to keep, perform and be bound by all the terms, covenants, and conditions of this LICENSE.

(3) The prospective subtenant, assignee or transferee is not financially capable or experienced in performing the LICENSE obligations, as determined by the Airport Director.

(4) Subtenant's use is in conflict with the terms of this LICENSE.

(5) All the terms, covenants and conditions of Transfer, including the consideration therefore, of any and every kind, have not been revealed in writing to the Airport Director.

(6) Any construction required of LICENSEE as a condition of this LICENSE has not been completed to the satisfaction of COUNTY.

(7) The LICENSEE has not provided the Airport Director with a copy of all documents relating to the Transfer, including, but not limited to, appraisals, notes, trust deeds, title reports, escrow instructions, *etc*.

C. **Affiliate Transactions**. The COUNTY has adopted in the Access Plan policies and regulations with respect to transactions and aircraft operations at the Airport involving affiliations of commercial airlines operating, or desiring to operate, at the Airport ("the affiliate policy"). The LICENSEE acknowledges that the COUNTY considers the affiliate policy to be an important and significant policy in support of COUNTY's regulation of the Airport.

The LICENSEE acknowledges that there is a rational basis for this policy under the operational and historical circumstances affecting the Airport, that under such circumstances this policy maintains appropriate equity between the rights and privileges of competing commercial operators using the Airport, and that the affiliate policy does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The LICENSEE agrees to comply fully and completely with the affiliate policy and all related regulations that appear in the Access Plan and or this LICENSE.

Any affiliate transaction described and defined in the Access Plan, and any affiliate transaction between the LICENSEE and any other person which then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, shall constitute a Transfer within the meaning of paragraph A, above. In the event an affiliate transaction involving the LICENSEE is initiated, then not later than the time when the affiliate transaction is publicly announced:

(1) The LICENSEE shall notify the Airport Director of the fact of the initiation of the affiliate transaction.

(2) If the affiliate transaction is initiated by the LICENSEE, the LICENSEE shall promptly provide to the Airport Director copies of all agreements, or written offers or proposals, made with respect to the transaction, and copies of all documents filed with Federal authorities with respect to the transaction. If the affiliate transaction is initiated by some other person in respect of the LICENSEE, the LICENSEE shall promptly and continuously provide such documentation or other information regarding the transaction as may be available to the LICENSEE.

(3) In addition to all other obligations of the LICENSEE, if the affiliate transaction involves the LICENSEE and any other person that then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, the LICENSEE shall promptly arrange to negotiate with the Airport Director regarding the terms and conditions upon which the Director would recommend consent by the Board of Supervisors to a Transfer of this LICENSE, or a Transfer of the written agreement(s) between the other person or entity involved in the affiliate transaction and COUNTY.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

Notwithstanding any other provision of this LICENSE, the LICENSE may be terminated by COUNTY on thirty (30) days' notice to LICENSEE without further obligation of COUNTY, and without any liability of the COUNTY to the LICENSEE whatsoever, if:

(4) The LICENSEE fails to comply with paragraph C. of this Section; or if

(5) The Airport Director fails to make a favorable recommendation to the Board of Supervisors regarding the Transfer within sixty (60) days after initiation and public announcement of the affiliate transaction, which contains terms and conditions agreed to by the LICENSEE and its affiliate(s); or if

(6) The Board of Supervisors fails to consent to the Transfer on terms and conditions which have been accepted by the LICENSEE within thirty (30) days after receipt of the recommendations of the Airport Director.

D. **Bankruptcy Transaction**. If the LICENSEE assumes this LICENSE or proposes to assign the same pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §§101, *et seq.*, then notice of such proposed assignment shall be given to the COUNTY. The following information shall be provided to the COUNTY:

(1) The name and address of proposed assignee;

(2) All of the terms and conditions of such offer; and

(3) Adequate assurance to COUNTY of the proposed assignee's future performance under the LICENSE, including, without limitation, the assurance referred to in the U.S. BANKRUPTCY CODE, 11 U.S.C. §365(b)(3).

Any person or entity to which this LICENSE is assigned pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §§101, *et seq.*, shall be deemed without further act or deed to have assumed all of the obligations arising under this LICENSE on and after the date of such assignment. Any such assignee shall upon demand execute and deliver to the COUNTY an instrument confirming such assumption.

E. **Non-Transferable Privileges**. Aircraft operations and ADDs authorized by the Section 4.05 in this LICENSE and the Access Plan are not property interests of the LICENSEE and are non-transferable in any form, and as such, are not subject to sale, assignment, and transfer by the LICENSEE under the terms of this Section. Any such attempted assignment, sale or other such attempted transfer of operations, privileges or ADDs is in violation of the public policy of the COUNTY and shall be void and shall constitute a breach and default of this LICENSE.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

SECTION 7.02 SUCCESSORS IN INTEREST

Unless otherwise provided in this LICENSE, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all parties hereto, all of whom shall be jointly and severally liable hereunder.

ARTICLE VIII - TERMINATION AND DEFAULT

SECTION 8.01 TERMINATION OF PRIOR AGREEMENTS

It is mutually agreed that this LICENSE shall terminate and supersede any prior Licenses or agreements between the parties hereto for the purpose of commercial air transportation and all related activities of the LICENSEE at the Airport.

SECTION 8.02 TERMINATION FOR DEFAULT

The COUNTY may terminate this LICENSE and all of its obligations hereunder with or without prior notice to the LICENSEE and may exercise all rights of entry for default and breach, if the LICENSEE fails to perform any of its obligations under this LICENSE, including, but not limited to:

A. Payment of fees, charges and PFCs;

B. A general assignment for the benefit of creditors and any Transfer without the prior written approval by the COUNTY;

C. The issuance of any execution or attachment against the LICENSEE at the Airport which is undischarged within sixty (60) days of levy or seizure or if the operating area are occupied by someone other than the LICENSEE;

D. The voluntary vacation or abandonment by the LICENSEE of the conduct of air transportation business at the Airport;

E. The violation by the LICENSEE of any of the terms of any insurance policy referred to in the LICENSE;

F. If the LICENSEE is found by the FAA, TSA, or other government regulatory or successor agency to have violated specified safety standards in the conduct of the LICENSEE's business;

G. The violation or breach of any provision of the Access Plan;

H. The violation of any written directions of the Airport Director;

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

I. The appointment of a receiver to take possession of all, or substantially all, the assets of the LICENSEE located at the Airport.

Where applicable, and unless otherwise stated in this LICENSE, or by written notice, the LICENSEE shall have fifteen (15) calendar days to cure any default prior to termination of this LICENSE, or such longer period as may be reasonably necessary to cure such default considering the nature thereof, at the Airport Director's discretion.

SECTION 8.03 DISPOSITION OF ABANDONED PERSONAL PROPERTY

If the LICENSEE abandons or terminates its operation or is dispossessed thereof by process of law or otherwise, title to any personal property belonging to the LICENSEE and left on the Airport fifteen (15) days after such event shall be deemed to have been transferred to the COUNTY. The COUNTY shall have the right to remove and to dispose of such property without liability therefor to the LICENSEE or to any person claiming under LICENSEE, and shall have no need to account therefor. Personal property left on the operating area after termination, expiration, or abandonment of the LICENSE shall not be construed as giving LICENSEE possession of the Operating Area during the fifteen (15) days after termination, expiration or abandonment of the LICENSE.

ARTICLE IX - SECURITY

SECTION 9.01 AIRPORT SECURITY

The LICENSEE shall comply with all current and applicable Airport, FAA, TSA, CBP, security-related rules, regulations, plans, and procedures. The LICENSEE is responsible for fines imposed by any regulatory agency as a result of the LICENSEE's failure to comply with applicable rules regulations, orders, plans, and procedures regarding airport security.

The LICENSEE employees subtenants/contractors shall be required to obtain airport security clearance in order to perform work under this LICENSE. The LICENSEE must maintain a current, updated list of Authorized Signatories responsible for the Airport-Issued Identification Credential ("Airport ID/Security Credential") process, a list of current Airport ID/Security Credentialed LICENSEE employees and subtenants/contractors, and respond to scheduled and unscheduled audits at the request of the Airport. The LICENSEE employees applying for an Airport ID/Security Credential must successfully complete a Criminal History Records Check (CHRC) and a Security Threat Assessment (STA) in accordance with current regulations. LICENSEE employees must also attend and successfully pass all related Security Identification Display Area (SIDA) classes and tests for access to secure areas and a driver's permit with an appropriate and valid California Driver's License to drive on the airfield. LICENSEE must attend all mandatory security-related exercises, and monthly security consortium meetings hosted by the Airport.

A. **Local Security**. The LICENSEE shall be responsible for the security of gates or doors that are utilized during their operations. Said gates and/or doors permitting entry to the restricted areas of the Airport shall be locked when not in use and/or under the LICENSEE's constant surveillance. The LICENSEE shall install such security equipment, including, but not limited to, video monitoring equipment, as may be required by the Airport Director to ensure compliance with all regulations of the FAA, TSA or other governmental agencies having jurisdiction over Airport security. The LICENSEE shall exercise control over any person or vehicle escorted by the LICENSEE onto restricted or secure areas of the Airport, or to whom an Airport ID/Security Credential was issued by or at the request of the LICENSEE, and ensure that such person or vehicle shall comply with all Airport security regulations.

B. **Federal Security**. As of the date of this LICENSE, the TSA provides for all passenger and baggage screening conducted at the Airport. The LICENSEE may be required to provide assistance to TSA in their efforts to carry out its federal mandates. At some point during the term of this LICENSE, the Airport or another entity may be authorized to provide these security services in lieu of the TSA.

C. **Penalties and Fines.** The LICENSEE shall promptly pay any penalties for which the LICENSEE is responsible. These penalties include but are not limited to, civil penalties or fines assessed against the Airport or LICENSEE, by the FAA, TSA or any other governmental agency for the violation of any security-related laws, rules, policies or regulations at the Airport.

D. **Badge Airport ID/Security Credential Application and Lifecycle.** Prior to issuance of an Airport ID/Security Credential(s), designated LICENSEE Authorized Signatories who will be working onsite, and engaged in the performance of work under this LICENSE, must pass the Airport's background check requirements, which includes an F.B.I. Criminal History Records Check (CHRC) and a TSA Security Threat Assessment (STA), and the LICENSEE shall pay applicable fees. Upon successful completion of the background checks, LICENSEE's designated personnel will be required to attend a SIDA class and pass a written test. Those personnel who may be permitted by the Airport to drive on the Airport Operations Area (AOA) perimeter road must also complete a Driver's Training class and written test. Airport ID/Security Credentials are not issued until designated LICENSEE personnel have: 1) completed appropriate application forms and submitted proof of identity and employment eligibility, 2) passed both background checks, 3) completed and passed appropriate training, and 4) paid an Airport ID/Security Credential fee for each applicant. LICENSEE should anticipate a minimum of fourteen (14) business days to complete the Airport ID/Security Credential process if all requirements listed above are fulfilled by individual Airport ID/Security Credential applicants in a timely manner, but factors outside the Airport's control can contribute to longer durations. If an applicant is applying for a CBP Seal due to their operational need to work international air service

operations, this process may take longer. Authorized Signatories must be in constant contact with the Airport's ID/Access Control Office. LICENSEE's designated personnel must successfully complete the Airport ID/Security Credential acquisition process, unless other arrangements have been approved by the Airport. LICENSEE shall be responsible for all applicable fees and costs associated with the background checks and badging process. The amount of such fees is subject to change without notice.

E. **Airport ID/Security Credential Applicant Requirements and Responsibilities.** The Airport Security Plan (ASP) requires that each person issued an Airport ID/Security Credential be made aware of his/her responsibilities regarding the privilege of access to restricted areas of the Airport.

LICENSEE and all LICENSEE personnel within an access controlled area (AOA, SIDA, secured area or sterile area) are required to display on their person an Airport ID/Security Credential, unless they are escorted by a properly Airport credentialed individual with escort privileges. When working in a secure area, each Airport credentialed person is responsible for challenging any individual who is not properly displaying an Airport issued or approved and valid Airport ID/Security Credential. LICENSEE personnel and their subtenants/contractors must also validate Airport ID/Security Credential employees as described in security training. Any person who is not properly displaying or who cannot produce a valid Airport ID/Security Credential, unless they are being escorted, must immediately be referred to the Sheriff's Department – Airport Police Services Office for proper handling.

The Airport ID/Security Credential is the property of the County of Orange and must be returned upon termination of LICENSEE personnel employment and/or termination of the LICENSE. The loss of an Airport ID/Security Credential shall be reported within 24 hours to the Sheriff's Department–Airport Police Services by calling (949) 252-5000. LICENSEE or LICENSEE personnel who lose their Airport ID/Security Credential shall be required to pay a fee before receiving a replacement Airport ID/Security Credential. The charge for lost Airport ID/Security Credential replacement will be posted in the Airport Administration Office and is subject to change without notice. A report shall be made before a replacement Airport ID/Security Credential will be issued.

The Airport security badge is nontransferable.

In the event that LICENSEE's Airport ID/Security Credential is not returned within three (3) business days to the Airport upon: 1) termination of LICENSEE personnel or contracted personnel, 2) Airport ID badge expiration or 3) upon termination of the LICENSE, the LICENSEE shall be liable to the County of Orange for a fine in the amount of $250.00 per unreturned Airport ID/Security Credential. The amount of the fine is subject to change without notice. LICENSEE's Security Deposit may be applied to cover the cost of the fine.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

ARTICLE X - INSURANCE AND INDEMNITY

SECTION 10.01 INSURANCE

The LICENSEE agrees to carry all required insurance at the LICENSEE's expense and provide to the COUNTY Certificates of Insurance, including all endorsements required herein, necessary to satisfy the COUNTY that the insurance provisions of this LICENSE have been complied with and shall keep such insurance coverage current and provide Certificates of Insurance and endorsements therefore to the COUNTY during the entire term of this LICENSE.

The LICENSEE agrees that the LICENSEE shall not operate on the Airport Premises at any time the required insurance is not in full force and effect as evidenced by a Certificate of Insurance and necessary endorsements or, in the interim, an official binder being in the possession of Airport Director. In no cases shall assurances by the LICENSEE, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. Airport Director will only accept valid Certificates of Insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. The LICENSEE also agrees that upon cancellation, termination, or expiration of the LICENSEE's insurance, the COUNTY may take whatever steps are necessary to interrupt any operation from or on the Airport Premises until such time as the Airport Director reinstates the LICENSE.

If the LICENSEE fails to provide Airport Director with a valid Certificate of Insurance and endorsements, or binder at any time during the term of the LICENSE, the COUNTY and the LICENSEE agree that this shall constitute a material breach of the LICENSE. Whether or not a notice of default has or has not been sent to the LICENSEE, said material breach shall permit the COUNTY to take whatever steps necessary to interrupt any operation from or on the Airport Premises, and to prevent any persons, including, but not limited to, members of the general public, and the LICENSEE's employees and agents, from entering the Premises until such time as Airport Director is provided with adequate evidence of insurance required herein. The LICENSEE further agrees to hold the COUNTY harmless for any damages resulting from such interruption of business and possession, including, but not limited to, damages resulting from any loss of income or business resulting from the COUNTY's action.

The LICENSEE may occupy the Airport Premises only upon providing to COUNTY the required insurance stated herein and carry such insurance for the entire term of this LICENSE. COUNTY reserves the right to terminate this LICENSE at any time the LICENSEE's insurance is canceled or terminated and not reinstated within ten (10) days of said cancellation or termination. LICENSEE shall pay COUNTY a fee of $300.00 for processing the reinstatement of the LICENSE. LICENSEE shall provide to COUNTY immediate notice of said insurance cancellation or termination.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

All contractors performing work on behalf of the LICENSEE pursuant to this LICENSE shall obtain insurance subject to the same terms and conditions as set forth herein for the LICENSEE; excluding General Aviation Liability. All contractors performing work on behalf of the LICENSEE pursuant to this LICENSE shall obtain insurance subject to the following required minimum limits: Commercial General Liability $1,000,000 per occurrence with a $2,000,000 aggregate; Commercial Auto Liability $1,000,000 combined single limit each accident for non-airport operation area; and, $5,000,000 combined single limit each accident for airport operations area. Pollution Liability will be required when hazardous materials or waste are involved with $1,000,000 per claims made or occurrence. The LICENSEE shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by the COUNTY from the LICENSEE under this LICENSE. It is the obligation of the LICENSEE to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Airport Premises. Such proof of insurance must be maintained by the LICENSEE through the entirety of this LICENSE and be available for inspection by a COUNTY representative at any reasonable time.

All self-insured retentions (SIR)'s shall be clearly stated on the Certificate of Insurance. Any SIR in excess of Fifty Thousand Dollars $50,000 shall specifically be approved by the County's Risk Manager, or designee. The County reserves the right to require current audited financial reports from LICENSEE. If LICENSEE is self-insured, LICENSEE will indemnify and defend County for any and all claims resulting or arising from LICENSEE's use of the premises, services, or other performance in accordance with the indemnity provision stated in this LICENSE

If LICENSEE fails to maintain insurance acceptable to the COUNTY for the full term of this LICENSE, the COUNTY may terminate this LICENSE.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the Best's Key Rating Guide/Property-Casualty/United States or ambest.com).
If the insurance carrier does not have an A.M. Best Rating of A-/VIII, CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the LICENSEE shall provide the minimum limits and coverage as set forth below:

Coverages	Minimum Limits
Aviation Commercial General Liability (Including but not limited to General Liability, Passenger Legal Liability, Personal Injury, Contractual Liability, War/Extended Perils Liability, Premises, Products and Completed Operations, Ground Hangarkeepers and liability for vehicles and mobile equipment operated on restricted airport premises.)	$250,000,000 per occurrence $250,000,000 aggregate
Workers' Compensation	Statutory
Employers' Liability Insurance	$1,000,000 per accident or disease
Pollution Liability Insurance	$1,000,000 per claims-made or per occurrence
Commercial Property Insurance on an "All Risk" or "Special Causes of Loss" basis covering all contents and any tenant improvements including Business Interruption/Loss of Rents with a 12-month limit	100% of the Replacement Cost Value and no coinsurance provision

Increased insurance limits may be satisfied with Excess/Umbrella policies. Excess/Umbrella policies when required must provide Follow Form coverage.

Required Endorsements

The Aviation Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.
2. A primary and non-contributing endorsement evidencing that the LICENSEE's insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

The Pollution Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.
2. A primary and non-contributing endorsement evidencing that the LICENSEE's insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

Pollution Liability insurance must include coverage for bodily injury and property damage, including coverage for loss of use and/or diminution in property value, and for clean-up costs arising out of, pertaining to, or in any way related to the actual or alleged discharge, dispersal, seepage, migration, release or escape of contaminants or pollutants resulting from any services or work performed by, or behalf of, LICENSEE, including the transportation of hazardous waste, hazardous materials, or contaminants.

If LICENSEE's Pollution Liability policy is a claims-made policy, LICENSEE shall agree to the following:

1) The retroactive date must be shown and must be before the date of the contract or the beginning of the LICENSE.

2) Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after expiration or earlier termination of LICENSE.

3) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the contract services, LICENSEE must purchase an extended reporting period for a minimum of three (3) years after expiration of earlier termination of the LICENSE.

The Workers' Compensation policy shall contain a Waiver of Subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees. Blanket coverage may also be provided which will state **– As Required by Written Agreement.**

All insurance policies required by this LICENSE shall waive all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

The Commercial Property policy shall contain a Loss Payee endorsement naming the County of Orange as respects the COUNTY's financial interest when applicable.

Insurance certificates should be forwarded to the COUNTY address provided in the Clause (NOTICES) below or to an address provided by Airport Director. The LICENSEE has ten (10) business days to provide adequate evidence of insurance or this LICENSE may be cancelled.

The COUNTY expressly retains the right to require the LICENSEE to increase or decrease insurance of any of the above insurance types throughout the term of this LICENSE. Any increase or decrease in insurance will be as deemed by the COUNTY Risk Manager as appropriate to adequately protect the COUNTY.

The COUNTY shall notify the LICENSEE in writing of changes in the insurance requirements. If the LICENSEE does not deposit copies of acceptable certificates of insurance and endorsements with the COUNTY incorporating such changes within thirty (30) days of receipt of such notice, this LICENSE may be in breach without further notice to the LICENSEE, and the COUNTY shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit the LICENSEE's liability hereunder nor to fulfill the indemnification provisions and requirements of this LICENSE, nor in any way to reduce the policy coverage and limits available from the insurer.

SECTION 10.02 INDEMNITY

The LICENSEE agrees to indemnify, defend with counsel approved in writing by the COUNTY, and hold the COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies which the COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by the LICENSEE pursuant to this LICENSE. If judgment is entered against the LICENSEE and the COUNTY by a court of competent jurisdiction because of the concurrent active negligence of the COUNTY or the COUNTY INDEMNITEES, the LICENSEE and the COUNTY agree that liability will be apportioned as determined by the court. Neither party shall request a jury apportionment.

ARTICLE XI FEDERAL GRANT ASSURANCES AND REQUIREMENTS

SECTION 11.01 CIVIL RIGHTS AND NONDISCRIMINATION

A. In all its activities within the scope of its airport program, AIRLINE 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 (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance

If LICENSEE transfers its obligation to another, the transferee is obligated in the same manner as LICENSEE.

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B. During the performance of this LEASE, LICENSEE, for itself, its assignees, and successors in interest, agrees as follows::

1) **Compliance with Regulations:** LICENSEE 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 LEASE.

2) **Nondiscrimination:** LICENSEE, with regard to the work performed by it during the LEASE, will not discriminate on the grounds of race, color, or national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The LICENSEE 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.

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

4) **Information and Reports:** LICENSEE 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 COUNTY or the FAA to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, LICENSEE will so certify to the COUNTY or the FAA, as appropriate, and will set forth what efforts it has made to obtain this information.

5) **Sanctions for Noncompliance:** In the event of the LICENSEE's noncompliance with the non-discrimination provisions of this LEASE, the COUNTY will impose such sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

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a. Withholding payments under the LEASE until the LICENSEE complies, and/or

b. cancelling, terminating, or suspending the LEASE, in whole or in part.

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

C. LICENSEE, for itself, 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 Leased Premises for a purpose for which an FAA activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, LICENSEE 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 said facilities.

2) 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.

3) In the construction of any improvements on, over, or under the Leased Premises 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.

4) LICENSEE will use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title VI List of Pertinent Nondiscrimination Acts and Authorities.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

D. LICENSEE shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service.

E. LICENSEE, for itself, its assignees, and successors in interest, agrees to comply with the following nondiscrimination 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);

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, subrecipients and contractors, 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;

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

9) The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex)

10) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations); [rescinded January 21, 2025];

11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)][rescinded March 1, 2025]; and

12) 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).

F. In the event of a breach of any of the above nondiscrimination covenants, the COUNTY shall have the right to terminate the LICENSE and to re-enter and repossess said land and the facilities thereon and hold the same as if said LICENSE had never been made or issued.

SECTION 11.02 DEVELOPMENT/MAINTENANCE OF AIRPORT

The COUNTY reserves the right to develop further or improve the Airport as it sees fit, regardless of the desires or views of the LICENSEE, and without interference or hindrance. The COUNTY reserves the right, but shall not be obligated to the LICENSEE, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of the LICENSEE in this regard.

SECTION 11.03 LICENSE SUBORDINATE TO AGREEMENT WITH U.S.A.

This LICENSE shall be subordinate to the provisions and requirements of any existing or future agreement between the COUNTY and the United States or any lawful requirement of the United States relative to the development, operation, or maintenance of the Airport.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

SECTION 11.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS

The LICENSEE agrees that the LICENSEE's use of the Operating Area, including all construction thereon, shall conform to applicable FEDERAL AVIATION REGULATIONS.

The LICENSEE agrees to comply with the applicable notification and review requirements covered in Part 77 of the FEDERAL AVIATION REGULATIONS (as same may be amended from time to time or such other regulation replacing Part 77 as may be adopted by Federal authority) prior to the construction of the improvements described herein and prior to the construction of any future structure or building upon the Operating Area or in the event of any planned modification or alteration of any present or future building or structure situated on the Operating Area.

SECTION 11.05 FEDERAL LAW PREEMPTION

Notwithstanding any provisions of this LICENSE, to the contrary and notwithstanding any provision of any other agreements, laws, or ordinances to the contrary, any requirement that is imposed on the LICENSEE in this LICENSE, or any local authorities, shall not apply to the LICENSEE to the extent that such requirement is or would otherwise be preempted by federal law, including but not limited to the LICENSEE Deregulation Act (49 U.S.C. § 41713).

SECTION 11.06 NONEXCLUSIVE RIGHT

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to conduct aeronautical activities or provide aeronautical services to the public as prohibited by 49 U.S.C. § 40103(e) and 47107(a)(4), as amended from time to time, and the COUNTY reserves the right to grant others the privilege and right of conducting any or all activities of an aeronautical nature.

SECTION 11.07 WAR OR NATIONAL EMERGENCY

This LICENSE 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.

SECTION 11.08 RESERVED

SECTION 11.09 AMERICANS WITH DISABILITIES ACT

The LICENSEE shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 (“ADA”) in connection with: (a) the Operating Area or any portion thereof and its operations thereon, the LICENSEE’s furnishings, trade fixtures, and equipment; (b) removing physical barriers; (c) providing auxiliary aids and services for use of the LICENSEE’s

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

furnishings, trade fixtures and equipment, where necessary or required; and (d) modifying its policies, practices and procedures to comply with the ADA. The LICENSEE shall develop a work plan to correct or avoid any violations or non-compliance with the ADA and to address the processing of disability complaints. The LICENSEE shall deliver to the COUNTY, upon the COUNTY's request, a copy of each report and work plan. The COUNTY's approval of or acceptance of any aspect of the LICENSEE's activities under this LICENSE shall not be deemed or construed in any way as a representation that such item or activity of practice complies with the ADA. The LICENSEE agrees to indemnify, defend, and hold the COUNTY harmless from and against any and all costs incurred by the COUNTY with respect to the LICENSEE's failure to comply with the ADA.

SECTION 11.10 BOARDING ASSISTANCE FOR AIRCRAFT

In accordance with 49 C.F.R. § 27.72, the LICENSEE shall ensure the provision of boarding equipment for passengers with mobility impairment, including, but not limited to, aircraft boarding chairs used to transfer passengers from their wheelchair or other apparatus to their seat in the aircraft cabin. The LICENSEE shall provide all related passenger assistance with this equipment. The equipment shall be provided and maintained in accordance with 49 C.F.R. § 27.72 and the applicable FAA Advisory Circulars, including AC 150/5220-21C.

The COUNTY owns and maintains ramps for utilization by the LICENSEE on the airport apron in the event a ramp is needed for boarding or deplaning of the aircraft. The LICENSEE shall promptly notify the COUNTY if COUNTY-owned ramps require maintenance. If the LICENSEE owns and operates additional ramps, the LICENSEE shall maintain those ramps in proper working condition. The LICENSEE shall provide assistance to passengers with mobility impairment when ramps are used for boarding or deplaning of the aircraft.

ARTICLE XII MISCELLANEOUS PROVISIONS

SECTION 12.01 TIME

Time is of the essence in this LICENSE.

SECTION 12.02 LICENSE ORGANIZATION

The various headings and numbers herein, the grouping of provisions of this LICENSE into separate sections and paragraphs, and the organization hereof, are for the purpose of convenience only and shall not be considered otherwise.

SECTION 12.03 AMENDMENTS

This LICENSE sets forth all of the agreements and understandings of the parties with regard to its subject matter and any modification must be written and properly executed by both parties.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

SECTION 12.04 SIGNS

LICENSEE agrees not to construct, maintain or allow any sign upon the Operating Area except as approved by COUNTY. Unapproved signs, banners, flags, etc., may be removed by the COUNTY without prior notice to the LICENSEE.

LICENSEE will not place any signs or advertising materials in any location within the Licensed area or within any Common Use Area of the Terminal without the prior consent of the COUNTY. All requests for the approval of promotional signs for the LICENSEE shall be accompanied by illustrative drawings and design dimensions along with information about the type of signs proposed, and proposed locations. All approved signs shall be allowed to remain in the terminal for ninety (90) days. The COUNTY may without notice remove any unauthorized signs or advertising materials, and may store them at the LICENSEE's expense; COUNTY may dispose of items if they are not promptly claimed by the LICENSEE after notice from the COUNTY.

SECTION 12.05 PERMITS AND LICENSES

The LICENSEE shall be required to obtain any and all approvals, permits and/or licenses which may be required in connection with its operation as set out herein. No permit approval or consent given hereunder by the COUNTY in its governmental capacity shall affect or limit the LICENSEE's obligations hereunder, nor shall any approvals or consents given by the COUNTY as a party to this LICENSE, be deemed approval as to compliance or conformance with applicable governmental codes, laws, ordinances, rules, or regulations.

SECTION 12.06 RESERVED

SECTION 12.07 TAXES AND ASSESSMENTS

This LICENSE may create a possessory interest that is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) that become due and payable upon fixtures, equipment or other

property installed or constructed thereon, shall be the full responsibility of the LICENSEE, and the LICENSEE shall cause said taxes and assessments to be paid promptly.

SECTION 12.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If either party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental laws or regulations or other cause without fault and beyond the control of the party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse the LICENSEE from the prompt payment of any

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

rental or other charge required of the LICENSEE except as may be expressly provided elsewhere in this LICENSE.

SECTION 12.09 PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this LICENSE is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 12.10 WAIVER OF RIGHTS

The failure of the COUNTY or the LICENSEE to insist upon strict performance of any of the terms, covenants or conditions of this LICENSE shall not be deemed a waiver of any right or remedy that the COUNTY or the LICENSEE may have, and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of the LICENSE thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this LICENSE. Any waiver, in order to be effective, must be signed by the party whose right or remedy is being waived.

SECTION 12.11 RESERVATIONS TO THE COUNTY

The Operating Area is accepted ”AS IS” and the LICENSEE is subject to any and all existing easements and encumbrances. The COUNTY reserves the right to install, lay, construct, maintain, repair and operate sanitary sewers, drains, Stormwater sewers, pipelines, manholes and connections; water, oil and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, under and along the Operating Area or any part thereof; and to enter the Operating Area for any and all such purposes. The COUNTY also reserves the right to grant franchises, easements, rights of way and permits in, over, upon, through, across, under and along any and all portions of the Operating Area. No right reserved by the COUNTY in this Section shall be so exercised as to interfere unreasonably with the LICENSEE's operations hereunder or to impair the security of any secured creditor of the LICENSEE.

The COUNTY agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The COUNTY further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Operating Area by the LICENSEE, the LICENSEE shall only be entitled to a reduction in the fees and charges payable to the COUNTY during the period of interference, which shall be reduced in proportion to the interference with the LICENSEE's use of the Operating Area. The LICENSEE shall not be entitled to any other form of compensation.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

SECTION 12.12 AUTHORITY OF LICENSEE

If the LICENSEE is a corporation, each individual executing this LICENSE on behalf of said corporation represents and warrants that he or she is duly authorized to execute and deliver this LICENSE on behalf of said corporation, in accordance with the by-laws of said corporation, and that this LICENSE is binding upon said corporation.

SECTION 12.13 PUBLIC RECORDS

The LICENSEE understands that written information submitted to and/or obtained by the COUNTY from the LICENSEE related to this LICENSE and/or the Operating Area, either pursuant to this LICENSE or otherwise, may be open to inspection by the public pursuant to the California Public Records Act (Cal. Gov. Code §§6250 *et seq.*) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public.

SECTION 12.14 RELATIONSHIP OF PARTIES

The relationship of the parties hereto is that of Licensor and Licensee, and it is expressly understood and agreed that the COUNTY does not in any way or for any purpose become a partner of the LICENSEE in the conduct of the LICENSEE's business or otherwise, or a joint venturer with the LICENSEE; and the provisions of this LICENSE and the agreements relating to fees and charges payable hereunder are included solely for the purpose of providing a method by which fees and charges payments are to be measured and ascertained. This LICENSE is intended for the sole benefit of the parties hereto and their successors, and, unless otherwise provided herein, or by law, no rights are created, or are intended to be created, for the benefit of, or enforceable by, any third parties.

SECTION 12.15 GOVERNING LAW AND VENUE

This LICENSE has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this LICENSE, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

SECTION 12.16 ATTORNEYS' FEES

In any action or proceeding to enforce or interpret any provision of this LICENSE, or where any provision hereof is validly asserted as a defense, each party shall bear its own attorney's fees, costs and expenses.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

SECTION 12.17 EMERGENCY SERVICES

Airport Director has the right to request that the LICENSEE'S employees aid in and use LICENSEE's inventory of goods in an emergency to assist in maintaining the welfare of persons at or near the Airport. The LICENSEE shall be reimbursed by the COUNTY for the cost of goods as soon as practicable at a rate not to exceed costs as existed immediately prior to the emergency.

SECTION 12.18 NOTICES

All notices pursuant to this LICENSE shall be addressed to either party as set forth below and shall be sent through the United States Mail, in the State of California, duly registered or certified, return receipt requested with postage prepaid or by an overnight carrier service. If any notice is sent by an overnight carrier service, as aforesaid, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof. Notwithstanding the above COUNTY may also provide notices to the LICENSEE by personal delivery or by regular mail postage prepaid and any such notice so given shall be deemed to have been given upon the date of personal delivery or three (3) days after the date of deposit in the United States Mail, respectively.

Either party hereto may from time to time, by written notice to the other in the method described above, designate a different address which shall be substituted for the one above specified.

TO: COUNTY
Attention: Airport Director
John Wayne Airport
3160 Airway Avenue
Costa Mesa, CA 92626

TO: LICENSEE
Alaska Airlines, Inc.
On behalf of Horizon Air Industries, Inc.
P.O Box 68900-SeaPZ
Seattle, WA 98168-0900

[Signatures continue on following page]

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

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

LICENSEE: Horizon Air Industries, Inc.

By: _____

By: _____

APPROVED AS TO FORM:

County Counsel

By: _____

APPROVED AS TO AUDIT AND ACCOUNTING:

Auditor-Controller

By: _____

RECOMMENDED FOR APPROVAL:

John Wayne Airport

By: _____
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this
document has been delivered to the Chair
of the Board per G.C. Sec. 25103, Reso 79-1535
Attest:

COUNTY

COUNTY OF ORANGE

_____
Robin Stieler,
Clerk of the Board of Supervisors
of Orange County, California

By: _____
Chairman, Board of Supervisors

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

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

LICENSEE: Horizon Air Industries, Inc.

By: _____

By: _____

APPROVED AS TO FORM:

County Counsel

DocuSigned by:

By: Mark Sanchez
6EE66EC8DA7B48F...

APPROVED AS TO AUDIT AND ACCOUNTING:

Auditor-Controller

Signed by:

By: Vivian Luz C. Grzeszczak
08187C051B2C443...

RECOMMENDED FOR APPROVAL:

John Wayne Airport

Signed by:

By: Charlene Reynolds
A1A526A921AF49F...

Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this document has been delivered to the Chair of the Board per G.C. Sec. 25103, Reso 79-1535
Attest:

COUNTY

COUNTY OF ORANGE

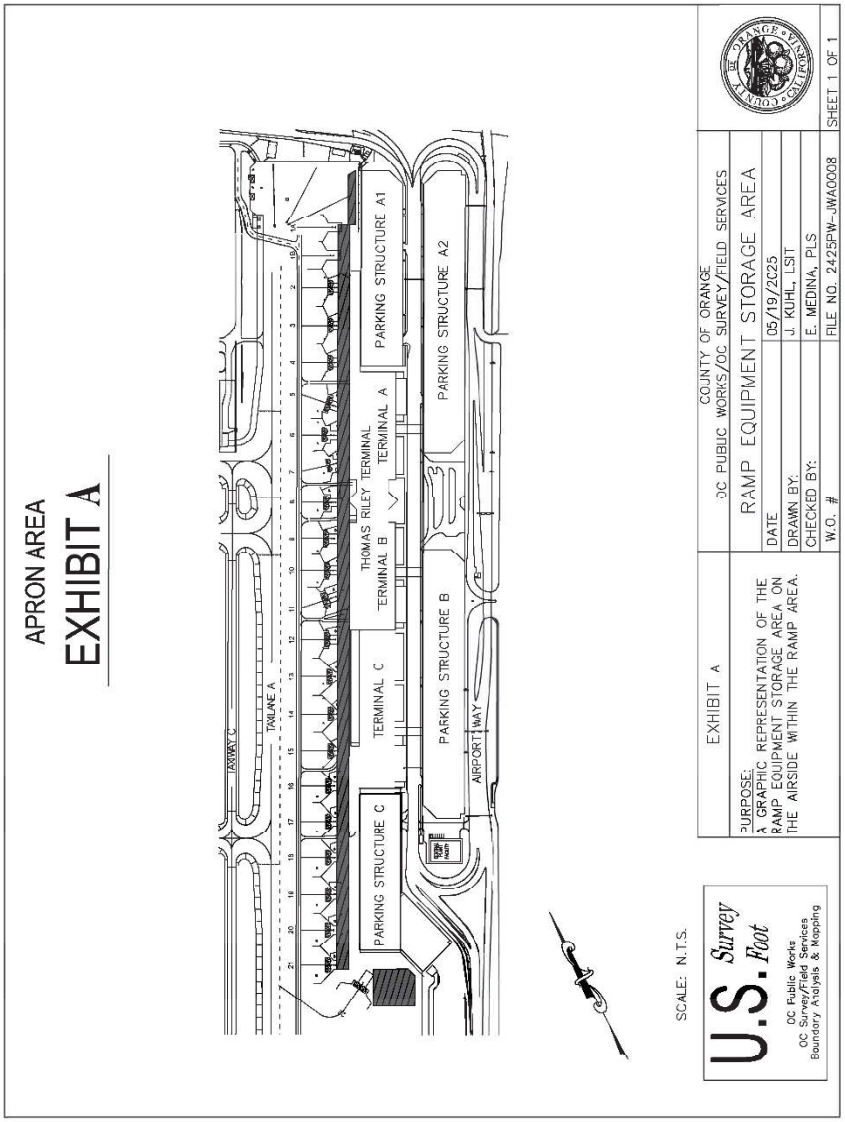
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By: _____
Chairman, Board of Supervisors

Robin Stieler,
Clerk of the Board of Supervisors
of Orange County, California

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

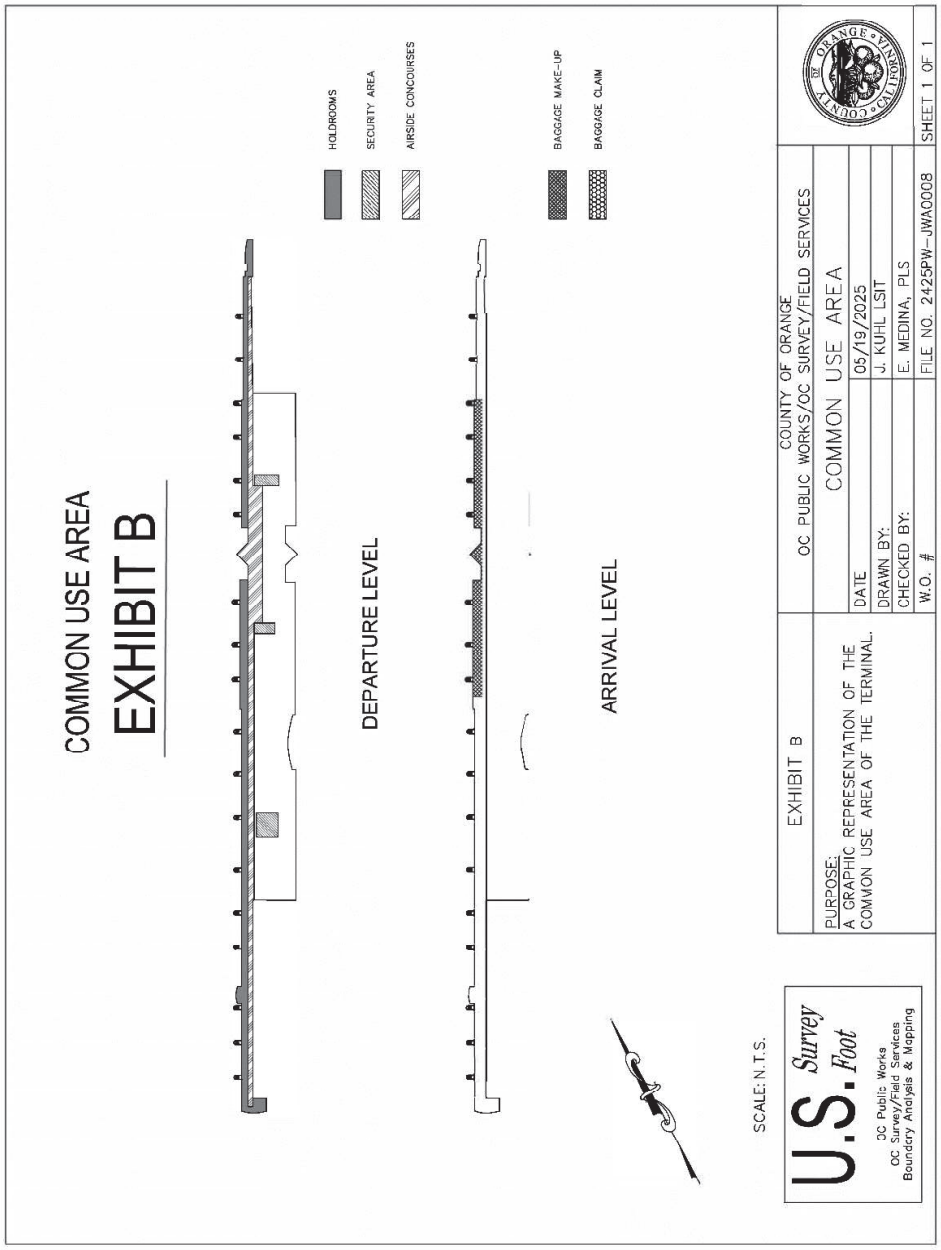
EXHIBIT A
APRON AREA



Page 1 of 1

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

EXHIBIT B
COMMON USE AREA



Page 1 of 1

JOHN WAYNE AIRPORT
ORANGE COUNTY

AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE OPERATING LICENSE

Dated _____

Between

County of Orange

and

SkyWest Airlines, Inc.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

TABLE OF CONTENTS

Page

RECITALS 1
ARTICLE I - DEFINITIONS 2
SECTION 1.02 AAAC CHAIR 2
SECTION 1.03 ACCESS PLAN 2
SECTION 1.04 ADD 2
SECTION 1.05 AIRLINE RATES AND CHARGES 3
SECTION 1.06 AIRPORT 3
SECTION 1.07 AIRPORT DIRECTOR 3
SECTION 1.08 APRON AREA 3
SECTION 1.09 AUDITOR-CONTROLLER 3
SECTION 1.10 BOARD OF SUPERVISORS 3
SECTION 1.11 CBP 3
SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT 3
SECTION 1.13 COMMON USE AREA 3
SECTION 1.14 COUNTY 4
SECTION 1.15 CUPPS 4
SECTION 1.16 CUSS 4
SECTION 1.17 DOT 4
SECTION 1.18 EMV 4
SECTION 1.19 ENVIRONMENTAL LAWS 4
SECTION 1.20 FAA 5
SECTION 1.21 GSE 5
SECTION 1.22 HAZARDOUS SUBSTANCES 5
SECTION 1.23 IAF 5
SECTION 1.24 NON- STORMWATER DISCHARGE 6
SECTION 1.25 OPERATING AREA 6
SECTION 1.26 PFC 6
SECTION 1.27 POLLUTANT 6
SECTION 1.28 RON 7
SECTION 1.29 STORMWATER 7
SECTION 1.30 TERMINAL 7
SECTION 1.31 TSA 7
ARTICLE II – TERM OF LICENSE 7
SECTION 2.01 TERM OF LICENSE 7
SECTION 2.02 TERMINATION FOR CONVENIENCE 7
SECTION 2.03 HOLDING OVER 8
ARTICLE III – FEES AND CHARGES 8
SECTION 3.01 FEES AND CHARGES 8
SECTION 3.02 PAYMENT PROCEDURE 11

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

SECTION 3.03 CHARGE FOR LATE PAYMENT 12
SECTION 3.04 PASSENGER FACILITY CHARGE 13
SECTION 3.05 PROVISION AGAINST SET-OFFS 14
SECTION 3.06 SECURITY DEPOSIT 14
SECTION 3.07 NEW ENTRANT DEPOSIT 15
ARTICLE IV - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES .. 16
SECTION 4.01 USE 16
SECTION 4.02 USE OF PUBLIC AIRPORT FACILITIES 17
SECTION 4.03 RULES AND REGULATIONS 17
SECTION 4.04 ACCESS PLAN LIMITATIONS ON USE 18
SECTION 4.05 OPERATIONAL REQUIREMENTS 19
SECTION 4.06 RECORDS AND ACCOUNTS 20
SECTION 4.07 MAINTENANCE AND OPERATION 22
SECTION 4.08 APRONS, GATE POSITIONS AND LOADING BRIDGES 23
SECTION 4.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES ... 24
SECTION 4.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON 24
SECTION 4.11 AIRCRAFT PARKING 25
SECTION 4.12 PORTER SERVICES 25
ARTICLE V - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION 26
SECTION 5.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE 26
SECTION 5.02 SPILL RESPONSE PLAN 27
SECTION 5.03 STORMWATER CONTROL AND CONTAMINATION 28
SECTION 5.04 ENVIRONMENTAL STEWARDSHIP 29
SECTION 5.05 GENERAL HEALTH AND SAFETY CONDITIONS 30
SECTION 5.06 ENVIRONMENTAL INDEMNIFICATION 30
SECTION 5.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS 32
SECTION 5.08 ANTI-IDLING POLICY 32
ARTICLE VI - CONSTRUCTION AND IMPROVEMENTS 32
SECTION 6.01 CONSTRUCTION AND/OR ALTERATION BY COUNTY 32
SECTION 6.02 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS 32
SECTION 6.03 HEALTH AND SAFETY 33
ARTICLE VII - ASSIGNMENT 33
SECTION 7.01 ASSIGNING AND TRANSFERRING 33
SECTION 7.02 SUCCESSORS IN INTEREST 37
ARTICLE VIII - TERMINATION AND DEFAULT 37
SECTION 8.01 TERMINATION OF PRIOR AGREEMENTS 37
SECTION 8.02 TERMINATION FOR DEFAULT 37
SECTION 8.03 DISPOSITION OF ABANDONED PERSONAL PROPERTY 38
ARTICLE IX - SECURITY 38

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

SECTION 9.01 AIRPORT SECURITY 38
ARTICLE X - INSURANCE AND INDEMNITY 41
SECTION 10.01 INSURANCE 41
SECTION 10.02 INDEMNITY 45
ARTICLE XI FEDERAL GRANT ASSURANCES AND REQUIREMENTS 45
SECTION 11.01 CIVIL RIGHTS AND NONDISCRIMINATION 45
SECTION 11.02 DEVELOPMENT/MAINTENANCE OF Airport 49
SECTION 11.03 LICENSE SUBORDINATE TO AGREEMENT WITH U.S.A. 49
SECTION 11.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS 50
SECTION 11.05 FEDERAL LAW PREEMPTION 50
SECTION 11.06 NONEXCLUSIVE RIGHT 50
SECTION 11.07 WAR OR NATIONAL EMERGENCY 50
SECTION 11.08 RESERVED 50
SECTION 11.09 AMERICANS WITH DISABILITIES ACT 50
SECTION 11.10 BOARDING ASSISTANCE FOR AIRCRAFT 51
ARTICLE XII MISCELLANEOUS PROVISIONS 51
SECTION 12.01 TIME 51
SECTION 12.02 LICENSE ORGANIZATION 51
SECTION 12.03 AMENDMENTS 51
SECTION 12.04 SIGNS 52
SECTION 12.05 PERMITS AND LICENSES 52
SECTION 12.06 RESERVED 52
SECTION 12.07 TAXES AND ASSESSMENTS 52
SECTION 12.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE 52
SECTION 12.09 PARTIAL INVALIDITY 53
SECTION 12.10 WAIVER OF RIGHTS 53
SECTION 12.11 RESERVATIONS TO THE COUNTY 53
SECTION 12.12 AUTHORITY OF LICENSEE 54
SECTION 12.13 PUBLIC RECORDS 54
SECTION 12.14 RELATIONSHIP OF PARTIES 54
SECTION 12.15 GOVERNING LAW AND VENUE 54
SECTION 12.16 ATTORNEYS' FEES 54
SECTION 12.17 EMERGENCY SERVICES 55
SECTION 12.18 NOTICES 55

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

LIST OF EXHIBITS

EXHIBIT A MAP – APRON AREA

EXHIBIT B MAP – COMMON USE AREA

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

THIS AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE OPERATING LICENSE is made and entered into this ___ day of _____, 2025, by and between the COUNTY OF ORANGE, a political subdivision of the State of California ("COUNTY"), and SkyWest Airlines, Inc. ("LICENSEE") "), with COUNTY and LICENSEE sometimes individually referred to as "Party" or collectively referred to as "Parties."

RECITALS

WHEREAS, the COUNTY, through its Board of Supervisors, is the owner and proprietor of John Wayne Airport ("JWA" or "Airport"), located in the County of Orange, State of California, and operates and maintains the Airport as a governmental function for the primary purpose of providing air transportation to the public; and

WHEREAS, COUNTY and LICENSEE entered into a Certificated Passenger Airline Operating License dated November 3, 2020 ("Existing License"); and

WHEREAS, LICENSEE is engaged in the business of commercial air transportation of persons, property, cargo and mail as a scheduled air carrier and is certificated or otherwise authorized by the United States of America to engage in such business; and

WHEREAS, LICENSEE desires to enter into an agreement addressing certain premises, facilities, rights, licenses, services and privileges at the Airport; and

WHEREAS, as part of its ongoing effort to operate the Airport in a manner sensitive to the residents who live under the Airport's approach and departure corridors, the COUNTY has developed one of the most stringent access and noise abatement programs in the country. The Airport monitors all aircraft operations, both commercial and private, for compliance with the program. These noise abatement and access restrictions derive from the 1985 Settlement Agreement between the COUNTY, City of Newport Beach and other parties, and are implemented through ordinances, resolutions (including Resolutions No. 85-255, 85-256, 85-259, 85-1231, 85-1232, and 85-1233), regulations (including the Phase 2 Commercial Airline Access Plan and Regulation) and policies of the COUNTY, as they may be amended from time to time; and

WHEREAS, the 1985 Settlement Agreement has been periodically amended by its parties to, among other things, increase the authorized passenger levels at the Airport; and

WHEREAS, the amendments to the 1985 Settlement Agreement preserve and continue to implement important restrictions on the use of JWA, "grandfathered" under the AIRPORT NOISE AND CAPACITY ACT OF 1990 ("ANCA"), which reflect and accommodate historical policy decisions of the Board of Supervisors regarding the appropriate point of balance between the competing interests of the air transportation and aviation community and local residents living in the vicinity of the Airport. These policy decisions address, among other issues, nighttime operational restrictions and maximum permitted single-event noise levels; and

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

WHEREAS, COUNTY and LICENSEE mutually desire to enter into this LICENSE, which amends and restates the Existing License, in order to provide air transportation services to the community and its visitors; and

WHEREAS, COUNTY has the right to permit and grant the use of its property at the Airport to the LICENSEE for the operation of the LICENSEE's air transportation services; and

WHEREAS, LICENSEE acknowledges that this LICENSE is being entered into under the provisions of CAL. PUBLIC UTIL. CODE §§21690.5, *et seq.*, and in particular, §21690.9.

NOW, THEREFORE, in consideration of the promises and mutual covenants, hereinafter contained to be observed and performed by the respective Parties hereto.

THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I - DEFINITIONS

The following words, terms and phrases whenever used in this LICENSE shall have the meaning and significance attached to them in this Article, unless otherwise apparent from context.

SECTION 1.01 AAAC

"AAAC" shall mean the JWA – Airport Airline Affairs Committee. The AAAC is composed of the airline properties' representatives for the carriers serving John Wayne Airport.

SECTION 1.02 AAAC CHAIR

"AAAC Chair" shall mean the Chairperson elected by the AAAC to act the spokesperson for carriers serving John Wayne Airport.

SECTION 1.03 ACCESS PLAN

"Access Plan" shall mean the Phase 2 Commercial Airline Access Plan and Regulation for John Wayne Airport, Orange County, as that plan existed when originally adopted and approved by the Orange County Board of Supervisors in 1990, as it has been amended by the Board of Supervisors from time to time, and as it may be amended by the Board of Supervisors at any time during the term of this LICENSE.

SECTION 1.04 ADD

"ADD" shall mean Average Daily Departure, as defined in the Access Plan. Except as expressly provided in the Access Plan, all commercial air carrier departures at JWA are regulated departures and require an ADD allocation. ADD allocations are the exclusive property of the COUNTY.

SECTION 1.05 AIRLINE RATES AND CHARGES

"Airline Rates and Charges" shall mean all rates, fees and charges payable to the COUNTY by the LICENSEE as specified herein.

SECTION 1.06 AIRPORT

"Airport" shall mean the John Wayne Airport, Orange County, California.

SECTION 1.07 AIRPORT DIRECTOR

"Airport Director" shall mean the Director of JWA, or his or her duly authorized designee.

SECTION 1.08 APRON AREA

"Apron Area" shall mean the land identified as Apron Area in Exhibit A attached hereto, and, except as otherwise provided herein, all facilities, equipment and improvements now or hereafter located thereon.

SECTION 1.09 AUDITOR-CONTROLLER

"Auditor-Controller" shall mean the Auditor-Controller, County of Orange, or designee.

SECTION 1.10 BOARD OF SUPERVISORS

"Board of Supervisors" shall mean the COUNTY'S governing body.

SECTION 1.11 CBP

"CBP" shall mean Customs and Border Protection, U.S. Department of Homeland Security.

SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT

"Certificated Maximum Landing Weight" shall mean the current maximum allowable gross landing weight of aircraft operated by the LICENSEE and certificated by the Federal Aviation Administration (FAA) for operation at the Airport.

SECTION 1.13 COMMON USE AREA

"Common Use Area" shall mean the nonexclusive use of space, in common with other airlines, located in the Terminal, as shown on Exhibit B.

SECTION 1.14 COUNTY

"COUNTY" shall mean the County of Orange, a political subdivision of the State of California.

SECTION 1.15 CUPPS

"CUPPS" shall mean the Airport's Common Use Passenger Processing System

SECTION 1.16 CUSS

"CUSS" shall mean Common Use Self Service.

SECTION 1.17 DOT

"DOT" shall mean the U.S. Department of Transportation.

SECTION 1.18 EMV

"EMV" shall mean Europay, Mastercard, or Visa.

SECTION 1.19 ENVIRONMENTAL LAWS

"Environmental Laws" shall mean any federal, State, or local laws, statutes, ordinances, codes, judgments, orders, rules, or regulations pertaining to the environment and/or human health, Hazardous Substances, Pollutants, occupational safety and health, industrial hygiene, or the environmental conditions on, at, under or about the Airport, and includes, without limitation, the following: (i) the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; (ii) Clean Water Act, 33 U.S.C. § 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 C.F.R. Parts 173 and 175; (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 U.S.C. § 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 ("Proposition 65"); (ix) California Health and Safety Code §§25100, 25395.7, 25915 *et seq*.; (x) the Porter-Cologne Water Quality Control Act (California Water Code); (xi) California Civil Code § 3479 *et seq*.; (xii) Stormwater Discharge Rules, 40 C.F.R. §§ 122.26, 122.30-37; (xiii) the Carpenter-Presley-Tanner Hazardous Substances Account Act; (xiv) the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; (xv) the Safe Drinking Water Act, 24 U.S.C. § 300f, *et seq.*; xvi) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Industrial Activities, Order No. 2014-0057-DWQ (or most current); xvii) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, Order No. 2009-0009-DWQ amended by 2010-0014-DWQ & 2012-

0006-DWQ; xviii) The County of Orange, Orange County Flood Control District and The Incorporated Cities of Orange County within the Santa Ana Region Areawide Urban Stormwater Runoff Orange County Municipal Separate Storm Sewer System (MS4) Permit Order No. R8-2009-0030 (National Pollutant Discharge Elimination System No. CAS618030) as amended by Order No. R8-2010-0062; xix) South Coast Air Quality Management District Regulations and Rules; and (xx) all other federal, State, and local laws, rules, orders, directives, and codes, regulations, judgments, and orders relating to (a) emissions, discharges, releases, and/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 (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Substances, as such laws are amended, and the regulations and administrative codes applicable thereto.

SECTION 1.20 FAA

"FAA" shall mean the Federal Aviation Administration created under the Federal Aviation Act of 1958, or such successor agency as may have similar jurisdiction over LICENSEE or its business, and the Airport.

SECTION 1.21 GSE

"GSE" shall mean any auxiliary power unit, mobile stairs, aircraft support equipment, machinery, spare parts, or other equipment used or stored by any qualified air carrier in support of its operations at JWA.

SECTION 1.22 HAZARDOUS SUBSTANCES

"Hazardous Substances" shall mean any pollutant, contaminant, chemical, compound, substance, hazardous or toxic substance, material, waste, and/or any other matter, which is or shall become regulated by any governmental entity, including, but not limited to COUNTY acting in its governmental capacity, the State of California, and/or the United States Government. 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, nuisance, and/or is controlled or governed under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos-containing materials; (iv) flammable or explosive substances; (v) mold-containing materials; poly-chlorinated biphenyl compounds; and/or (vi) substances designated by any governmental entity to cause cancer and/or reproductive toxicity.

SECTION 1.23 IAF

"IAF" shall mean the areas of the terminal that house U.S. Customs and Border Protection and are for the use of arriving international passengers.

SECTION 1.24 NON- STORMWATER DISCHARGE

"Non-Stormwater Discharge" shall mean any discharge to storm sewer systems that is not entirely composed of Stormwater. "Non-Stormwater Discharge," includes "Unauthorized Non-Stormwater Discharges" and "Authorized Non-Stormwater Discharges" as defined by the California Environmental Protection Agency State Water Resources Control Board's National Pollutant Discharge Elimination System General Permit for Discharges of Stormwater Associated with Industrial Activities and Construction Activities.

SECTION 1.25 OPERATING AREA

“Operating Area” shall mean the Apron Area and Common Use Area as depicted in Exhibits A and B.

SECTION 1.26 PFC

“PFC” shall mean federally approved Passenger Facility Charges or passenger facility fees, as authorized by 49 U.S.C. § 40117 and regulated by 14 C.F.R. Part 158, as such statute and regulation currently exist or as they may be amended during the term of this LICENSE.

SECTION 1.27 POLLUTANT

“Pollutant” means any chemical, compound, substance, liquid, solid or semi-solid substances, or combination thereof, including but not limited to:

a. Artificial materials (such as floatable plastics, wood products or metal shavings);

b. Household waste (such as trash, paper, and plastics; cleaning chemicals, yard wastes, animal fecal materials, used oil and fluids from vehicles, lawnmowers and other common household equipment);

c. Metals and nonmetals, including compounds of metals and nonmetals (such as cadmium, lead, zinc, copper, silver, nickel, chromium, cyanide, phosphorus and arsenic) with characteristics which cause an adverse effect on living organisms;

d. Petroleum and related hydrocarbons (such as fuels, lubricants, surfactants, waste oils, solvents, coolants and grease);

e. Substances having a pH less than 6.5 or greater than 8.6, or unusual coloration, turbidity or odor;

f. Materials causing an increase in biochemical oxygen demand, chemical oxygen demand or total organic carbon;

g. Materials which contain base/neutral or acid extractable organic compounds;

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h. Those pollutants defined in Section 1362(6) of the Federal Clean Water Act;

i. Any other constituent or material, including but not limited to pesticides, herbicides, fertilizers, fecal coliform, fecal streptococcus, or enterococcus, or eroded soils, sediment and particulate materials, in quantities that will interfere with or adversely affect the beneficial use of the receiving waters, flora or fauna of the State; and

j. Any substance listed under Health and Safety Code, §25316.

SECTION 1.28 RON

"RON" shall mean the remain overnight positions where the LICENSEE's aircraft are required to park when they "remain overnight" at JWA.

SECTION 1.29 STORMWATER

"Stormwater" shall mean stormwater runoff, snowmelt runoff, and stormwater surface runoff and drainage.

SECTION 1.30 TERMINAL

"Terminal" shall mean the Thomas F. Riley commercial passenger terminal and concourses at John Wayne Airport, as may be modified at any time during the term of this LICENSE.

SECTION 1.31 TSA

"TSA" shall mean the Transportation Security Administration of the U.S. Department of Homeland Security, the federal agency responsible for regulation of airport security, or any such successor agency.

ARTICLE II – TERM OF LICENSE

SECTION 2.01 TERM OF LICENSE

The term of this LICENSE shall shall continue on a month-to-month basis until terminated by either Party.

SECTION 2.02 TERMINATION FOR CONVENIENCE

This LICENSE may be terminated for convenience by either Party for any reason, and without cause, upon thirty (30) days written notice.

SECTION 2.03 HOLDING OVER

In the event LICENSEE continues use of the Operating Area after the termination of this LICENSE, such use shall not be considered an extension or renewal of this LICENSE. LICENSEE's continued use of the Operating Area after termination of this LICENSE shall be on a month-to-month basis and shall be governed by terms, conditions, and covenants of this LICENSE.

ARTICLE III – FEES AND CHARGES

SECTION 3.01 FEES AND CHARGES

The fees and charges contained in this LICENSE are established in accordance with (i) Resolution 02-062 dated March 12, 2002 (or as subsequently amended), which reasserts and establishes the John Wayne Airport Revenue Planning Policy, and (ii) the Bond Indenture for the Airport Revenue Bonds, Series 1987, and the First Supplemental, Second Supplemental, Third Supplemental, Fourth Supplemental, Fifth Supplemental, and Sixth Supplemental Indenture Series 1993, 1997, 2003, 2009 and 2019, as well as any future bond indentures or supplemental indentures that may be issued or adopted from time to time. The Airport Director and the AAAC Chair shall present any modifications to the rents, fees, and charges to the AAAC prior to implementation.

A. The LICENSEE shall make payment of the following fees and charges which shall be due and payable monthly in advance on the first day of each month with a 15-day grace period; and the LICENSEE agrees that the COUNTY will not invoice for such fees and charges, and may require LICENSEE to submit future monthly reports electronically via JWA's portal and prescribed format. COUNTY will make reasonable efforts to develop an electronic format that allows LICENSEE to report the information requested efficiently:

(1) Common Use Areas

(a) Arrival Level. The COUNTY shall establish fees for shared use of baggage claim and baggage make-up areas. Said fees shall be established on the basis of allocating the Airport's total costs and expenses associated with the baggage claim and baggage make-up areas to the commercial airlines in the terminal accordingly: twenty percent (20%) of the costs to be shared evenly among the commercial airlines and eighty percent (80%) of the costs to be shared based on each commercial airline's percentage of total deplaned passengers at the Airport including their commuter affiliates.

(b) Departure Level. The COUNTY shall establish fees for shared use of departure level common areas including hold-rooms, airside concourses, baggage/passenger screening areas and security areas. Said fees shall be established by allocating the Airport's total costs and expenses associated with departure level common areas accordingly: ten percent (10%) of the

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costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

COUNTY may modify the rents, fees and charges described in Paragraphs A and B of section 3.01. Said modification of rates and charges may not occur more often than every six (6) months. Modifications may include fee revisions, the establishment of new fee classifications, or such other changes as needed to respond to the LICENSEE's use of the Airport. At the end of each modification period, the COUNTY shall establish monthly fees and issue credits for any overpayments by the LICENSEE or invoice the LICENSEE for any underpayments for the previous period.

In the event an obligation to pay fees begins or terminates on a day other than the first or last day of the month, the fees shall be prorated to reflect the actual period of use based on a thirty (30) day month. The fees for any partial calendar month during which this LICENSE becomes effective will be payable on such effective date.

(c) IAF. Fees shall be established by the COUNTY for shared use of the IAF. Said fees shall be established based on the Airport's total costs and expenses associated with the IAF area. The IAF shall be allocated to commercial carrier operating international flights according to the carrier's ratio of international deplaned passengers and the schedule established by the COUNTY.

(d) CBP. Costs shall be passed-through to commercial carriers operating international flights based on international deplaned passengers at JWA and the schedule established by the COUNTY.

(e) CUPPS. Fees shall be established by the COUNTY for the implementation, maintenance, support, services and supplies, and periodic upgrades of the Common Use Passenger Processing System (CUPPS). Said fees shall be established and allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

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In the event of future CUPPS upgrade implementation due to technological requirement or regulatory compliance, the cost of CUPPS upgrade shall be amortized over three years, allocated according to departure activities allocation methodology, as follows: ten percent (10%) of the costs to be shared evenly among the commercial airlines in the terminal, forty-five percent (45%) of the costs to be shared based on each airlines percentage of total enplaned passengers at the Airport, including their commuter affiliates, and forty-five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

(1) The JWA CUPPS has EMV credit card capability. JWA will not activate this capability until the JWA AAAC agrees to its activation, in whole or in part, using a processing system acceptable to the affected airlines and JWA.

(2) In the event LICENSEE does not use JWA' s installed EMV chip credit card processing system, the COUNTY will not be liable for fraudulent credit card transactions by LICENSEE customers and LICENSEE shall indemnify the COUNTY pursuant to Section 10.02 of this LICENSE for such transactions.

(2) **Additional Fees**

The COUNTY shall establish additional fees including, but not limited to, utility expenses, janitorial expenses, and annual security expenses resulting from any security measures implemented after September 11, 2001. Such fees shall be established annually by allocating Airport's total cost accordingly: ten percent (10%) of the cost to be shared evenly among the commercial airlines in the terminal, forty five percent (45%) of the cost to be shared based on each commercial airlines percentage of total enplaned passengers at Airport including their commuter affiliates, and forty five percent (45%) of the costs to be shared based on each commercial airline's percentage of total aircraft departures.

B. The LICENSEE shall pay the following fees and charges payable monthly in arrears on or before the twentieth (20th) day of each month with no grace period. The LICENSEE agrees that the COUNTY will not invoice for the following fees and charges, and may require LICENSEE to submit future monthly report electronically via JWA' s portal and prescribed format. COUNTY will make reasonable efforts to develop and electronic format that allows LICENSEE to efficiently report information requested.

(1) Landing fees based on the latest schedule established by the COUNTY covering the operation of scheduled airlines and commercial operations at the Airport. Landing fees shall be expressed in terms of a rate per one thousand (1,000) pounds of maximum gross landing weight of aircraft certified by the FAA.

(2) Aircraft RON parking fees based on the latest schedule established by the COUNTY. Aircraft parking fees shall be expressed in dollars per night.

(3) Operations fees (gate use fees) based on the schedule established by the COUNTY. Operations fees shall be expressed in dollars per daily departure.

C. Upon thirty (30) days written notice from the Airport Director, the COUNTY may modify the fees and charges described in Paragraphs A and B of section 3.01. Said modification of rates and charges may not occur more often than every six (6) months. Changes may include fee revisions, establishment of new fee classifications or such other changes as needed to respond to the LICENSEE's use of Airport, the need for the COUNTY to receive fair and equitable fees and charges for all uses of Airport and to ensure Airport is operated at no cost to the local taxpayer. With regard to any dispute as to what may constitute reasonable fees and charges, the LICENSEE shall first exhaust all remedies provided by applicable federal law and FAA regulations. At the end of each modification period, the COUNTY shall establish monthly fees and apply any underpayments or overpayments by the LICENSEE to the subsequent rates and charges period. At the discretion of the COUNTY, overpayments may be refunded via credit memo and underpayments may be invoiced.

Notwithstanding anything in this LICENSE to the contrary, all amounts payable by the LICENSEE to or on behalf of the COUNTY under this LICENSE, whether or not expressly denominated as rent, shall constitute rent for the purposes of the U.S. BANKRUPTCY CODE, 11 U.S.C. §502(b)(6).

The LICENSEE shall notify Airport in writing within thirty (30) days of filing a petition for Bankruptcy.

SECTION 3.02 PAYMENT PROCEDURE

A. **Place of Payment and Filing**. Payments and statements required by Sections 3.01 and 4.06 in this LICENSE shall be delivered to the County of Orange, Office of the Auditor-Controller, John Wayne Airport Accounting Services, 3160 Airway Avenue, Costa Mesa, California 92626. The designated place of payment and filing may be changed at any time by the COUNTY upon ten (10) days' written notice to the LICENSEE. Payments may be remitted by automated clearing house (ACH) deposit to the airport's designated bank account or made by check payable to the County of Orange. The LICENSEE assumes all risk of loss if payments are made by mail.

B. **Form of Payment**. All sums due under this LICENSE shall be paid in lawful money of the United States of America without offset or deduction or prior notice or demand. No payment by the LICENSEE or receipt by the COUNTY of a lesser amount than the payment due shall be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and the COUNTY shall accept such check or payment without prejudice to the COUNTY's right to recover the balance of the amount due or pursue any other remedy in this LICENSE. All electronic payments must be remitted by Automated Clearing House (ACH)/direct deposit to the Airport's designated bank account, or any future mode prescribed by the COUNTY. Any fees assessed to the COUNTY's bank account due to the use of another form of payment (e.g., wire transfer) not prescribed or approved by the COUNTY, shall be passed-through to LICENSEE plus a twenty-five dollar ($25) processing fee.

C. **Penalty for NSF Check** In the event a check submitted by LICENSEE is returned for non-sufficient funds ("NSF"), LICENSEE agrees to pay COUNTY a service charge in the amount of twenty-five dollars ($25) for the first returned check, and thirty-five dollars ($35) for each subsequent check. LICENSEE may also be liable for treble damages pursuant to California Civil Code Section 1719.

SECTION 3.03 CHARGE FOR LATE PAYMENT

The LICENSEE hereby acknowledges that the late payment of fees and charges or any other sums due hereunder will cause the COUNTY to incur costs not contemplated by this LICENSE, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices, increased accounting costs, or lost interest income.

Accordingly, if any payment of fees and charges as specified in Section 3.01 in this LICENSE entitled "FEES AND CHARGES" or of any other sum due to the COUNTY is not received by COUNTY by the due date, a late charge of one and one-half percent (1.5%) of the payment due and unpaid shall be added to the payment, and the total sum shall become immediately due and payable to the COUNTY. An additional charge of one and one-half percent (1.5%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

The LICENSEE and the COUNTY hereby agree that such late charges represent a fair and reasonable estimate of the costs that the COUNTY will incur by reason of the LICENSEE's late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by the COUNTY shall in no event constitute a waiver of LICENSEE's default with respect to such overdue payment, or prevent the COUNTY from exercising any of the other rights and remedies granted hereunder.

SECTION 3.04 PASSENGER FACILITY CHARGE

The COUNTY expressly reserves the right to impose PFCs on LICENSEE's passengers for the use of the Airport in accordance with 49 U.S.C. § 40117 and applicable implementing regulations adopted by the FAA, including 14 C.F.R. Part 158, as they may be amended from time to time (the "PFC Regulations").

The LICENSEE shall hold in trust for the COUNTY the net principal amount of all PFCs that are collected by the LICENSEE or its agents on behalf of the COUNTY. For the purposes of this Section 3.04, net principal amount shall mean the total principal amount of all PFCs that are collected by the LICENSEE or its agents on behalf of the COUNTY, reduced by any amount that the LICENSEE is permitted to retain pursuant to 49 U.S.C. § 40117 and the PFC Regulations. Monthly PFCs collected by the LICENSEE shall be remitted to the COUNTY no later than the last day of the following calendar month or if that date falls on a weekend or holiday, the first business day thereafter. In addition, PFCs collected by the LICENSEE shall be remitted to the COUNTY at the address specified in Section 3.02, Part A, "Place of Payment and Filing" or at such other place as designated by the COUNTY.

Should the LICENSEE fail to remit the net principal amount of all PFCs to the COUNTY within five (5) days following the remittance date specified above, the LICENSEE shall be deemed to be in default pursuant to Article VIII hereof. In addition, any late payment of PFCs shall be subject to late fees computed at the rate of one and one-half percent (1.5%) per month of the payment due and unpaid or the highest rate allowable under applicable state law from the due date until paid in accordance with Section 3.03 of this LICENSE.

Nothing contained herein shall be construed to supersede the rights and obligations provided in 14 C.F.R. Part 158 regarding PFC's. In the event that a conflict exists between such federal regulation and this agreement, the federal regulation shall govern.

PFC Reporting and Auditing Requirement: Airlines are required to comply with Part 158 Subpart D Reporting, Recordkeeping and Audits of PFC accounts maintained by the collecting carriers, specifically refer to Part §158.65, §158.69 and §158.71. The PFC report must be filed by the last day of the month following the calendar quarter by the collecting carrier to the County/Airport. The collecting air carrier's quarterly report must state:

(i) The collecting air carrier and airport involved
(ii) The total PFC revenue collected
(iii) The total PFC revenue refunded to passengers
(iv) The collected revenue withheld for reimbursement of expenses under §158.53
(v) The dates and amounts of each remittance for the quarter

SECTION 3.05 PROVISION AGAINST SET-OFFS

It is the obligation of the LICENSEE to pay all fees and charges, free of any set-offs or claims, in the amount and at the times specified in this LICENSE. In the event that the LICENSEE desires to contest the validity or amount of any such fees and charges, the LICENSEE shall first pay the same to the COUNTY and may then seek a refund in any appropriate forum.

SECTION 3.06 SECURITY DEPOSIT

The LICENSEE, prior to the commencement of operations, shall deposit with the COUNTY a security deposit approximately three (3) times the estimated monthly rent, fees and charges ("Security Deposit") as determined by the Airport Director.

Concurrently with each revision of the fees and charges pursuant to the Section 3.01 in this LICENSE, the security deposit to be provided by the LICENSEE shall be adjusted to approximately three (3) times the estimated monthly fees and charges as determined by the Airport Director to guarantee the faithful performance by the LICENSEE of its obligations under this LICENSE and the payment of all fees and charges due hereunder. In no event shall the amount of the Security Deposit be less than the existing Security Deposit. The amount of the Security Deposit will not be increased unless the adjusted Security Deposit is equal to or more than one hundred twenty percent (120%) of the prevailing Security Deposit. PFCs shall be excluded from the fees and charges used to determine the LICENSEE's Security Deposit.

The Security Deposit shall take one of the forms set out below and shall guarantee the LICENSEE's full and faithful performance of all the terms, covenants, and conditions of this LICENSE:

A. Letter of Credit from one or more financial institutions, subject to regulation by the State of California or federal government, pledging that funds necessary to secure performance of the terms, covenants, and conditions of this LICENSE are on deposit and guaranteed for payment, and agreeing that said funds shall be trust funds securing LICENSEE's performance and that all or any part shall be paid to COUNTY, or order upon demand by Airport Director. Both the financial institution(s) and the form of the letters of credit must be approved by Airport Director, or designee. The financial institution shall have a minimum long-term credit rating by two of the three Nationally Recognized Statistical Rating Organizations (NRSROs): Moody's (AA3), S&P Global (AA-), and Fitch (AA-).

B. Faithful Performance Bond executed by a surety company or financial institution qualified and admitted to do business in the State of California and issued in a form approved by the COUNTY. The surety company must have a minimum A. M. Best rating of A-/VIII as determined by the most current edition of ambest.com. Under the bond, the surety company shall guarantee to COUNTY full and complete performance of all the terms, conditions and covenants herein to be performed on the part of LICENSEE, including the payment of use fees as well as any and all other payments. Said bond shall be maintained at the cost of

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LICENSEE throughout the existence of this LICENSE. Said Surety shall give Airport Director or designee a minimum thirty (30) days' prior written notice of cancellation or material change in said bond. Such cancellation or material change without Airport Director's or designee's prior written consent shall constitute a default under this LICENSE.

Regardless of the form in which the LICENSEE elects to make said Security Deposit, all or any portion of the principal sum shall be available unconditionally to the COUNTY for correcting any default or breach of this LICENSE by the LICENSEE, its successors or assigns, or for payment of expenses incurred by the COUNTY as a result of the failure of the LICENSEE, its successors or assigns, to faithfully perform all terms, covenants, and conditions of this LICENSE.

Should the LICENSEE elect to provide either an Instrument of Credit or a Faithful Performance Bond to fulfill the Security Deposit requirements of this LICENSE, said instrument or bond shall have the effect of releasing the depository or creditor therein from liability on account of the payment of any or all of the principal sum to the COUNTY, or order upon demand by Airport Director.

In the event Airport Director withdraws all or any portion of the Security Deposit as provided herein, the LICENSEE shall, within ten (10) days of any withdrawal by Airport Director, replenish the Security Deposit to maintain it at amounts herein required throughout the term of this LICENSE. Failure to do so shall be deemed a default and shall be grounds for immediate termination of this LICENSE, as per article VIII of this LICENSE.

The LICENSEE shall be obligated to maintain the Security Deposit in effect until the expiration date or earlier termination of this LICENSE.

The Security Deposit, after deduction of all amounts due to the COUNTY, shall be rebated, reassigned, released or endorsed by the COUNTY to the LICENSEE or order, as applicable, after one hundred twenty (120) days have elapsed or at an earlier time to be determined by the Airport Director, following the expiration date of the term of this LICENSE, provided the LICENSEE has fully and faithfully performed each and every term, covenant, and condition of this LICENSE.

SECTION 3.07 NEW ENTRANT DEPOSIT

A cash security deposit in the sum of Five Hundred Thousand Dollars ($500,000.00) shall be provided by a new entrant LICENSEE prior to the commencement of operations.

This deposit shall be returned to the new entrant LICENSEE after six (6) months of continuous operation.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

ARTICLE IV - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES

SECTION 4.01 USE

The COUNTY hereby grants to the LICENSEE authorization to conduct a scheduled commercial airline operation at the Airport and for no other purpose whatsoever. Said operation shall be conducted in accordance with an agreement between the LICENSEE and another commercial airline(s) and subject to the terms and conditions of the Certificated Passenger Airline Lease between the COUNTY and such other commercial airline(s). The terms and conditions of this LICENSE shall prevail in the event of any conflict with said agreement between the LICENSEE another commercial airline(s) and subject to the limitations set forth in the Sections 4.03 and 4.05 in this LICENSE, this operation may include any or all of the following uses and no other uses whatsoever:

AUTHORIZED USES:

A. Loading and unloading of passengers.

B. Loading and unloading of baggage.

C. Passenger processing operations.

D. Flight operations office.

E. The LICENSEE shall have the right to have its aircraft and other equipment serviced by suppliers of its choice. Such suppliers may provide materials and services, including, but not limited to, aviation fuel, ground vehicle fuel, lubricating oil, greases, parts, and all other materials and supplies and services required by the LICENSEE in the conduct of its air transportation service.

F. Mail, freight and cargo operations but only when such activity is incidental to, and conducted in connection with, regularly scheduled commercial passenger operations. The LICENSEE shall not conduct any operations at the Airport with aircraft which are:

   1) Used at the Airport exclusively or primarily for mail, freight ,or cargo services; or

   2) Which have been modified in any manner for the purpose or the primary effect of reducing the passenger carrying capacity and increasing the cargo or freight carrying capacity of the aircraft.

G. Air charter activities in compliance with Access Plan.

H. Commissary services for the LICENSEE's employees at the Airport and in-flight catering services in support of the LICENSEE's air operations at the Airport. This does not permit

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the LICENSEE to conduct commissary or in-flight services for any other LICENSEE or other person at Airport without first obtaining a separate license to allow commissary or in-flight services for other airlines.

I. Employee training incidental to the other uses permitted under this Section.

J. Other uses as authorized by the Airport Director.

SECTION 4.02 USE OF PUBLIC AIRPORT FACILITIES

The COUNTY grants the LICENSEE a license for the nonexclusive use of all public Airport facilities including, but not limited to, taxiways, runways, navigational aids and facilities relating thereto for purposes of landings, takeoffs and taxiing of the LICENSEE's aircraft. All such use shall be in accordance with the laws of the United States of America, the State of California, and the rules and regulations promulgated by their authority with reference to aviation and air navigation, and in accordance with all reasonable and applicable rules, regulations, and ordinances of the COUNTY now in force or hereafter prescribed or promulgated by ordinance or by law, including the Access Plan. The use of these areas shall be subject to the control and regulation of Airport Director.

This LICENSE for non-exclusive use is subject to all rights reserved by the COUNTY to license, permit, authorize, regulate and relocate concessionaires and other Airport tenants, including but not limited to, booths, counters, offices, lockers and wall space.

SECTION 4.03 RULES AND REGULATIONS

The COUNTY may adopt and enforce “Airport Rules and Regulations” that the LICENSEE agrees to observe and obey, with respect to the use of the Airport and its appurtenances, facilities, improvements, equipment and services; provided that such rules and regulations shall not be inconsistent with safety, with applicable rules, regulations and orders including those of the FAA and TSA with respect to all operations of the Airport, and with the terms of and LICENSEE’s rights under this LICENSE. Except in the case of emergency, the COUNTY shall give the LICENSEE written notice and opportunity to comment on any proposed changes or additions to the Airport Rules and Regulations that could impact the LICENSEE's operations at the Airport before such proposed rules and regulations are adopted by the COUNTY. If requested, the COUNTY shall promptly provide a copy of such Airport Rules and Regulations to the LICENSEE.

The LICENSEE’s operations under the LICENSE shall comply with all Airport Rules and Regulations and shall observe, obey, comply with and not otherwise hinder or obstruct any and all rules, regulations, laws, ordinances, statutes or orders of any governmental authority, whether federal, state, or local, lawfully exercising authority over the Airport or the activities thereon, including compliance with FAA, TSA and Airport security rules, regulations and plans.

To the fullest extent authorized by law, the LICENSEE shall be liable to the COUNTY for any and all claims, demands, damages, fines or penalties of any nature whatsoever that may be imposed upon the COUNTY due to the LICENSEE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to LICENSEE's operation under this LICENSE, including, but not limited to, the payment of any fines or penalties for any breach of security, arising from the unauthorized entry of any person or vehicle onto the Airport or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the LICENSEE, its employees, subtenants, agents or suppliers related to LICENSEE's operation under this LICENSE.

The COUNTY shall not be liable to the LICENSEE for any diminution or deprivation of possession, or of its rights hereunder, on account of the exercise of such right or authority provided in this LICENSE, nor shall the LICENSEE be entitled to terminate the whole or any portion of the Operating Area herein created by reason of the exercise of such right or authority, unless the exercise thereof shall so interfere with the LICENSEE's use and occupancy of the Operating Area so as to constitute a termination in whole or in part of this LICENSE by operation of law in accordance with the laws of the State of California.

SECTION 4.04 ACCESS PLAN LIMITATIONS ON USE

The LICENSEE agrees that:

A. Notwithstanding any provision in this LICENSE to the contrary, the LICENSEE shall conduct all of its operations and activities at the Airport in strict conformity with the Access Plan and each of its regulations and limitations on the LICENSEE's activities and operations at the Airport.

B. The ADD allocations and other operating privileges made to the LICENSEE under the Access Plan are a privilege that may be revoked or modified by the COUNTY at any time during the terms of this LICENSE, and such privileges do not constitute property rights of the LICENSEE.

C. The ADD allocations and other operating privileges made to the LICENSEE under the Access Plan are not transferable, assignable or delegable by the LICENSEE to any other person or entity, by operation of law or otherwise, and such allocations and other operating privileges may not be pledged, hypothecated or encumbered by the LICENSEE at any time for any purpose.

D. That the remedies specified in the Access Plan for any Access Plan violation by the LICENSEE are not the exclusive remedies of the COUNTY, but shall constitute additional nonexclusive remedies that the COUNTY may enforce separately or cumulatively with other remedies under the enforcement provisions of this LICENSE.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

E. That LICENSEE shall not at any time, or for any reason, make any assertion to any court, administrative agency, administrative tribunal or another similar forum that is in any respect inconsistent with the terms and provisions of this Section, except that nothing in this Section shall prevent the LICENSEE from making any argument or asserting any position to the COUNTY as applicable in connection with any action by the COUNTY to revoke or modify allocations of operating privileges or any amendments to the Access Plan.

F. All provisions of Section 4.01 and 8.02 in this LICENSE are subject to the terms, provisions and limitations of this Section.

SECTION 4.05 OPERATIONAL REQUIREMENTS

The LICENSEE agrees to abide by the following operational conditions and requirements:

A. **Flight Operations and Reallocations**. The number of allocated ADDs, including "regularly scheduled," "charter," "maintenance" and "cargo" shall not exceed the number of departures authorized and allocated to the LICENSEE under the Access Plan. In addition to any and all remedies available to the COUNTY under this LICENSE and all provisions of the Access Plan, the COUNTY may reallocate ADDs or other operating privileges granted to the LICENSEE under the provisions of the Access Plan. The LICENSEE shall not operate at JWA unless it conducts its operations with ADDs, allocated seat capacity or other Authorized Departures directly and formally allocated to the LICENSEE by action of the Board of Supervisors; the LICENSEE conducts all of its operations with aircraft that have been certified for operation at the Airport consistent with Access Plan requirements; and the LICENSEE has met all other applicable COUNTY requirements.

B. **Hours of Operation**. Except as expressly authorized, the LICENSEE's aircraft shall not depart from the Airport between the hours of 10:00 p.m. and 7:00 a.m. (8:00 a.m. on Sundays) (local time) and shall not arrive at the Airport between the hours of 11:00 p.m. and 7:00 a.m. (8:00 a.m. Sundays) (local time), as measured at any JWA noise monitoring station.

The LICENSEE acknowledges that the COUNTY may by regulation permit some operations by general aviation (nonscheduled, noncommercial) users of the Airport during the nighttime hours with certain specific aircraft types that have noise characteristics similar to the noise characteristics of aircraft that can operate as "Class E" aircraft, as that term is defined in the Access Plan. The LICENSEE does now, or may during the term of this LICENSE, operate Class E aircraft at the Airport; nevertheless, the LICENSEE agrees that the limitations on hours of operations contained in this Section shall be applicable to all of its operations at the Airport, including its Class E operations.

The LICENSEE further acknowledges that there is a rational basis for the COUNTY to distinguish between general aviation operations and regularly scheduled operations by Class E (or noise equivalent) aircraft during the nighttime hours, and that this distinction does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The COUNTY agrees that this provision is, and during the term of this LICENSE shall be included in all Licenses, operating agreements or other service operating agreements between the COUNTY and any person conducting regularly scheduled commercial operations at the Airport.

C. **Aircraft Types**. The LICENSEE agrees that it will not operate any aircraft at the Airport unless and until that aircraft type has been certified and qualified for operation by the COUNTY in accordance with the provisions and procedures of the Access Plan. The LICENSEE further agrees that it will abide by all aircraft-type restrictions and limitations contained in the Access Plan, as amended, or as it may hereafter be amended, and any other restrictions on aircraft types which may hereafter be adopted by the Board of Supervisors of the County of Orange.

D. **Gate Management.** LICENSEE agrees to utilize gate management software, access/equipment provided by AIRPORT, to upload and maintain current daily arrival and departure information for aircraft operations to jetbridge/hardstand gates and RONs utilized by LICENSEE.

E. **Noninterference**. The LICENSEE shall cooperate with and not interfere with the COUNTY's and other airlines' use of and operations at the Airport. The LICENSEE shall not place any ropes, barricades and/or stanchions on the public or Common Use Area without prior written approval of the Airport Director.

F. **Disposal of Refuse from International Operations**. Airlines operating international service shall contract with a CBP- approved vendor for the disposal of refuse from arriving international flights.

SECTION 4.06 RECORDS AND ACCOUNTS

A. **Records**. The LICENSEE shall at all times keep true and complete records of all transactions in the operation of all business activities, of whatever nature, conducted in pursuance of the rights granted by this LICENSE. The LICENSEE shall maintain such records for a period of five years beyond the expiration or earlier termination of this LICENSE.

B. **Reports**. The LICENSEE shall provide to Auditor-Controller and Airport Director at the end of each calendar month, on forms to be supplied by the COUNTY, statistical information respecting the LICENSEE's operations at the Airport including, but not limited to, the total number of all aircraft operations conducted by the LICENSEE; the total

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combined certificated gross landing weight of all such aircraft operations; the total number of enplaned, deplaned and through passengers; the total number of pounds of airmail, cargo and express mail enplaned and deplaned; and the total number of aircraft stored daily and monthly at the Airport. Such reports shall be submitted to the Airport Director no later than fifteen (15) calendar days following the last day of each month. The LICENSEE must attest that the list is an accurate representation of the LICENSEE's activity for the month.

The LICENSEE shall also provide to the Airport Director, for each day, a copy of the LICENSEE's flight dispatch logs, or a listing made from such logs, certified as correct by a responsible station manager or dispatcher, showing the type of equipment used for each flight and the actual takeoff and landing times and not gate times. Said copy of logs or listing shall be made available for each day's activities by noon (12:00 p.m., local time) of the following day.

C. **Audits**. All the LICENSEE's records and supporting source documents related to rates and fees in this LICENSE or business operations conducted within or from the Operating Area shall be kept and made available to the COUNTY at one location within the geographical limits of the COUNTY or shall be made available at offices in the COUNTY within ten (10) working days after written notice to produce said records and source documents. The COUNTY shall, through its duly authorized agents or representatives, have the right to examine and audit said records and supporting source documents at any and all reasonable times, as set out herein, for the purpose of determining the accuracy thereof, and of the monthly statements to the COUNTY.

The COUNTY, upon request of the LICENSEE, may authorize the above-referenced records and supporting source documents to be kept in a single location outside the limits of the COUNTY provided the LICENSEE shall agree to pay all expenses including, but not limited, to transportation, food and lodging necessary for the COUNTY to send a representative to audit said records. Said right shall not, unless determined necessary by the COUNTY, be exercised by the COUNTY more than once each accounting year.

The full cost of said audit, as determined by the COUNTY, shall be borne by the LICENSEE if either or both of the following conditions exist:

(1) The audit reveals an underpayment of more than two percent (2%) between the fees and charges due as reported and paid by the LICENSEE in accordance with this LICENSE and the fees and charges due as determined by said audit; and/or

(2) The LICENSEE has failed to maintain true and complete records and supporting source documents in accordance with paragraph A. above. The adequacy of records shall be determined at the sole discretion of the COUNTY.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

Otherwise, the COUNTY shall bear the cost of said audit excluding the aforementioned expenses related to audit of documents kept outside the limits of the COUNTY. The cost of said audit, if due from the LICENSEE, shall be included as fees and charges for the first month following an invoice to LICENSEE.

Upon the request of COUNTY, the LICENSEE shall promptly provide, necessary data to enable the COUNTY to fully comply with requirements of the State of California or the United States of America for information or reports directly relating to this LICENSE and to the LICENSEE's use of the Operating Area.

D. **Failure to Maintain Adequate Records**. In addition to any other remedies available to the COUNTY under this LICENSE, at law or in equity, in the event that the LICENSEE fails to maintain and keep records and accounts from business operations conducted on or from the Operating Area and/or source documents relating thereto, or to make the same available to the COUNTY for examination and audit as required by this LICENSE, the COUNTY, at the COUNTY's option, may:

(1) Perform such examinations, audits and/or investigations itself or through agents or employees as the COUNTY and/or its auditors may deem appropriate to confirm the amount of fees and charges payable by the LICENSEE under this LICENSE; and any and all costs and/or expenses incurred by the COUNTY in connection therewith shall be promptly reimbursed to the COUNTY by the LICENSEE upon demand.

(2) Require that the LICENSEE pay fees and charges based on the COUNTY's best good faith estimate of the LICENSEE's activities from business operations conducted on or from the Operating Area and Airport; and any such determination made by the COUNTY shall be conclusive and binding upon the LICENSEE.

Costs payable by the LICENSEE pursuant to this Section shall include reimbursement to the COUNTY of the services provided at such rates as the COUNTY may from time to time, in good faith, establish for such services. In the case of services provided by the COUNTY's employees, such rates shall be sufficient to reimburse the COUNTY for employees' salaries, including employee taxes and benefits and the COUNTY's overhead or, at COUNTY's option, may be the rate for such services that would be charged by a qualified third party or parties, approved by Auditor-Controller, if engaged by the COUNTY to perform such services. Said costs payable by the LICENSEE shall be included as fees and charges for the first month following an invoice to the LICENSEE.

SECTION 4.07 MAINTENANCE AND OPERATION

The LICENSEE agrees to provide approved containers for trash and recycling and to keep the Operating Area free and clear of rubbish and litter. Airport Director shall have the right to enter

into and inspect LICENSEE'S Operating Area and other Airport facilities at any time for cleanliness, safety, and maintenance inspections as set out herein.

The LICENSEE shall designate in writing to Airport Director an on-site representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness and general order.

The LICENSEE shall immediately notify the Airport Director and the Airport Operations Center ("AOC") of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings.

The LICENSEE agrees to maintain or make repairs or replacements, including removal of all its GSE and/or any of the LICENSEE materials at its loading and unloading operations at the end of its approved hours of operation. If the LICENSEE fails to maintain, make repairs, replacements or removals, as required herein, the Airport Director shall notify or attempt to notify the LICENSEE in writing of said failure. Should the LICENSEE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made and the cost thereof, including but not limited to the cost of labor, materials and equipment shall be charged to the LICENSEE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the LICENSEE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein, or as provided by law.

The LICENSEE expressly waives any and all claims against the COUNTY for compensation for any and all loss or damage to the LICENSEE's property sustained by reason of any defect, deficiency or impairment of any water supply system, drainage or sewer system, gas supply system, telephone system, electrical supply system or electrical apparatus or wires serving the Operating Area, except to the extent caused by the COUNTY's negligence or willful misconduct.

SECTION 4.08 APRONS, GATE POSITIONS AND LOADING BRIDGES

The COUNTY will provide a means of access for aircraft between the terminal complex and the taxiway and runway system of Airport, apron, airplane gate positions and aircraft loading bridges in the area immediately adjacent to the passenger terminal building. No special possessory, exclusive or vested right whatsoever, save and except the use in common with other airlines and other aircraft owners shall vest in the LICENSEE by reason of the proximity of such facilities to the LICENSEE's gate loading positions.

The LICENSEE shall maintain, at its sole expense, apron, aircraft gate positions and aircraft loading bridges in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

products, or grease that may result from activities of its passengers, employees, agents, or suppliers. LICENSEE shall promptly remove all oil and grease spillage attributable to the LICENSEE's aircraft or equipment.

If the LICENSEE fails to perform its obligations in such regard, to perform such as maintenance, cleaning, or repair as the COUNTY reasonably deems necessary, the Airport Director shall notify or attempt to notify the LICENSEE in writing of said failure. Should the LICENSEE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made and the cost thereof, including but not limited to the cost of labor, materials and equipment shall be charged to the LICENSEE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the LICENSEE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein, or as provided by law.

SECTION 4.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES

All assignment of gate positions (*i.e.*, aircraft loading bridges and aircraft hardstand positions) shall be made in accordance with rules, regulations and directives provided in the Access Plan and made at the complete discretion of the Airport Director, as may be determined is appropriate. The Airport Director, in making assignments of gate (*i.e.*, loading bridge and hardstand) positions to the LICENSEE, may take into account the needs and requirements of the LICENSEE, as well as the requirements of other Airport users, for use of gate positions adjacent to the passenger terminal building, and other factors that the Airport Director determines are appropriate. Without liability, cost or obligation to the COUNTY, assignment of gate positions and aircraft loading bridge and hardstand positions may be changed from time to time as determined necessary by the Airport Director. The Airport Director may consider passenger activity, number of aircraft operations, type of aircraft used, scheduling needs, and any other factors he/she may deem appropriate when assigning gate positions, loading bridges and hardstand positions.

SECTION 4.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON

The COUNTY reserves the right to regulate, by adoption of ordinance, rules or other means, adopted consistent with Section 4.03, the use of vehicles and automotive equipment upon, over and across the apron and around the passenger terminal building. Vehicles and equipment used upon, over and across the apron and around the passenger terminal building should be in good working order and free of leaks. In the event of an emergency not specifically provided for in said rules and regulations, the Airport Director shall have power to take charge of the direction of such vehicle and automotive traffic in the area affected and regulate the same until the cause of such emergency has been removed. The existence of an emergency, other than an aircraft emergency, shall be determined by the Airport Director.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

SECTION 4.11 AIRCRAFT PARKING

The LICENSEE shall make arrangements with the Airport Director for each aircraft parking space that may be made available to the LICENSEE subject to Section 3.01 in this LICENSE.

If, in the judgment of the Airport Director, it becomes necessary to move the LICENSEE's aircraft in order to ensure public safety, improve ramp area efficiency or otherwise, then LICENSEE shall immediately move said aircraft to the location designated by the Airport Director.

Should any aircraft owned or operated by the LICENSEE, through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the landing and field facilities at Airport, the LICENSEE shall:

A. Immediately remove said aircraft to such location as shall be designated by the Airport Director, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

B. In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting there from the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from Airport or stored at a location approved by Airport Director.

Should the LICENSEE fail to remove said aircraft, or should aircraft owned or operated by the LICENSEE be abandoned at the Airport, the COUNTY shall have the right to remove such aircraft by any means the Airport Director deems necessary under the circumstances, and the LICENSEE shall keep and hold the COUNTY harmless from any and all costs, loss, liability, damage or expense incurred by the COUNTY or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal as well as moving and storage costs therefore. The LICENSEE agrees that the designation of any aircraft parking positions anywhere on the Airport, if any, made for the LICENSEE's use is presently regulated by the Access Plan, and that nothing in this Section obligates the COUNTY to provide, make available or consent to any aircraft parking spaces for the LICENSEE's use. The LICENSEE agrees that it may not independently make arrangements for aircraft parking space at the Airport without the express written consent of the Airport Director, which may be withheld in his or her sole discretion.

SECTION 4.12 PORTER SERVICES

The LICENSEE may provide directly or indirectly adequate porter (skycap) and/or assistance service for the convenience of its passengers in areas designated by the Airport Director. Porter services include baggage check-in services, wheelchair services and ticket screening services. The LICENSEE shall provide the Airport Director a plan that enumerates the salient features of its porter services arrangements and a copy of its agreement if service is provided by other than the

LICENSEE's employees. All podiums utilized for porter service shall be approved in writing by the Airport Director. The size, shape and color shall be coordinated with and must be identical to all other airlines' podiums. The LICENSEE's plan shall also provide the details of any podiums and their proposed locations necessary to provide porter services.

ARTICLE V - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

SECTION 5.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE

The LICENSEE agrees that it shall abide with all applicable Hazardous Substances laws, rules and regulations, relating to Hazardous Substances including, but not limited to, 49 C.F.R. Parts 171 *et seq*. The LICENSEE shall not cause any Hazardous Substances to be brought upon, kept, used, stored, generated, treated, managed or disposed of in, on or about or transferred to or from the Airport, except to the extent that such Hazardous Substances are (i) necessary for or useful to the LICENSEE's business and (ii) used, kept and stored in a manner that complies with all applicable Environmental Laws, the Airport Rules and Regulations, and all other applicable laws.

The LICENSEE shall comply with all applicable Environmental Laws and shall not engage in any activity on or about the Airport that violates any applicable Environmental Law. In conducting its operations and maintenance on the Airport under this LICENSE, the LICENSEE shall comply with such regulations regarding the storage, distribution, processing, handling and/or disposal, including the Stormwater discharge requirements, of Hazardous Substances including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

The LICENSEE shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental agency having jurisdiction or any applicable Environmental Law for clean-up and removal of any contamination involving any Hazardous Substances caused by the LICENSEE. In conducting a clean-up of a Hazardous Substance release under this LICENSE, the LICENSEE shall comply with applicable Environmental Laws. Hazardous waste generated by the LICENSEE or its contractors shall be disposed properly and under the LICENSEE's EPA ID number.

The LICENSEE shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Stormwater drainage system unless authorized by applicable Environmental Law and the Airport's Stormwater Discharge Permit. The LICENSEE shall not allow or cause the entry of any Unauthorized Non Stormwater Discharge that is under its control into the Stormwater drainage system of the Airport or into the Stormwater drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the COUNTY for that purpose, and the LICENSEE complies with recommendations made by the state and/or federal Environmental Protection Agency and the Airport's Stormwater

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Discharge Permit requirements. The LICENSEE shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by any applicable Environmental Law.

The LICENSEE shall provide all notices required pursuant to the SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986, CAL. HEALTH & SAF. CODE § 25249 *et seq*. The LICENSEE shall provide prompt written notice to the COUNTY within three (3) days of receipt of all written notices of violation of any applicable Environmental Law received by the LICENSEE.

SECTION 5.02 SPILL RESPONSE PLAN

LICENSEEs and fueling companies are required to provide (separately or collectively) a Local Spill Response Action Plan to address specific spill response management. LICENSEEs are encouraged to coordinate response efforts between the LICENSEEs and fueling contractors. At a minimum, the plan should address the following:

a) Response team organization, members, and responsibilities;
b) Spill response procedures (including notifications);
c) Personnel training;
d) Personal protective equipment; and
e) Spill kit inventory and management

The LICENSEE shall immediately notify the Airport Director and the AOC of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings. The LICENSEE is responsible to mitigate such spills and perform any remediation necessary to satisfy the applicable federal, state, or local oversight agencies. If the COUNTY personnel, equipment, or third party services are needed to support mitigation, the COUNTY will be reimbursed by the LICENSEE for labor, equipment, and third party costs for all services provided. In addition to reimbursing the COUNTY for the costs of all services provided by third parties to mitigate such spills, the LICENSEE shall pay to County administrative costs in the amount of one thousand dollars ($1,000) per incident. Said costs shall be paid by the LICENSEE within fifteen (15) days of receipt of an invoice for costs from the COUNTY.

To the fullest extent authorized by law, the LICENSEE shall be liable to the COUNTY for any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon the COUNTY due to the LICENSEE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to LICENSEE's operation under this LICENSE, including, but not limited to, the payment of any fines or penalties arising from any breach of security, fire, emergency, accident, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, Non-Stormwater Discharge,

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the LICENSEE, its employees, subtenants, agents or suppliers related to LICENSEE's operation under this LICENSE.

SECTION 5.03 STORMWATER CONTROL AND CONTAMINATION

Federal regulations for Stormwater discharges were issued by the U.S. Environmental Protection Agency (U.S. EPA) (40 CFR Parts 122, 123, and 124). The U.S. EPA, through the NPDES permitting program, regulates discharges of potentially contaminated wastewater and Stormwater into waters of the United States. California has been delegated NPDES general permitting authority by the U.S. EPA. California's State Water Board has issued NPDES permits to regulate municipal, industrial, and construction Stormwater discharges under the NPDES permitting program.

Section 402(p) of the Clean Water Act (CWA) requires NPDES permits for Stormwater discharges from municipal separate storm sewer systems (MS4s). The County of Orange is the principal permittee for Orange County's MS4 Permit Order No. R8-2009-0030 (or currently effective permit) No. CAS 618030 (MS4 Permit). As a facility owned and operated by the County of Orange, the Airport implements requirements in the MS4 permit and is responsible for discharges into the system. One of the MS4 Permit requirements is to establish the legal authority to control discharges. The County's Water Quality Ordinance (OCCO Title 4, Division 13, Sections 4-13-10 et. seq.) regulates non-stormwater discharges into the MS4 to reduce the discharge of pollutants into the waters of the State. The CWA and the resulting MS4 permit require the County to take steps to reduce pollutants leaving its systems to the maximum extent practicable. The MS4 permit requires the County to develop and implement a Local Implementation Plan (LIP) describing the programs and procedures required by the MS4 permit. The Airport will enforce these Stormwater requirements on municipal areas of the Airport

LICENSEE shall not have prohibited discharge to the MS4 system or on-site storm drains. Some non-stormwater discharges (i.e., fire sprinkler tests) require additional permits with the Regional Water Quality Control Board (RWQCB). LICENSEE is responsible for obtaining and implementing monitoring requirements associated with any non-stormwater discharge permits. LICENSEE shall notify COUNTY prior to any non-stormwater discharge.

In the furtherance of these regulations and Section 402 of the Clean Water Act (CWA), the State of California has adopted a General Permit for discharges of Stormwater associated with industrial activities: "State Water Resources Control Board (State Water Board) Water Quality Order No. 2014-0057-DWQ, NPDES General Permit No. CAS 000001 (Industrial General Permit or IGP)." JWA has applied for and received coverage to discharge Stormwater and authorized non-Stormwater discharges pursuant to the general permit for industrial activities and is subject to the permit's requirements, conditions, and penalties. The permit requires the development and implementation of an effective Industrial Stormwater Pollution Prevention Plan (SWPPP) and Monitoring Implementation Plan (MIP). This plan is developed by COUNTY and covers

LICENSEE. The airside portion of JWA where industrial activities take place is covered by the IGP. Industrial activities include maintenance, fueling, equipment cleaning, storage areas, and material handling activities. LICENSEE shall comply with applicable Stormwater discharge requirements and Best Management Practices for industrial facilities described in the SWPPP. COUNTY will provide the required annual training for LICENSEE as part of the SWPPP training requirements. LICENSEE shall have all personnel working within the airside portion of John Wayne Airport to attend annual training or LICENSEE shall provide annual training to personnel using JWA-approved training materials.

SECTION 5.04 ENVIRONMENTAL STEWARDSHIP

LICENSEE shall support the COUNTY's Environmental Compliance and Stewardship program through participation in various efforts or implementation of Airport plans. COUNTY shall provide LICENSEE advance notice of any proposed changes to the following plans that may affect LICENSEE operations:

A. Air Quality Improvement Plan (AQIP) and Memorandum of Understanding (MOU) with the South Coast Air Quality Management District
B. Climate Action Plan.
C. Waste Management Plan.
D. Stormwater Pollution Prevention Plan.
E. Green Concessions Program.

LICENSEE shall implement and support the following environmental policies and provide reports and documents as required:

A. Adopt and adhere to the following GSE requirement: GSE associated with commercial operations shall achieve fleet average oxides of nitrogen (NOx) emission factor of 1.7 grams per brake horsepower per hour (g/bhp-hr)upon LICENSE initiation through 2030 and 0.9 g/bhp-hr by January 1, 2031, respectively, as calculated in accordance with the Airport's AQIP and MOU with SCAQMD. Within 30 days of LICENSE execution the LICENSEE shall develop and provide to JWA a GSE improvement plan to demonstrate how the GSE requirement will be met. Annually LICENSEE shall provide GSE data as required by the MOU by March 30.
B. LICENSEE has been provided a copy of the COUNTY's Environmentally Preferable Purchasing Policy (2022) and shall consider developing a similar policy that addresses the LICENSEE's procurement of goods and services as applicable.
C. LICENSEE shall affirm its commitment to Environmental Sustainability at the Airport. The Policy commitment shall be submitted to the JWA within 30 days of LICENSE execution.
D. Upon request, LICENSEE shall provide reports necessary for environmental compliance, regulatory requirements and airport mitigation measure obligations including but not limited to GSE data, fuel usage, spills, and business emergency plans.

Conservation: All LICENSEE facilities and improvements shall meet the Airport's Tenant Design and Construction Guidelines, as may be amended from time to time. All improvements shall meet the California Green Building Code (Title 24) CALGreen Tier 1. In particular, the LICENSEE shall implement the following conservation measures and policies as applicable:

A. Use equipment and appliances that are ENERGY STAR rated or equivalent and EPA Water Sense or equivalent, as applicable, when replacing existing equipment and appliances.
B. Use high-efficiency light fixtures and bulbs (including compact fluorescents) when replacing or installing new fixtures and bulbs.
C. Install sensors in office areas to turn off lights when unoccupied when these areas are being renovated or updated.
D. Install energy-efficient heating and cooling equipment when replacing or upgrading.
E. Use energy-efficient computers and servers when replacing this equipment.
F. Select equipment with variable-speed motors and fan drives when possible.
G. Use paperless receipt technology when possible.

Waste Minimization and Diversion: LICENSEE is expected to meet all recycling and organics (food waste) reduction requirements to facilitate JWA's solid waste reduction program per the requirements of California Public Resources Code Section 42648. To the fullest extent possible, LICENSEE shall cooperate with COUNTY to reduce and divert waste from landfills. LICENSEE shall participate in COUNTY's waste diversion program, which may include waste reduction practices, including recycling, compostable containers (no Styrofoam), composting of food waste, and reuse/recycling of fats, oils, and grease.

SECTION 5.05 RESERVED

SECTION 5.06 ENVIRONMENTAL INDEMNIFICATION

To the fullest extent authorized by law, the AIRLINE shall indemnify, defend, and hold the COUNTY, its officers, and employees harmless from and against any and all applicable Environmental Law claims, judgments, damages, penalties, fines, costs, liabilities, losses, orders, and lawsuits arising out of any actions or inaction by the AIRLINE, the AIRLINE's operations at the Airport or any action arising from and which involve the AIRLINE's officers, agents, subcontractors, and employees, including the cost of defense arising therefrom, including but not limited to the following:

(1) The AIRLINE'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 the AIRLINE's release of Hazardous Substances on the Airport since the time the AIRLINE first occupied the Airport.

(2) The AIRLINE's release of Hazardous Substances upon or within the Airport.

(3) The AIRLINE's violation of any applicable Environmental Law, except that the AIRLINE's obligations under this paragraph shall not extend to known and pre-existing conditions that are, as of the date of this LEASE, the subject of investigation and remediation by the COUNTY or others, or remediation conditions that arise from operations of third parties that are not affiliated with the AIRLINE that take place off of the Airport. For purposes of this provision, a party shall be deemed to be affiliated with the AIRLINE if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of the AIRLINE or if it is controlled by or under common control with the AIRLINE.

(4) The AIRLINE's causing or allowing any discharge into the Airport Drainage System that is prohibited by Section 7.01 of this LEASE.

This indemnification includes, without limitation, reasonable attorney's fees/costs and other costs incurred by the COUNTY in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental entity because of any Hazardous Substances being present in the soil or groundwater under the Airport. However, the AIRLINE'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 the COUNTY or its agents, servants or independent contractors who are directly responsible to the COUNTY.

In the event the indemnitees described hereinabove are named as defendants or respondents in any lawsuit or administrative proceeding, the AIRLINE shall, at the request of the COUNTY, represent the indemnitee with qualified counsel approved in writing by the COUNTY.

In the event that a monetary judgment is awarded against the COUNTY and the AIRLINE because of the concurrent negligence of the COUNTY and the AIRLINE or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Both the COUNTY and the AIRLINE agree that neither party shall request a jury apportionment. Nothing stated in this LEASE and in this indemnity obligation shall be construed as authorizing any award of attorney's fees/costs in any action to enforce the terms of this LEASE.

The rights and obligations set forth in this indemnification shall survive the termination of this LEASE.

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SECTION 5.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS

In the event that any of the terms of the environmental requirements codified in this Article conflict with any other terms of this LICENSE, the environmental requirements contained in this Article shall apply.

SECTION 5.08 ANTI-IDLING POLICY

Within six months of LICENSE execution, LICENSEE must develop, implement, and submit to the Airport Director or designee for approval a fleet-wide anti-idling policy. At a minimum, the anti-idling policy shall include the requirement that vehicle engines shall be turned off when vehicles are not occupied and that occupied vehicles be turned off after no more than a five-minute idling period. LICENSEE's policy shall also include all sublicensee and third-party vehicles that enter Airport property at the direction of the LICENSEE.

ARTICLE VI - CONSTRUCTION AND IMPROVEMENTS

SECTION 6.01 CONSTRUCTION AND/OR ALTERATION BY COUNTY

The COUNTY may alter, repair, maintain, remodel, expand, remove or improve any of the facilities at the Airport or any of its appurtenances.

In addition, the COUNTY may reassign or relocate LICENSEE's Operating Area. The COUNTY shall provide the LICENSEE advance notice of such action and shall make every reasonable effort to provide the LICENSEE alternative space that is reasonably to comparable to the LICENSEE's operations at the same rates and charges that the LICENSEE would have paid for the space being surrendered. In the event no alternative space is available, the LICENSEE shall surrender its space promptly to the COUNTY, provided that the LICENSEE shall be reimbursed for the reasonable cost of any such reassignment, reallocation or relocation and the cost of the LICENSEE's unamortized investment, if any, as documented by the LICENSEE to the satisfaction of the COUNTY and mutually agreed to by the Airport Director and LICENSEE. All of such costs, as well as the COUNTY's cost of providing the alternative space aforementioned, shall be included in the cost of the particular project requiring such reassignment, reallocation or relocation.

SECTION 6.02 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS

The LICENSEE shall be responsible for any damage caused by the LICENSEE, or the LICENSEE's aircraft, equipment, employees, agents, visitors or suppliers, to Common Use Areas of the Terminal or Airport facilities, including but not limited to runways, taxiways, access roads, navigational aids, areas Apron Areas and loading bridges. Should such damage require immediate repairs or replacement and the LICENSEE is unable to respond immediately to complete said repairs or replacement, the Airport Director may cause to be made or make any necessary repairs or replacements and the cost thereof shall be paid by the LICENSEE. Said cost shall include all

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labor, materials, equipment costs and an administrative fee equal to fifteen percent (15%) of the sum of those items. Said cost shall be paid by the LICENSEE within fifteen (15) days of receipt of an invoice for costs from the Airport Director. Except as otherwise provided herein, termination of this LICENSE shall not reduce or nullify the LICENSEE's obligation under this paragraph. With respect to damage or destruction to be repaired by COUNTY or which COUNTY elects to repair, the LICENSEE waives and releases its rights under California Civil Code Sections 1932(2) and 1933(4).

SECTION 6.03 HEALTH AND SAFETY

The LICENSEE shall comply with all applicable California Occupational Safety & Health Administration (Cal/OSHA) requirements, and all federal, state or local safety orders. The LICENSEE shall post on the Operating Area and at all construction sites a copy of "Construction Safety Orders" and "General Industry Safety Orders" issued by the California State Division of Industrial Safety.

The LICENSEE shall, within thirty (30) days after the execution of this LICENSE, submit to the COUNTY a comprehensive Safety Plan outlining the code of safe work practices and procedures. The plan must include emergency response procedures, notification procedures, and personnel training procedures. The LICENSEE shall convene safety meetings at regularly scheduled times as described in its Safety Plan and as required by Cal/OSHA. The LICENSEE and/or LICENSEE's contractor shall submit, prior to the start of any tenant improvements, the LICENSEE or LICENSEE's contractor required Cal/OSHA Safety Plan for approval by the Airport.

The LICENSEE shall submit to the COUNTY an annual report detailing the status of all permits required and issued to the LICENSEE by Cal/OSHA or any other federal, state or local government agency. Said report shall be due on or before January 31 of each calendar year.

ARTICLE VII - ASSIGNMENT

SECTION 7.01 ASSIGNING AND TRANSFERRING

The provisions of this Section are subject to, and subordinate to the limitations of Section 4.04 of this LICENSE.

A. **Transfers**. The LICENSEE shall not transfer or assign (hereinafter referred to as "Transfer") any interest of the LICENSEE in the LICENSE without the prior written approval of the COUNTY. The LICENSEE shall give the COUNTY thirty (30) days prior written notice of all proposed Transfers. The LICENSEE shall not make any such Transfers for a period longer than the remaining term of the LICENSE.

If the COUNTY approves such Transfers, such approval does not constitute a waiver of any of the terms of the LICENSE. All Transfer documents shall be consistent with the terms, covenants, and conditions of the LICENSE, and in the event of any inconsistency, the provisions of this LICENSE shall govern.

If the LICENSEE is a corporation, an unincorporated association, or a partnership, Transfers include the acquisition by any person other than the LICENSEE of any stock or interest in said corporation, unincorporated association, or partnership in the aggregate amount of fifty-one percent (51%) or more.

The failure by the LICENSEE to obtain the prior written approval by the COUNTY of any Transfer of the LICENSE or the Operating Area shall constitute a material breach of this LICENSE by, and shall not confer any rights to the Operating Area upon the transferee. Such failure shall be grounds for termination of this LICENSE for default pursuant to Section 8.02.

B. **Conditions of COUNTY Approval**. The COUNTY agrees that it will not arbitrarily withhold consent to any Transfer, but the COUNTY may withhold consent at its sole discretion if any of the following conditions exist:

(1) The LICENSEE, its successors or assigns are in default of any term, covenant or condition of this LICENSE, whether notice of default has or has not been given by the COUNTY.

(2) The prospective subtenant, assignee or transferee has not agreed in writing to keep, perform and be bound by all the terms, covenants, and conditions of this LICENSE.

(3) The prospective subtenant, assignee or transferee is not financially capable or experienced in performing the LICENSE obligations, as determined by the Airport Director.

(4) Subtenant's use is in conflict with the terms of this LICENSE.

(5) All the terms, covenants and conditions of Transfer, including the consideration therefore, of any and every kind, have not been revealed in writing to the Airport Director.

(6) Any construction required of LICENSEE as a condition of this LICENSE has not been completed to the satisfaction of COUNTY.

(7) The LICENSEE has not provided the Airport Director with a copy of all documents relating to the Transfer, including, but not limited to, appraisals, notes, trust deeds, title reports, escrow instructions, *etc*.

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C. **Affiliate Transactions**. The COUNTY has adopted in the Access Plan policies and regulations with respect to transactions and aircraft operations at the Airport involving affiliations of commercial airlines operating, or desiring to operate, at the Airport ("the affiliate policy"). The LICENSEE acknowledges that the COUNTY considers the affiliate policy to be an important and significant policy in support of COUNTY's regulation of the Airport.

The LICENSEE acknowledges that there is a rational basis for this policy under the operational and historical circumstances affecting the Airport, that under such circumstances this policy maintains appropriate equity between the rights and privileges of competing commercial operators using the Airport, and that the affiliate policy does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The LICENSEE agrees to comply fully and completely with the affiliate policy and all related regulations that appear in the Access Plan and or this LICENSE.

Any affiliate transaction described and defined in the Access Plan, and any affiliate transaction between the LICENSEE and any other person which then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, shall constitute a Transfer within the meaning of paragraph A, above. In the event an affiliate transaction involving the LICENSEE is initiated, then not later than the time when the affiliate transaction is publicly announced:

(1) The LICENSEE shall notify the Airport Director of the fact of the initiation of the affiliate transaction.

(2) If the affiliate transaction is initiated by the LICENSEE, the LICENSEE shall promptly provide to the Airport Director copies of all agreements, or written offers or proposals, made with respect to the transaction, and copies of all documents filed with Federal authorities with respect to the transaction. If the affiliate transaction is initiated by some other person in respect of the LICENSEE, the LICENSEE shall promptly and continuously provide such documentation or other information regarding the transaction as may be available to the LICENSEE.

(3) In addition to all other obligations of the LICENSEE, if the affiliate transaction involves the LICENSEE and any other person that then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, the LICENSEE shall promptly arrange to negotiate with the Airport Director regarding the terms and conditions upon which the Director would recommend consent by the Board of Supervisors to a Transfer of this LICENSE, or a Transfer of the written agreement(s) between the other person or entity involved in the affiliate transaction and COUNTY.

Notwithstanding any other provision of this LICENSE, the LICENSE may be terminated by COUNTY on thirty (30) days' notice to LICENSEE without further obligation of COUNTY, and without any liability of the COUNTY to the LICENSEE whatsoever, if:

(4) The LICENSEE fails to comply with paragraph C. of this Section; or if

(5) The Airport Director fails to make a favorable recommendation to the Board of Supervisors regarding the Transfer within sixty (60) days after initiation and public announcement of the affiliate transaction, which contains terms and conditions agreed to by the LICENSEE and its affiliate(s); or if

(6) The Board of Supervisors fails to consent to the Transfer on terms and conditions which have been accepted by the LICENSEE within thirty (30) days after receipt of the recommendations of the Airport Director.

D. **Bankruptcy Transaction**. If the LICENSEE assumes this LICENSE or proposes to assign the same pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §§101, *et seq.*, then notice of such proposed assignment shall be given to the COUNTY. The following information shall be provided to the COUNTY:

(1) The name and address of proposed assignee;

(2) All of the terms and conditions of such offer; and

(3) Adequate assurance to COUNTY of the proposed assignee's future performance under the LICENSE, including, without limitation, the assurance referred to in the U.S. BANKRUPTCY CODE, 11 U.S.C. §365(b)(3).

Any person or entity to which this LICENSE is assigned pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §§101, *et seq.*, shall be deemed without further act or deed to have assumed all of the obligations arising under this LICENSE on and after the date of such assignment. Any such assignee shall upon demand execute and deliver to the COUNTY an instrument confirming such assumption.

E. **Non-Transferable Privileges**. Aircraft operations and ADDs authorized by the Section 4.05 in this LICENSE and the Access Plan are not property interests of the LICENSEE and are non-transferable in any form, and as such, are not subject to sale, assignment, and transfer by the LICENSEE under the terms of this Section. Any such attempted assignment, sale or other such attempted transfer of operations, privileges or ADDs is in violation of the public policy of the COUNTY and shall be void and shall constitute a breach and default of this LICENSE.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

SECTION 7.02 SUCCESSORS IN INTEREST

Unless otherwise provided in this LICENSE, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all parties hereto, all of whom shall be jointly and severally liable hereunder.

ARTICLE VIII - TERMINATION AND DEFAULT

SECTION 8.01 TERMINATION OF PRIOR AGREEMENTS

It is mutually agreed that this LICENSE shall terminate and supersede any prior Licenses or agreements between the parties hereto for the purpose of commercial air transportation and all related activities of the LICENSEE at the Airport.

SECTION 8.02 TERMINATION FOR DEFAULT

The COUNTY may terminate this LICENSE and all of its obligations hereunder with or without prior notice to the LICENSEE and may exercise all rights of entry for default and breach, if the LICENSEE fails to perform any of its obligations under this LICENSE, including, but not limited to:

A. Payment of fees, charges and PFCs;

B. A general assignment for the benefit of creditors and any Transfer without the prior written approval by the COUNTY;

C. The issuance of any execution or attachment against the LICENSEE at the Airport which is undischarged within sixty (60) days of levy or seizure or if the operating area are occupied by someone other than the LICENSEE;

D. The voluntary vacation or abandonment by the LICENSEE of the conduct of air transportation business at the Airport;

E. The violation by the LICENSEE of any of the terms of any insurance policy referred to in the LICENSE;

F. If the LICENSEE is found by the FAA, TSA, or other government regulatory or successor agency to have violated specified safety standards in the conduct of the LICENSEE's business;

G. The violation or breach of any provision of the Access Plan;

H. The violation of any written directions of the Airport Director;

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

I. The appointment of a receiver to take possession of all, or substantially all, the assets of the LICENSEE located at the Airport.

Where applicable, and unless otherwise stated in this LICENSE, or by written notice, the LICENSEE shall have fifteen (15) calendar days to cure any default prior to termination of this LICENSE, or such longer period as may be reasonably necessary to cure such default considering the nature thereof, at the Airport Director's discretion.

SECTION 8.03 DISPOSITION OF ABANDONED PERSONAL PROPERTY

If the LICENSEE abandons or terminates its operation or is dispossessed thereof by process of law or otherwise, title to any personal property belonging to the LICENSEE and left on the Airport fifteen (15) days after such event shall be deemed to have been transferred to the COUNTY. The COUNTY shall have the right to remove and to dispose of such property without liability therefor to the LICENSEE or to any person claiming under LICENSEE, and shall have no need to account therefor. Personal property left on the operating area after termination, expiration, or abandonment of the LICENSE shall not be construed as giving LICENSEE possession of the Operating Area during the fifteen (15) days after termination, expiration or abandonment of the LICENSE.

ARTICLE IX - SECURITY

SECTION 9.01 AIRPORT SECURITY

The LICENSEE shall comply with all current and applicable Airport, FAA, TSA, CBP, security-related rules, regulations, plans, and procedures. The LICENSEE is responsible for fines imposed by any regulatory agency as a result of the LICENSEE's failure to comply with applicable rules regulations, orders, plans, and procedures regarding airport security.

The LICENSEE employees subtenants/contractors shall be required to obtain airport security clearance in order to perform work under this LICENSE. The LICENSEE must maintain a current, updated list of Authorized Signatories responsible for the Airport-Issued Identification Credential ("Airport ID/Security Credential") process, a list of current Airport ID/Security Credentialed LICENSEE employees and subtenants/contractors, and respond to scheduled and unscheduled audits at the request of the Airport. The LICENSEE employees applying for an Airport ID/Security Credential must successfully complete a Criminal History Records Check (CHRC) and a Security Threat Assessment (STA) in accordance with current regulations. LICENSEE employees must also attend and successfully pass all related Security Identification Display Area (SIDA) classes and tests for access to secure areas and a driver's permit with an appropriate and valid California Driver's License to drive on the airfield. LICENSEE must attend all mandatory security-related exercises, and monthly security consortium meetings hosted by the Airport.

A. **Local Security**. The LICENSEE shall be responsible for the security of gates or doors that are utilized during their operations. Said gates and/or doors permitting entry to the restricted areas of the Airport shall be locked when not in use and/or under the LICENSEE's constant surveillance. The LICENSEE shall install such security equipment, including, but not limited to, video monitoring equipment, as may be required by the Airport Director to ensure compliance with all regulations of the FAA, TSA or other governmental agencies having jurisdiction over Airport security. The LICENSEE shall exercise control over any person or vehicle escorted by the LICENSEE onto restricted or secure areas of the Airport, or to whom an Airport ID/Security Credential was issued by or at the request of the LICENSEE, and ensure that such person or vehicle shall comply with all Airport security regulations.

B. **Federal Security**. As of the date of this LICENSE, the TSA provides for all passenger and baggage screening conducted at the Airport. The LICENSEE may be required to provide assistance to TSA in their efforts to carry out its federal mandates. At some point during the term of this LICENSE, the Airport or another entity may be authorized to provide these security services in lieu of the TSA.

C. **Penalties and Fines.** The LICENSEE shall promptly pay any penalties for which the LICENSEE is responsible. These penalties include but are not limited to, civil penalties or fines assessed against the Airport or LICENSEE, by the FAA, TSA or any other governmental agency for the violation of any security-related laws, rules, policies or regulations at the Airport.

D. **Badge Airport ID/Security Credential Application and Lifecycle.** Prior to issuance of an Airport ID/Security Credential(s), designated LICENSEE Authorized Signatories who will be working onsite, and engaged in the performance of work under this LICENSE, must pass the Airport's background check requirements, which includes an F.B.I. Criminal History Records Check (CHRC) and a TSA Security Threat Assessment (STA), and the LICENSEE shall pay applicable fees. Upon successful completion of the background checks, LICENSEE's designated personnel will be required to attend a SIDA class and pass a written test. Those personnel who may be permitted by the Airport to drive on the Airport Operations Area (AOA) perimeter road must also complete a Driver's Training class and written test. Airport ID/Security Credentials are not issued until designated LICENSEE personnel have: 1) completed appropriate application forms and submitted proof of identity and employment eligibility, 2) passed both background checks, 3) completed and passed appropriate training, and 4) paid an Airport ID/Security Credential fee for each applicant. LICENSEE should anticipate a minimum of fourteen (14) business days to complete the Airport ID/Security Credential process if all requirements listed above are fulfilled by individual Airport ID/Security Credential applicants in a timely manner, but factors outside the Airport's control can contribute to longer durations. If an applicant is applying for a CBP Seal due to their operational need to work international air service

operations, this process may take longer. Authorized Signatories must be in constant contact with the Airport's ID/Access Control Office. LICENSEE's designated personnel must successfully complete the Airport ID/Security Credential acquisition process, unless other arrangements have been approved by the Airport. LICENSEE shall be responsible for all applicable fees and costs associated with the background checks and badging process. The amount of such fees is subject to change without notice.

E. **Airport ID/Security Credential Applicant Requirements and Responsibilities.** The Airport Security Plan (ASP) requires that each person issued an Airport ID/Security Credential be made aware of his/her responsibilities regarding the privilege of access to restricted areas of the Airport.

LICENSEE and all LICENSEE personnel within an access controlled area (AOA, SIDA, secured area or sterile area) are required to display on their person an Airport ID/Security Credential, unless they are escorted by a properly Airport credentialed individual with escort privileges. When working in a secure area, each Airport credentialed person is responsible for challenging any individual who is not properly displaying an Airport issued or approved and valid Airport ID/Security Credential. LICENSEE personnel and their subtenants/contractors must also validate Airport ID/Security Credential employees as described in security training. Any person who is not properly displaying or who cannot produce a valid Airport ID/Security Credential, unless they are being escorted, must immediately be referred to the Sheriff's Department – Airport Police Services Office for proper handling.

The Airport ID/Security Credential is the property of the County of Orange and must be returned upon termination of LICENSEE personnel employment and/or termination of the LICENSE. The loss of an Airport ID/Security Credential shall be reported within 24 hours to the Sheriff's Department–Airport Police Services by calling (949) 252-5000. LICENSEE or LICENSEE personnel who lose their Airport ID/Security Credential shall be required to pay a fee before receiving a replacement Airport ID/Security Credential. The charge for lost Airport ID/Security Credential replacement will be posted in the Airport Administration Office and is subject to change without notice. A report shall be made before a replacement Airport ID/Security Credential will be issued.

The Airport security badge is nontransferable.

In the event that LICENSEE's Airport ID/Security Credential is not returned within three (3) business days to the Airport upon: 1) termination of LICENSEE personnel or contracted personnel, 2) Airport ID badge expiration or 3) upon termination of the LICENSE, the LICENSEE shall be liable to the County of Orange for a fine in the amount of $250.00 per unreturned Airport ID/Security Credential. The amount of the fine is subject to change without notice. LICENSEE's Security Deposit may be applied to cover the cost of the fine.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

ARTICLE X - INSURANCE AND INDEMNITY

SECTION 10.01 INSURANCE

The LICENSEE agrees to carry all required insurance at the LICENSEE's expense and provide to the COUNTY Certificates of Insurance, including all endorsements required herein, necessary to satisfy the COUNTY that the insurance provisions of this LICENSE have been complied with and shall keep such insurance coverage current and provide Certificates of Insurance and endorsements therefore to the COUNTY during the entire term of this LICENSE.

The LICENSEE agrees that the LICENSEE shall not operate on the Airport Premises at any time the required insurance is not in full force and effect as evidenced by a Certificate of Insurance and necessary endorsements or, in the interim, an official binder being in the possession of Airport Director. In no cases shall assurances by the LICENSEE, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. Airport Director will only accept valid Certificates of Insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. The LICENSEE also agrees that upon cancellation, termination, or expiration of the LICENSEE's insurance, the COUNTY may take whatever steps are necessary to interrupt any operation from or on the Airport Premises until such time as the Airport Director reinstates the LICENSE.

If the LICENSEE fails to provide Airport Director with a valid Certificate of Insurance and endorsements, or binder at any time during the term of the LICENSE, the COUNTY and the LICENSEE agree that this shall constitute a material breach of the LICENSE. Whether or not a notice of default has or has not been sent to the LICENSEE, said material breach shall permit the COUNTY to take whatever steps necessary to interrupt any operation from or on the Airport Premises, and to prevent any persons, including, but not limited to, members of the general public, and the LICENSEE's employees and agents, from entering the Premises until such time as Airport Director is provided with adequate evidence of insurance required herein. The LICENSEE further agrees to hold the COUNTY harmless for any damages resulting from such interruption of business and possession, including, but not limited to, damages resulting from any loss of income or business resulting from the COUNTY's action.

The LICENSEE may occupy the Airport Premises only upon providing to COUNTY the required insurance stated herein and carry such insurance for the entire term of this LICENSE. COUNTY reserves the right to terminate this LICENSE at any time the LICENSEE's insurance is canceled or terminated and not reinstated within ten (10) days of said cancellation or termination. LICENSEE shall pay COUNTY a fee of $300.00 for processing the reinstatement of the LICENSE. LICENSEE shall provide to COUNTY immediate notice of said insurance cancellation or termination.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

All contractors performing work on behalf of the LICENSEE pursuant to this LICENSE shall obtain insurance subject to the same terms and conditions as set forth herein for the LICENSEE; excluding General Aviation Liability. All contractors performing work on behalf of the LICENSEE pursuant to this LICENSE shall obtain insurance subject to the following required minimum limits: Commercial General Liability $1,000,000 per occurrence with a $2,000,000 aggregate; Commercial Auto Liability $1,000,000 combined single limit each accident for non-airport operation area; and, $5,000,000 combined single limit each accident for airport operations area. Pollution Liability will be required when hazardous materials or waste are involved with $1,000,000 per claims made or occurrence. The LICENSEE shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by the COUNTY from the LICENSEE under this LICENSE. It is the obligation of the LICENSEE to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Airport Premises. Such proof of insurance must be maintained by the LICENSEE through the entirety of this LICENSE and be available for inspection by a COUNTY representative at any reasonable time.

All self-insured retentions (SIR)'s shall be clearly stated on the Certificate of Insurance. Any SIR in excess of Fifty Thousand Dollars $50,000 shall specifically be approved by the County's Risk Manager, or designee. The County reserves the right to require current audited financial reports from LICENSEE. If LICENSEE is self-insured, LICENSEE will indemnify and defend County for any and all claims resulting or arising from LICENSEE's use of the premises, services, or other performance in accordance with the indemnity provision stated in this LICENSE

If LICENSEE fails to maintain insurance acceptable to the COUNTY for the full term of this LICENSE, the COUNTY may terminate this LICENSE.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the Best's Key Rating Guide/Property-Casualty/United States or ambest.com).
If the insurance carrier does not have an A.M. Best Rating of A-/VIII, CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the LICENSEE shall provide the minimum limits and coverage as set forth below:

Coverages	Minimum Limits
Aviation Commercial General Liability (Including but not limited to General Liability, Passenger Legal Liability, Personal Injury, Contractual Liability, War/Extended Perils Liability, Premises, Products and Completed Operations, Ground Hangarkeepers and liability for vehicles and mobile equipment operated on restricted airport premises.)	$250,000,000 per occurrence $250,000,000 aggregate
Workers' Compensation	Statutory
Employers' Liability Insurance	$1,000,000 per accident or disease
Pollution Liability Insurance	$1,000,000 per claims-made or per occurrence
Commercial Property Insurance on an "All Risk" or "Special Causes of Loss" basis covering all contents and any tenant improvements including Business Interruption/Loss of Rents with a 12-month limit	100% of the Replacement Cost Value and no coinsurance provision

Increased insurance limits may be satisfied with Excess/Umbrella policies. Excess/Umbrella policies when required must provide Follow Form coverage.

Required Endorsements

The Aviation Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.
2. A primary and non-contributing endorsement evidencing that the LICENSEE's insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

The Pollution Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.
2. A primary and non-contributing endorsement evidencing that the LICENSEE's insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

Pollution Liability insurance must include coverage for bodily injury and property damage, including coverage for loss of use and/or diminution in property value, and for clean-up costs arising out of, pertaining to, or in any way related to the actual or alleged discharge, dispersal, seepage, migration, release or escape of contaminants or pollutants resulting from any services or work performed by, or behalf of, LICENSEE, including the transportation of hazardous waste, hazardous materials, or contaminants.

If LICENSEE's Pollution Liability policy is a claims-made policy, LICENSEE shall agree to the following:

1) The retroactive date must be shown and must be before the date of the contract or the beginning of the LICENSE.

2) Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after expiration or earlier termination of LICENSE.

3) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the contract services, LICENSEE must purchase an extended reporting period for a minimum of three (3) years after expiration of earlier termination of the LICENSE.

The Workers' Compensation policy shall contain a Waiver of Subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees. Blanket coverage may also be provided which will state **– As Required by Written Agreement.**

All insurance policies required by this LICENSE shall waive all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

The Commercial Property policy shall contain a Loss Payee endorsement naming the County of Orange as respects the COUNTY's financial interest when applicable.

Insurance certificates should be forwarded to the COUNTY address provided in the Clause (NOTICES) below or to an address provided by Airport Director. The LICENSEE has ten (10) business days to provide adequate evidence of insurance or this LICENSE may be cancelled.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

The COUNTY expressly retains the right to require the LICENSEE to increase or decrease insurance of any of the above insurance types throughout the term of this LICENSE. Any increase or decrease in insurance will be as deemed by the COUNTY Risk Manager as appropriate to adequately protect the COUNTY.

The COUNTY shall notify the LICENSEE in writing of changes in the insurance requirements. If the LICENSEE does not deposit copies of acceptable certificates of insurance and endorsements with the COUNTY incorporating such changes within thirty (30) days of receipt of such notice, this LICENSE may be in breach without further notice to the LICENSEE, and the COUNTY shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit the LICENSEE's liability hereunder nor to fulfill the indemnification provisions and requirements of this LICENSE, nor in any way to reduce the policy coverage and limits available from the insurer.

SECTION 10.02 INDEMNITY

The LICENSEE agrees to indemnify, defend with counsel approved in writing by the COUNTY, and hold the COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies which the COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by the LICENSEE pursuant to this LICENSE. If judgment is entered against the LICENSEE and the COUNTY by a court of competent jurisdiction because of the concurrent active negligence of the COUNTY or the COUNTY INDEMNITEES, the LICENSEE and the COUNTY agree that liability will be apportioned as determined by the court. Neither party shall request a jury apportionment.

ARTICLE XI FEDERAL GRANT ASSURANCES AND REQUIREMENTS

SECTION 11.01 CIVIL RIGHTS AND NONDISCRIMINATION

A. In all its activities within the scope of its airport program, AIRLINE 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 (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance

If LICENSEE transfers its obligation to another, the transferee is obligated in the same manner as LICENSEE.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

B. During the performance of this LEASE, LICENSEE, for itself, its assignees, and successors in interest, agrees as follows::

1) **Compliance with Regulations:** LICENSEE 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 LEASE.

2) **Nondiscrimination:** LICENSEE, with regard to the work performed by it during the LEASE, will not discriminate on the grounds of race, color, or national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The LICENSEE 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.

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

4) **Information and Reports:** LICENSEE 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 COUNTY or the FAA to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, LICENSEE will so certify to the COUNTY or the FAA, as appropriate, and will set forth what efforts it has made to obtain this information.

5) **Sanctions for Noncompliance:** In the event of the LICENSEE's noncompliance with the non-discrimination provisions of this LEASE, the COUNTY will impose such sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

a. Withholding payments under the LEASE until the LICENSEE complies, and/or

b. cancelling, terminating, or suspending the LEASE, in whole or in part.

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

C. LICENSEE, for itself, 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 Leased Premises for a purpose for which an FAA activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, LICENSEE 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 said facilities.

2) 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.

3) In the construction of any improvements on, over, or under the Leased Premises 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.

4) LICENSEE will use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title VI List of Pertinent Nondiscrimination Acts and Authorities.

D. LICENSEE shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service.

E. LICENSEE, for itself, its assignees, and successors in interest, agrees to comply with the following nondiscrimination 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);

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, subrecipients and contractors, 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) The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex)

10) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations); [rescinded January 21, 2025];

11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)][rescinded March 1, 2025]; and

12) 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).

F. In the event of a breach of any of the above nondiscrimination covenants, the COUNTY shall have the right to terminate the LICENSE and to re-enter and repossess said land and the facilities thereon and hold the same as if said LICENSE had never been made or issued.

SECTION 11.02 DEVELOPMENT/MAINTENANCE OF AIRPORT

The COUNTY reserves the right to develop further or improve the Airport as it sees fit, regardless of the desires or views of the LICENSEE, and without interference or hindrance. The COUNTY reserves the right, but shall not be obligated to the LICENSEE, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of the LICENSEE in this regard.

SECTION 11.03 LICENSE SUBORDINATE TO AGREEMENT WITH U.S.A.

This LICENSE shall be subordinate to the provisions and requirements of any existing or future agreement between the COUNTY and the United States or any lawful requirement of the United States relative to the development, operation, or maintenance of the Airport.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

SECTION 11.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS

The LICENSEE agrees that the LICENSEE's use of the Operating Area, including all construction thereon, shall conform to applicable FEDERAL AVIATION REGULATIONS.

The LICENSEE agrees to comply with the applicable notification and review requirements covered in Part 77 of the FEDERAL AVIATION REGULATIONS (as same may be amended from time to time or such other regulation replacing Part 77 as may be adopted by Federal authority) prior to the construction of the improvements described herein and prior to the construction of any future structure or building upon the Operating Area or in the event of any planned modification or alteration of any present or future building or structure situated on the Operating Area.

SECTION 11.05 FEDERAL LAW PREEMPTION

Notwithstanding any provisions of this LICENSE, to the contrary and notwithstanding any provision of any other agreements, laws, or ordinances to the contrary, any requirement that is imposed on the LICENSEE in this LICENSE, or any local authorities, shall not apply to the LICENSEE to the extent that such requirement is or would otherwise be preempted by federal law, including but not limited to the LICENSEE Deregulation Act (49 U.S.C. § 41713).

SECTION 11.06 NONEXCLUSIVE RIGHT

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to conduct aeronautical activities or provide aeronautical services to the public as prohibited by 49 U.S.C. § 40103(e) and 47107(a)(4), as amended from time to time, and the COUNTY reserves the right to grant others the privilege and right of conducting any or all activities of an aeronautical nature.

SECTION 11.07 WAR OR NATIONAL EMERGENCY

This LICENSE 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.

SECTION 11.08 RESERVED

SECTION 11.09 AMERICANS WITH DISABILITIES ACT

The LICENSEE shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 (“ADA”) in connection with: (a) the Operating Area or any portion thereof and its operations thereon, the LICENSEE’s furnishings, trade fixtures, and equipment; (b) removing physical barriers; (c) providing auxiliary aids and services for use of the LICENSEE’s

furnishings, trade fixtures and equipment, where necessary or required; and (d) modifying its policies, practices and procedures to comply with the ADA. The LICENSEE shall develop a work plan to correct or avoid any violations or non-compliance with the ADA and to address the processing of disability complaints. The LICENSEE shall deliver to the COUNTY, upon the COUNTY's request, a copy of each report and work plan. The COUNTY's approval of or acceptance of any aspect of the LICENSEE's activities under this LICENSE shall not be deemed or construed in any way as a representation that such item or activity of practice complies with the ADA. The LICENSEE agrees to indemnify, defend, and hold the COUNTY harmless from and against any and all costs incurred by the COUNTY with respect to the LICENSEE's failure to comply with the ADA.

SECTION 11.10 BOARDING ASSISTANCE FOR AIRCRAFT

In accordance with 49 C.F.R. § 27.72, the LICENSEE shall ensure the provision of boarding equipment for passengers with mobility impairment, including, but not limited to, aircraft boarding chairs used to transfer passengers from their wheelchair or other apparatus to their seat in the aircraft cabin. The LICENSEE shall provide all related passenger assistance with this equipment. The equipment shall be provided and maintained in accordance with 49 C.F.R. § 27.72 and the applicable FAA Advisory Circulars, including AC 150/5220-21C.

The COUNTY owns and maintains ramps for utilization by the LICENSEE on the airport apron in the event a ramp is needed for boarding or deplaning of the aircraft. The LICENSEE shall promptly notify the COUNTY if COUNTY-owned ramps require maintenance. If the LICENSEE owns and operates additional ramps, the LICENSEE shall maintain those ramps in proper working condition. The LICENSEE shall provide assistance to passengers with mobility impairment when ramps are used for boarding or deplaning of the aircraft.

ARTICLE XII MISCELLANEOUS PROVISIONS

SECTION 12.01 TIME

Time is of the essence in this LICENSE.

SECTION 12.02 LICENSE ORGANIZATION

The various headings and numbers herein, the grouping of provisions of this LICENSE into separate sections and paragraphs, and the organization hereof, are for the purpose of convenience only and shall not be considered otherwise.

SECTION 12.03 AMENDMENTS

This LICENSE sets forth all of the agreements and understandings of the parties with regard to its subject matter and any modification must be written and properly executed by both parties.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

SECTION 12.04 SIGNS

LICENSEE agrees not to construct, maintain or allow any sign upon the Operating Area except as approved by COUNTY. Unapproved signs, banners, flags, etc., may be removed by the COUNTY without prior notice to the LICENSEE.

LICENSEE will not place any signs or advertising materials in any location within the Licensed area or within any Common Use Area of the Terminal without the prior consent of the COUNTY. All requests for the approval of promotional signs for the LICENSEE shall be accompanied by illustrative drawings and design dimensions along with information about the type of signs proposed, and proposed locations. All approved signs shall be allowed to remain in the terminal for ninety (90) days. The COUNTY may without notice remove any unauthorized signs or advertising materials, and may store them at the LICENSEE's expense; COUNTY may dispose of items if they are not promptly claimed by the LICENSEE after notice from the COUNTY.

SECTION 12.05 PERMITS AND LICENSES

The LICENSEE shall be required to obtain any and all approvals, permits and/or licenses which may be required in connection with its operation as set out herein. No permit approval or consent given hereunder by the COUNTY in its governmental capacity shall affect or limit the LICENSEE's obligations hereunder, nor shall any approvals or consents given by the COUNTY as a party to this LICENSE, be deemed approval as to compliance or conformance with applicable governmental codes, laws, ordinances, rules, or regulations.

SECTION 12.06 RESERVED

SECTION 12.07 TAXES AND ASSESSMENTS

This LICENSE may create a possessory interest that is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) that become due and payable upon fixtures, equipment or other

property installed or constructed thereon, shall be the full responsibility of the LICENSEE, and the LICENSEE shall cause said taxes and assessments to be paid promptly.

SECTION 12.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If either party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental laws or regulations or other cause without fault and beyond the control of the party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse the LICENSEE from the prompt payment of any

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

rental or other charge required of the LICENSEE except as may be expressly provided elsewhere in this LICENSE.

SECTION 12.09 PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this LICENSE is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 12.10 WAIVER OF RIGHTS

The failure of the COUNTY or the LICENSEE to insist upon strict performance of any of the terms, covenants or conditions of this LICENSE shall not be deemed a waiver of any right or remedy that the COUNTY or the LICENSEE may have, and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of the LICENSE thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this LICENSE. Any waiver, in order to be effective, must be signed by the party whose right or remedy is being waived.

SECTION 12.11 RESERVATIONS TO THE COUNTY

The Operating Area is accepted ”AS IS” and the LICENSEE is subject to any and all existing easements and encumbrances. The COUNTY reserves the right to install, lay, construct, maintain, repair and operate sanitary sewers, drains, Stormwater sewers, pipelines, manholes and connections; water, oil and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, under and along the Operating Area or any part thereof; and to enter the Operating Area for any and all such purposes. The COUNTY also reserves the right to grant franchises, easements, rights of way and permits in, over, upon, through, across, under and along any and all portions of the Operating Area. No right reserved by the COUNTY in this Section shall be so exercised as to interfere unreasonably with the LICENSEE's operations hereunder or to impair the security of any secured creditor of the LICENSEE.

The COUNTY agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The COUNTY further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Operating Area by the LICENSEE, the LICENSEE shall only be entitled to a reduction in the fees and charges payable to the COUNTY during the period of interference, which shall be reduced in proportion to the interference with the LICENSEE's use of the Operating Area. The LICENSEE shall not be entitled to any other form of compensation.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

SECTION 12.12 AUTHORITY OF LICENSEE

If the LICENSEE is a corporation, each individual executing this LICENSE on behalf of said corporation represents and warrants that he or she is duly authorized to execute and deliver this LICENSE on behalf of said corporation, in accordance with the by-laws of said corporation, and that this LICENSE is binding upon said corporation.

SECTION 12.13 PUBLIC RECORDS

The LICENSEE understands that written information submitted to and/or obtained by the COUNTY from the LICENSEE related to this LICENSE and/or the Operating Area, either pursuant to this LICENSE or otherwise, may be open to inspection by the public pursuant to the California Public Records Act (Cal. Gov. Code §§6250 *et seq.*) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public.

SECTION 12.14 RELATIONSHIP OF PARTIES

The relationship of the parties hereto is that of Licensor and Licensee, and it is expressly understood and agreed that the COUNTY does not in any way or for any purpose become a partner of the LICENSEE in the conduct of the LICENSEE's business or otherwise, or a joint venturer with the LICENSEE; and the provisions of this LICENSE and the agreements relating to fees and charges payable hereunder are included solely for the purpose of providing a method by which fees and charges payments are to be measured and ascertained. This LICENSE is intended for the sole benefit of the parties hereto and their successors, and, unless otherwise provided herein, or by law, no rights are created, or are intended to be created, for the benefit of, or enforceable by, any third parties.

SECTION 12.15 GOVERNING LAW AND VENUE

This LICENSE has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this LICENSE, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

SECTION 12.16 ATTORNEYS' FEES

In any action or proceeding to enforce or interpret any provision of this LICENSE, or where any provision hereof is validly asserted as a defense, each party shall bear its own attorney's fees, costs and expenses.

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

SECTION 12.17 EMERGENCY SERVICES

Airport Director has the right to request that the LICENSEE'S employees aid in and use LICENSEE's inventory of goods in an emergency to assist in maintaining the welfare of persons at or near the Airport. The LICENSEE shall be reimbursed by the COUNTY for the cost of goods as soon as practicable at a rate not to exceed costs as existed immediately prior to the emergency.

SECTION 12.18 NOTICES

All notices pursuant to this LICENSE shall be addressed to either party as set forth below and shall be sent through the United States Mail, in the State of California, duly registered or certified, return receipt requested with postage prepaid or by an overnight carrier service. If any notice is sent by an overnight carrier service, as aforesaid, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof. Notwithstanding the above COUNTY may also provide notices to the LICENSEE by personal delivery or by regular mail postage prepaid and any such notice so given shall be deemed to have been given upon the date of personal delivery or three (3) days after the date of deposit in the United States Mail, respectively.

Either party hereto may from time to time, by written notice to the other in the method described above, designate a different address which shall be substituted for the one above specified.

TO: COUNTY
Attention: Airport Director
John Wayne Airport
3160 Airway Avenue
Costa Mesa, CA 92626

TO: LICENSEE
SkyWest Airlines, Inc.
Director of Properties
444 N. River Road
St. George, UT 84770-2085

[Signatures continue on following page]

JOHN WAYNE AIRPORT
ORANGE COUNTY

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

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

LICENSEE: SkyWest Airlines, Inc.

By: _____
Wade Steel

By: _____
Greg Wooley

APPROVED AS TO FORM:

County Counsel

By: _____

APPROVED AS TO AUDIT AND ACCOUNTING:

Auditor-Controller

By: _____

RECOMMENDED FOR APPROVAL:

John Wayne Airport

By: _____
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this
document has been delivered to the Chair
of the Board per G.C. Sec. 25103, Reso 79-1535
Attest:

COUNTY

COUNTY OF ORANGE

_____
Robin Stieler,
Clerk of the Board of Supervisors
of Orange County, California

By: _____
Chairman, Board of Supervisors

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JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

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

LICENSEE: SkyWest Airlines, Inc.

By: _____

By: _____

APPROVED AS TO FORM:

County Counsel

By: DocuSigned by: Mark Sanchez 5EE66EC8DA7B48F...

APPROVED AS TO AUDIT AND ACCOUNTING:

Auditor-Controller

By: Signed by: Vivian Luz C. Grzeszczak 98187C051B2C443...

RECOMMENDED FOR APPROVAL:

John Wayne Airport

By: Signed by: Charlene Reynolds A1A526A921AF49F...
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this document has been delivered to the Chair of the Board per G.C. Sec. 25103, Reso 79-1535
Attest:

COUNTY

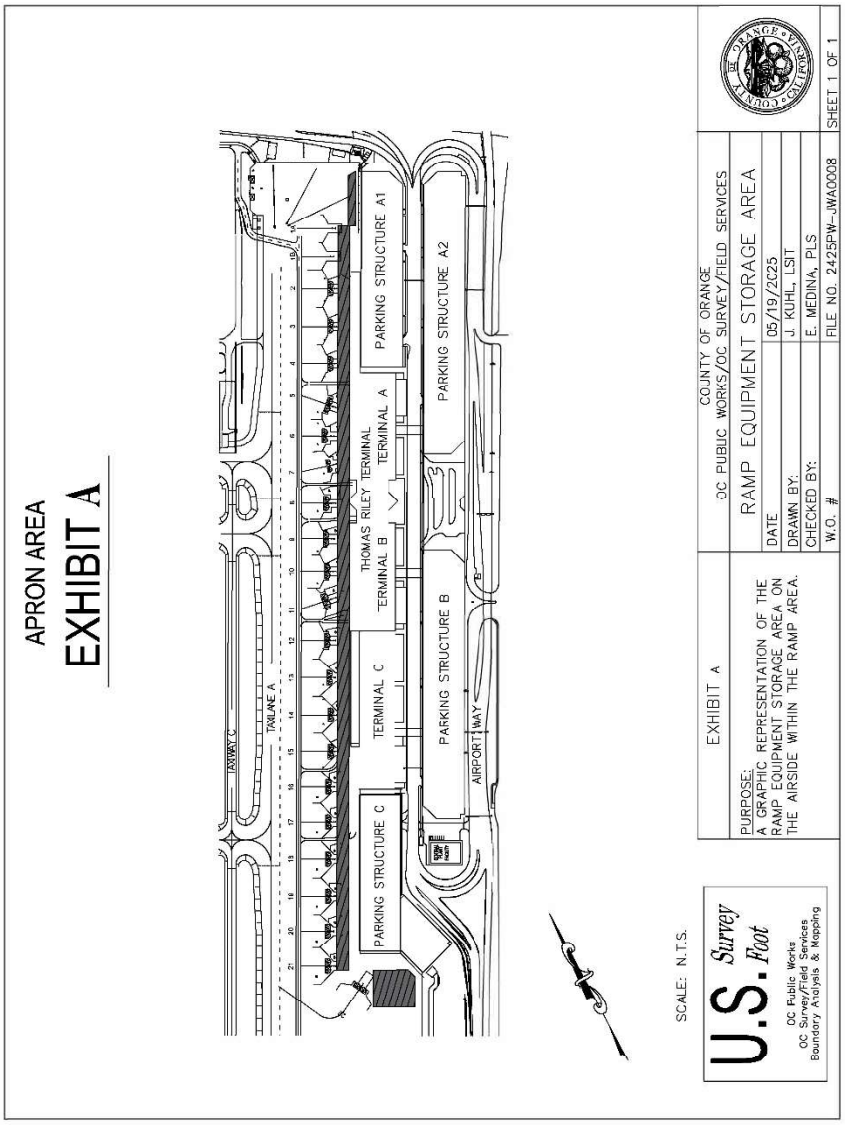
COUNTY OF ORANGE

_____
Robin Stieler,
Clerk of the Board of Supervisors
of Orange County, California

By: _____
Chairman, Board of Supervisors

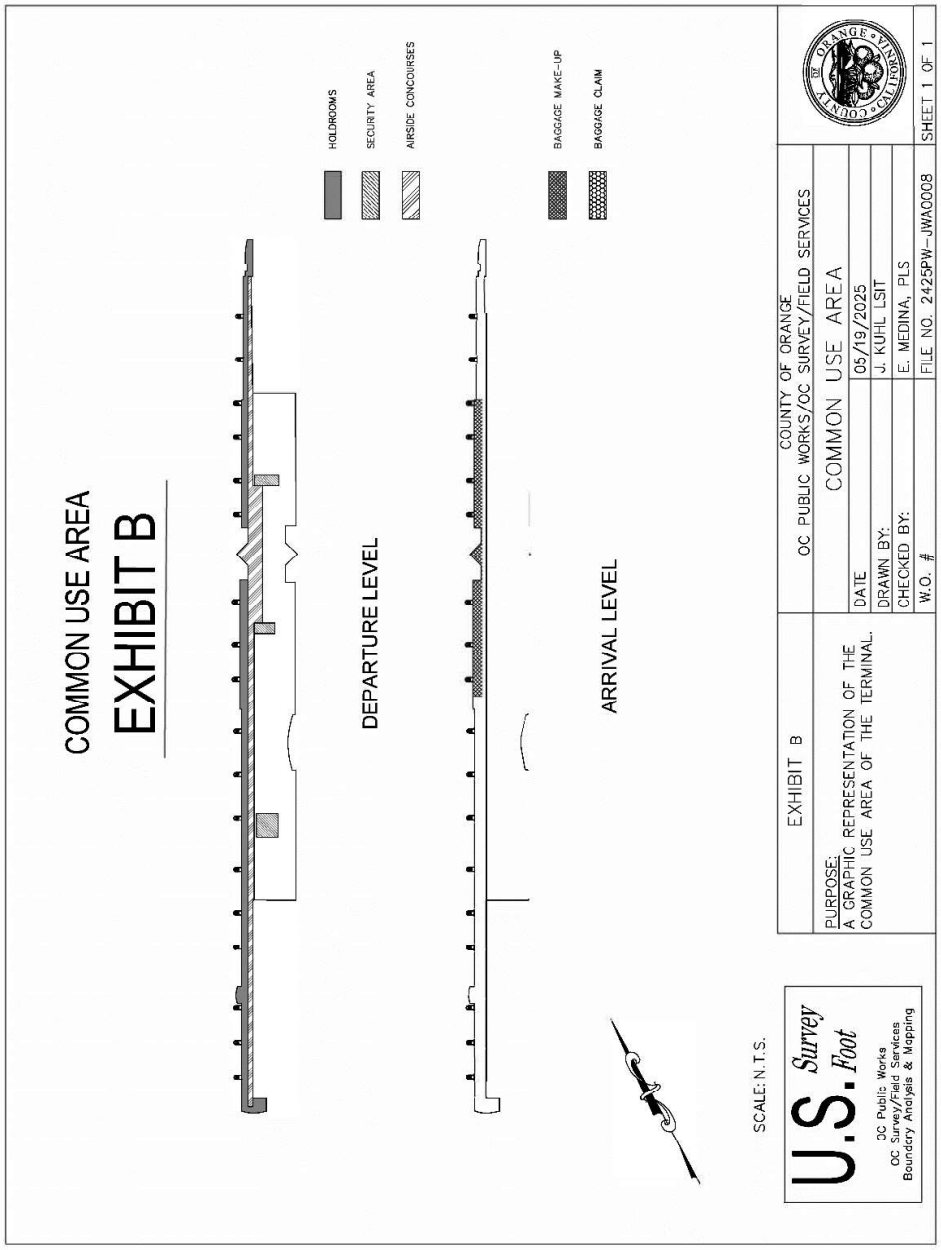
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

EXHIBIT A
APRON AREA



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CERTIFICATED PASSENGER AIRLINE LICENSE

EXHIBIT B
COMMON USE AREA



Page 1 of 1

JOHN WAYNE AIRPORT
ORANGE COUNTY

AMENDED AND RESTATED COMMUTER AIRLINE OPERATING LICENSE

Dated _____

Between

County of Orange

and

SkyWest Airlines, Inc.

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JOHN WAYNE AIRPORT AMENDED AND RESTATED COMMUTER AIRLINE OPERATING LICENSE

TABLE OF CONTENTS

Page

RECITALS 6
ARTICLE I - DEFINITIONS 7
SECTION 1.01 AAAC 7
SECTION 1.02 AAAC CHAIR 7
SECTION 1.03 ACCESS PLAN 7
SECTION 1.04 ADD 7
SECTION 1.05 AIRLINE RATES AND CHARGES 8
SECTION 1.06 AIRPORT 8
SECTION 1.07 AIRPORT DIRECTOR 8
SECTION 1.08 APRON AREA 8
SECTION 1.09 AUDITOR-CONTROLLER 8
SECTION 1.10 BOARD OF SUPERVISORS 8
SECTION 1.11 CBP 8
SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT 8
SECTION 1.13 COMMON USE AREA 8
SECTION 1.14 COUNTY 9
SECTION 1.15 CUPPS 9
SECTION 1.16 CUSS 9
SECTION 1.17 DOT 9
SECTION 1.18 EMV 9
SECTION 1.19 ENVIRONMENTAL LAWS 9
SECTION 1.20 FAA 10
SECTION 1.21 GSE 10
SECTION 1.22 HAZARDOUS SUBSTANCES 10
SECTION 1.24 NON-STORMWATER DISCHARGE 11
SECTION 1.25 OPERATING AREA 11
SECTION 1.26 PFC 11
SECTION 1.27 POLLUTANT 11
SECTION 1.28 RON 12
SECTION 1.29 STORMWATER 12
SECTION 1.30 TERMINAL 12
SECTION 1.31 TSA 12
ARTICLE II – TERM OF LICENSE 12
SECTION 2.01 TERM OF LICENSE 12
SECTION 2.02 TERMINATION FOR CONVENIENCE 12
SECTION 2.03 HOLDING OVER 12
ARTICLE III – FEES AND CHARGES 13
SECTION 3.01 FEES AND CHARGES 13
SECTION 3.02 PAYMENT PROCEDURE 14
SECTION 3.03 CHARGE FOR LATE PAYMENT 15

JOHN WAYNE AIRPORT AMENDED AND RESTATED COMMUTER AIRLINE OPERATING LICENSE

SECTION 3.04 PASSENGER FACILITY CHARGE 15
SECTION 3.05 PROVISION AGAINST SET-OFFS 16
SECTION 3.06 SECURITY DEPOSIT 16
SECTION 3.07 NEW ENTRANT DEPOSIT 18
ARTICLE IV - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES 18
SECTION 4.01 USE 18
SECTION 4.02 USE OF PUBLIC AIRPORT FACILITIES 19
SECTION 4.03 RULES AND REGULATIONS 20
SECTION 4.04 ACCESS PLAN LIMITATIONS ON USE 20
SECTION 4.05 OPERATIONAL REQUIREMENTS 21
SECTION 4.06 RECORDS AND ACCOUNTS 23
SECTION 4.07 MAINTENANCE AND OPERATION 25
SECTION 4.08 APRONS, GATE POSITIONS AND LOADING BRIDGES 26
SECTION 4.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES 26
SECTION 4.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON 27
SECTION 4.11 AIRCRAFT PARKING 27
SECTION 4.12 PORTER SERVICES 28
ARTICLE V - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION 28
SECTION 5.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE 28
SECTION 5.02 SPILL RESPONSE PLAN 29
SECTION 5.03 STORMWATER CONTROL AND CONTAMINATION 30
SECTION 5.04 ENVIRONMENTAL STEWARDSHIP 31
SECTION 5.05 GENERAL HEALTH AND SAFETY CONDITIONS 32
SECTION 5.06 ENVIRONMENTAL INDEMNIFICATION 32
SECTION 5.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS 34
SECTION 5.08 ANTI-IDLING POLICY 34
ARTICLE VI - CONSTRUCTION AND IMPROVEMENTS 34
SECTION 6.01 CONSTRUCTION AND/OR ALTERATION BY COUNTY 34
SECTION 6.02 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS 34
SECTION 6.03 HEALTH AND SAFETY 35
ARTICLE VII - ASSIGNMENT 35
SECTION 7.01 ASSIGNING AND TRANSFERRING 35
SECTION 7.02 SUCCESSORS IN INTEREST 38
ARTICLE VIII - TERMINATION AND DEFAULT 39
SECTION 8.01 TERMINATION OF PRIOR AGREEMENTS 39
SECTION 8.02 TERMINATION FOR DEFAULT 39
SECTION 8.03 DISPOSITION OF ABANDONED PERSONAL PROPERTY 40
ARTICLE IX - SECURITY 40
SECTION 9.01 AIRPORT SECURITY 40
ARTICLE X - INSURANCE AND INDEMNITY 42

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT AMENDED AND RESTATED COMMUTER AIRLINE OPERATING LICENSE

SECTION 10.01 INSURANCE 42
SECTION 10.02 INDEMNITY 47
ARTICLE XI FEDERAL GRANT ASSURANCES AND REQUIREMENTS 47
SECTION 11.01 CIVIL RIGHTS AND NONDISCRIMINATION 47
SECTION 11.02 DEVELOPMENT/MAINTENANCE OF Airport 51
SECTION 11.03 LICENSE SUBORDINATE TO AGREEMENT WITH U.S.A. 51
SECTION 11.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS 51
SECTION 11.05 FEDERAL LAW PREEMPTION 51
SECTION 11.06 NONEXCLUSIVE RIGHT 52
SECTION 11.07 WAR OR NATIONAL EMERGENCY 52
SECTION 11.08 RESERVED 52
SECTION 11.09 AMERICANS WITH DISABILITIES ACT 52
SECTION 11.10 BOARDING ASSISTANCE FOR AIRCRAFT 52
ARTICLE XII MISCELLANEOUS PROVISIONS 53
SECTION 12.01 TIME 53
SECTION 12.02 LICENSE ORGANIZATION 53
SECTION 12.03 AMENDMENTS 53
SECTION 12.04 SIGNS 53
SECTION 12.05 PERMITS AND LICENSES 53
SECTION 12.06 RESERVED 54
SECTION 12.07 TAXES AND ASSESSMENTS 54
SECTION 12.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE 54
SECTION 12.09 PARTIAL INVALIDITY 54
SECTION 12.10 WAIVER OF RIGHTS 54
SECTION 12.11 RESERVATIONS TO THE COUNTY 54
SECTION 12.12 AUTHORITY OF LICENSEE 55
SECTION 12.13 PUBLIC RECORDS 55
SECTION 12.14 RELATIONSHIP OF PARTIES 55
SECTION 12.15 GOVERNING LAW AND VENUE 56
SECTION 12.16 ATTORNEYS' FEES 56
SECTION 12.17 EMERGENCY SERVICES 56
SECTION 12.18 NOTICES 56

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT AMENDED AND RESTATED COMMUTER AIRLINE OPERATING LICENSE

LIST OF EXHIBITS

EXHIBIT A MAP – APRON AREA

EXHIBIT B MAP – COMMON USE AREA

JOHN WAYNE AIRPORT AMENDED AND RESTATED COMMUTER AIRLINE OPERATING LICENSE

THIS AMENDED AND RESTATED COMMUTER AIRLINE OPERATING LICENSE ("LICENSE") is made and entered into this ___ day of _____, 2025, by and between the COUNTY OF ORANGE, a political subdivision of the State of California ("COUNTY"), and SkyWest Airlines, Inc. ("LICENSEE"), with COUNTY and LICENSEE sometimes individually referred to as "Party" or collectively referred to as "Parties."

RECITALS

WHEREAS, the COUNTY, through its Board of Supervisors, is the owner and proprietor of John Wayne Airport ("JWA" or "Airport"), located in the County of Orange, State of California, and operates and maintains the Airport as a governmental function for the primary purpose of providing air transportation to the public; and

WHEREAS, COUNTY and LICENSEE entered into a Commuter Airline Operating License dated November 3, 2020, with a term commencement of January 1, 2021 ("Existing License"); and

WHEREAS, LICENSEE is engaged in the business of commercial air transportation of persons, property, cargo, and mail as a scheduled air carrier and is certificated or otherwise authorized by the United States of America to engage in such business; and

WHEREAS, LICENSEE desires to enter into an agreement addressing certain premises, facilities, rights, licenses, services, and privileges at the Airport; and

WHEREAS, as part of its ongoing effort to operate the Airport in a manner sensitive to the residents who live under the Airport's approach and departure corridors, the COUNTY has developed one of the most stringent access and noise abatement programs in the country. The Airport monitors all aircraft operations, both commercial and private, for compliance with the program. These noise abatement and access restrictions derive from the 1985 Settlement Agreement between the COUNTY, City of Newport Beach, and other parties and are implemented through ordinances, resolutions (including Resolutions No. 85-255, 85-256, 85-259, 85-1231, 85-1232, and 85-1233), regulations (including the Phase 2 Commercial Airline Access Plan and Regulation) and policies of the COUNTY, as they may be amended from time to time; and

WHEREAS, the 1985 Settlement Agreement has been periodically amended by its parties to, among other things, increase the authorized passenger levels at the Airport; and

WHEREAS, the amendments to the 1985 Settlement Agreement preserve and continue to implement important restrictions on the use of JWA, "grandfathered" under the AIRPORT NOISE AND CAPACITY ACT OF 1990 ("ANCA"), which reflect and accommodate historical policy decisions of the Board of Supervisors regarding the appropriate point of balance between the competing interests of the air transportation and aviation community and local residents living in the vicinity of the Airport. These policy decisions address, among other issues, nighttime operational restrictions and maximum permitted single-event noise levels; and

WHEREAS, COUNTY and LICENSEE mutually desire to enter into this LICENSE which amends and restates the Existing License, in order to provide air transportation services to the community and its visitors through December 31, 2030; and

WHEREAS, COUNTY has the right to permit and grant the use of its property at the Airport to the LICENSEE for the operation of the LICENSEE's air transportation services and

WHEREAS, LICENSEE acknowledges that this LICENSE is being entered into under the provisions of CAL. PUBLIC UTIL. CODE §§21690.5, *et seq.*, and in particular, §21690.9.

NOW, THEREFORE, in consideration of the promises and mutual covenants, hereinafter contained to be observed and performed by the respective Parties hereto

THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I - DEFINITIONS

The following words, terms, and phrases, whenever used in this LICENSE, shall have the meaning and significance attached to them in this Article unless otherwise apparent from context.

SECTION 1.01 AAAC

"AAAC" shall mean the John Wayne Airport – Airport Airline Affairs Committee. The AAAC is composed of the airline properties representatives for the carriers serving John Wayne Airport.

SECTION 1.02 AAAC CHAIR

"AAAC Chair" shall mean the Chairperson elected by the AAAC to act as the spokesperson for carriers serving John Wayne Airport.

SECTION 1.03 ACCESS PLAN

"Access Plan" shall mean the Phase 2 Commercial Airline Access Plan and Regulation for John Wayne Airport, Orange County, as that plan existed when originally adopted and approved by the Orange County Board of Supervisors in 1990, as it has been amended by the Board of Supervisors from time to time, and as it may be amended by the Board of Supervisors at any time during the term of this LICENSE.

SECTION 1.04 ADD

"ADD" shall mean Average Daily Departure, as defined in the Access Plan. Except as expressly provided in the Access Plan, all commercial air carrier departures at JWA are regulated departures and require an ADD allocation. ADD allocations are the exclusive property of the COUNTY.

SECTION 1.05 AIRLINE RATES AND CHARGES

"Airline Rates and Charges" shall mean all rates, fees, and charges payable to the COUNTY by the LICENSEE as specified herein.

SECTION 1.06 AIRPORT

"Airport" shall mean the John Wayne Airport, Orange County, California.

SECTION 1.07 AIRPORT DIRECTOR

"Airport Director" shall mean the Director of JWA or his or her duly authorized designee.

SECTION 1.08 APRON AREA

"Apron Area" shall mean the land identified as Apron Area in Exhibit A attached hereto, and, except as otherwise provided herein, all facilities, equipment, and improvements now or hereafter located thereon.

SECTION 1.09 AUDITOR-CONTROLLER

"Auditor-Controller" shall mean the Auditor-Controller, County of Orange, or designee.

SECTION 1.10 BOARD OF SUPERVISORS

"Board of Supervisors" shall mean the COUNTY'S governing body.

SECTION 1.11 CBP

"CBP" shall mean Customs and Border Protection, U.S. Department of Homeland Security.

SECTION 1.12 CERTIFICATED MAXIMUM LANDING WEIGHT

"Certificated Maximum Landing Weight" shall mean the current maximum allowable gross landing weight of aircraft operated by the LICENSEE and certificated by the Federal Aviation Administration (FAA) for operation at the Airport.

SECTION 1.13 COMMON USE AREA

"Common Use Area" shall mean the nonexclusive use of space, in common with other airlines, located in the Terminal, as shown in Exhibit B.

SECTION 1.14 COUNTY

"COUNTY" shall mean the County of Orange, a political subdivision of the State of California.

SECTION 1.15 CUPPS

"CUPPS" shall mean the Airport's Common Use Passenger Processing System.

SECTION 1.16 CUSS

"CUSS" shall mean Common Use Self Service.

SECTION 1.17 DOT

"DOT" shall mean the U.S. Department of Transportation.

SECTION 1.18 EMV

"EMV" shall mean Europay, Mastercard, or Visa.

SECTION 1.19 ENVIRONMENTAL LAWS

"Environmental Laws" shall mean any federal, State, or local laws, statutes, ordinances, codes, judgments, orders, rules, or regulations pertaining to the environment and/or human health, Hazardous Substances, Pollutants, occupational safety and health, industrial hygiene, or the environmental conditions on, at, under or about the Airport, and includes, without limitation, the following: (i) the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; (ii) Clean Water Act, 33 U.S.C. § 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 C.F.R. Parts 173 and 175; (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 U.S.C. § 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 ("Proposition 65"); (ix) California Health and Safety Code §§25100, 25395.7, 25915 *et seq*.; (x) the Porter-Cologne Water Quality Control Act (California Water Code); (xi) California Civil Code § 3479 *et seq*.; (xii) Stormwater Discharge Rules, 40 C.F.R. §§ 122.26, 122.30-37; (xiii) the Carpenter-Presley-Tanner Hazardous Substances Account Act; (xiv) the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; (xv) the Safe Drinking Water Act, 24 U.S.C. § 300f, *et seq.*; xvi) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Industrial Activities, Order No. 2014-0057-DWQ (or most current); xvii) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, Order No. 2009-0009-DWQ amended by 2010-0014-DWQ & 2012-0006-DWQ; xviii) The County of Orange, Orange County Flood Control District, and The

Incorporated Cities of Orange County within the Santa Ana Region Areawide Urban Stormwater Runoff Orange County Municipal Separate Storm Sewer System (MS4) Permit Order No. R8-2009-0030 (National Pollutant Discharge Elimination System No. CAS618030) as amended by Order No. R8-2010-0062; xix) South Coast Air Quality Management District Regulations and Rules; and (xx) all other federal, State, and local laws, rules, orders, directives, and codes, regulations, judgments, and orders relating to (a) emissions, discharges, releases, and/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 (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Substances, as such laws are amended, and the regulations and administrative codes applicable thereto.

SECTION 1.20 FAA

"FAA" shall mean the Federal Aviation Administration created under the Federal Aviation Act of 1958 or such successor agency as may have similar jurisdiction over LICENSEE or its business and the Airport.

SECTION 1.21 GSE

"GSE" shall mean any auxiliary power unit, mobile stairs, aircraft support equipment, machinery, spare parts, or other equipment used or stored by any qualified air carrier in support of its operations at JWA.

SECTION 1.22 HAZARDOUS SUBSTANCES

"Hazardous Substances" shall mean any pollutant, contaminant, chemical, compound, substance, hazardous or toxic substance, material, waste, and/or any other matter, which is or shall become regulated by any governmental entity, including, but not limited to COUNTY acting in its governmental capacity, the State of California, and/or the United States Government. 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, nuisance, and/or is controlled or governed under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos-containing materials; (iv) flammable or explosive substances; (v) mold-containing materials; poly-chlorinated biphenyl compounds; and/or (vi) substances designated by any governmental entity to cause cancer and/or reproductive toxicity.

SECTION 1.23 IAF

"IAF" shall mean the areas of the terminal that house U.S. Customs and Border Protection and are for the use of arriving international passengers.

SECTION 1.24 NON-STORMWATER DISCHARGE

"Non-Stormwater Discharge" shall mean any discharge to storm sewer systems that are not entirely composed of Stormwater. "Non-Stormwater Discharge" includes "Unauthorized Non-Stormwater Discharges" and "Authorized Non-Stormwater Discharges" as defined by the California Environmental Protection Agency State Water Resources Control Board's National Pollutant Discharge Elimination System General Permit for Discharges of Stormwater Associated with Industrial Activities and Construction Activities.

SECTION 1.25 OPERATING AREA

“Operating Area” shall mean the Apron Area and Common Use Area as depicted in Exhibits A and B.

SECTION 1.26 PFC

“PFC” shall mean federally approved Passenger Facility Charges or passenger facility fees, as authorized by 49 U.S.C. § 40117 and regulated by 14 C.F.R. Part 158, as such statute and regulation currently exist or as they may be amended during the term of this LICENSE.

SECTION 1.27 POLLUTANT

“Pollutant” means any chemical, compound, substance, liquid, solid or semi-solid substance, or combination thereof, including but not limited to:

a. Artificial materials (such as floatable plastics, wood products or metal shavings);

b. Household waste (such as trash, paper, and plastics; cleaning chemicals, yard wastes, animal fecal materials, used oil and fluids from vehicles, lawnmowers, and other common household equipment);

c. Metals and nonmetals, including compounds of metals and nonmetals (such as cadmium, lead, zinc, copper, silver, nickel, chromium, cyanide, phosphorus, and arsenic) with characteristics that cause an adverse effect on living organisms;

d. Petroleum and related hydrocarbons (such as fuels, lubricants, surfactants, waste oils, solvents, coolants, and grease);

e. Substances having a pH less than 6.5 or greater than 8.6 or unusual coloration, turbidity, or odor;

f. Materials causing an increase in biochemical oxygen demand, chemical oxygen demand, or total organic carbon;

g. Materials that contain base/neutral or acid-extractable organic compounds;

h. Those pollutants defined in Section 1362(6) of the Federal Clean Water Act;

i. Any other constituent or material, including but not limited to pesticides, herbicides, fertilizers, fecal coliform, fecal streptococcus, or enterococcus, or eroded soils, sediment, and particulate materials in quantities that will interfere with or adversely affect the beneficial use of the receiving waters, flora or fauna of the State; and

j. Any substance listed under Health and Safety Code, §25316.

SECTION 1.28 RON

"RON" shall mean the remain overnight positions where the LICENSEE's aircraft are required to park when they "remain overnight" at JWA.

SECTION 1.29 STORMWATER

"Stormwater" shall mean Stormwater runoff, snowmelt runoff, and Stormwater surface runoff and drainage.

SECTION 1.30 TERMINAL

"Terminal" shall mean the Thomas F. Riley commercial passenger terminal and concourses at John Wayne Airport, as may be modified at any time during the term of this LICENSE.

SECTION 1.31 TSA

"TSA" shall mean the Transportation Security Administration of the U.S. Department of Homeland Security, the federal agency responsible for regulation of airport security, or any such successor agency.

ARTICLE II – TERM OF LICENSE

SECTION 2.01 TERM OF LICENSE

The term of this LICENSE, upon execution of the Parties, shall continue on a month-to-month basis until terminated by either Party.

SECTION 2.02 TERMINATION FOR CONVENIENCE

This LICENSE may be terminated for convenience by either Party for any reason, and without cause, upon thirty (30) days' written notice.

SECTION 2.03 HOLDING OVER

In the event LICENSEE continues use of the Operating Area after the termination of this LICENSE, such use shall not be considered an extension or renewal of this LICENSE.

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LICENSEE's continued use of the Operating Area after termination of this LICENSE shall be on a month-to-month basis and shall be governed by terms, conditions, and covenants of this LICENSE.

ARTICLE III – FEES AND CHARGES

SECTION 3.01 FEES AND CHARGES

The fees and charges contained in this LICENSE are established in accordance with (i) Resolution 02-062 dated March 12, 2002 (or as subsequently amended), which reasserts and establishes the John Wayne Airport Revenue Planning Policy, and (ii) the Bond Indenture for the Airport Revenue Bonds, Series 1987, and the First Supplemental, Second Supplemental, Third Supplemental, Fourth Supplemental, Fifth Supplemental, and Sixth Supplemental Indenture Series 1993, 1997, 2003, 2009 and 2019, as well as any future bond indentures or supplemental indentures that may be issued or adopted from time to time. The Airport Director and the AAAC Chair shall present any modifications to the rents, fees, and charges to the AAAC prior to implementation.

A. The LICENSEE shall pay the following fees and charges payable monthly in arrears on or before the twentieth (20th) day of each month with no grace period. The LICENSEE agrees that the COUNTY will not invoice for the following fees and charges and may require LICENSEE to submit future monthly reports electronically via JWA's portal and prescribed format. COUNTY will make reasonable efforts to develop an electronic format that allows LICENSEE to report the information requested efficiently.

(1) Landing fees based on the latest schedule established by the COUNTY covering the operation of scheduled airlines and commercial operations at the Airport. Landing fees shall be expressed in terms of a rate per one thousand (1,000) pounds of maximum gross landing weight of aircraft certified by the FAA.

(2) Aircraft RON parking fees based on the latest schedule established by the COUNTY. Aircraft parking fees shall be expressed in dollars per night.

(3) Operations fees (gate use fees) based on the schedule established by the COUNTY. Operations fees shall be expressed in dollars per daily departure.

B. Upon thirty (30) days' written notice from the Airport Director, the COUNTY may modify the fees and charges described in Paragraphs A and B of section 3.01. Said modification of rates and charges may not occur more often than every six (6) months. Changes may include fee revisions, establishment of new fee classifications, or such other changes as needed to respond to the LICENSEE's use of Airport, the need for the COUNTY to receive fair and equitable fees and charges for all uses of Airport, and to ensure Airport is operated at no cost to the local taxpayer. With regard to any dispute as to what may constitute reasonable fees and charges, the LICENSEE shall first exhaust all remedies provided by applicable federal law and FAA regulations. At the end of each modification period, the

COUNTY shall establish monthly fees and apply any underpayments or overpayments by the LICENSEE to the subsequent rates and charges period. At the discretion of the COUNTY, overpayments may be refunded via credit memo and underpayments may be invoiced.

In the event an obligation to pay fees begins or terminates on a day other than the first or last day of the month, the fees shall be prorated to reflect the actual period of use based on a thirty (30) day month. The fees for any partial calendar month during which this LICENSE becomes effective will be payable on such effective date.

Notwithstanding anything in this LICENSE to the contrary, all amounts payable by the LICENSEE to or on behalf of the COUNTY under this LICENSE, whether or not expressly denominated as rent, shall constitute rent for the purposes of the U.S. BANKRUPTCY CODE, 11 U.S.C. §502(b)(6).

The LICENSEE shall notify Airport in writing within thirty (30) days of filing a petition for Bankruptcy.

SECTION 3.02 PAYMENT PROCEDURE

A. **Place of Payment and Filing**. Payments and statements required by Sections 3.01 and 4.06 in this LICENSE shall be delivered to the County of Orange, Office of the Auditor-Controller, John Wayne Airport Accounting Services, 3160 Airway Avenue, Costa Mesa, California 92626. The designated place of payment, mode of payment and filing may be changed at any time by the COUNTY upon ten (10) days' written notice to LICENSEE. Payments may be remitted by automated clearing house (ACH)/deposit to the Airport's designated bank account or made by check payable to the County of Orange. The LICENSEE assumes all risk of loss if payments are made by mail.

B. **Form of Payment**. All sums due under this LICENSE shall be paid in lawful money of the United States of America without offset or, deduction or prior notice or demand. No payment by the LICENSEE or receipt by the COUNTY of a lesser amount than the payment due shall be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and the COUNTY shall accept such check or payment without prejudice to the COUNTY's right to recover the balance of the amount due or pursue any other remedy in this LICENSE. All electronic payments must be remitted by Automated Clearing House (ACH) direct deposit to the Airport's designated bank account or any future mode prescribed by the COUNTY. Any fees assessed to the COUNTY's bank account due to the use of another form of payment (e.g., wire transfer) not prescribed or approved by the COUNTY shall be passed through to LICENSEE plus a twenty-five dollars ($25) processing fee.

C. **Penalty for NSF Check** In the event a check submitted by LICENSEE is returned for non-sufficient funds ("NSF"), LICENSEE agrees to pay COUNTY a service charge in the

amount of twenty-five dollars ($25) for the first returned check and thirty-five dollars ($35) for each subsequent check. LICENSEE may also be liable for treble damages pursuant to California Civil Code Section 1719.

SECTION 3.03 CHARGE FOR LATE PAYMENT

The LICENSEE hereby acknowledges that the late payment of fees and charges or any other sums due hereunder will cause the COUNTY to incur costs not contemplated by this LICENSE, the exact amount of which will be extremely difficult to ascertain. Such costs include but are not limited to, administrative processing of delinquent notices, increased accounting costs, or lost interest income.

Accordingly, if any payment of fees and charges as specified in Section 3.01 in this LICENSE entitled "FEES AND CHARGES" or of any other sum due to the COUNTY is not received by COUNTY by the due date, a late charge of one and one-half percent (1.5%) of the payment due and unpaid shall be added to the payment, and the total sum shall become immediately due and payable to the COUNTY. An additional charge of one and one-half percent (1.5%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

The LICENSEE and the COUNTY hereby agree that such late charges represent a fair and reasonable estimate of the costs that the COUNTY will incur by reason of the LICENSEE's late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by the COUNTY shall in no event constitute a waiver of LICENSEE's default with respect to such overdue payment or prevent the COUNTY from exercising any of the other rights and remedies granted hereunder.

SECTION 3.04 PASSENGER FACILITY CHARGE

The COUNTY expressly reserves the right to impose PFCs on LICENSEE's passengers for the use of the Airport in accordance with 49 U.S.C. § 40117 and applicable implementing regulations adopted by the FAA, including 14 C.F.R. Part 158, as they may be amended from time to time (the "PFC Regulations").

The LICENSEE shall hold in trust for the COUNTY the net principal amount of all PFCs that are collected by the LICENSEE or its agents on behalf of the COUNTY. For the purposes of this Section 3.04, net principal amount shall mean the total principal amount of all PFCs that are collected by the LICENSEE or its agents on behalf of the COUNTY, reduced by any amount that the LICENSEE is permitted to retain pursuant to 49 U.S.C. § 40117 and the PFC Regulations. Monthly PFCs collected by the LICENSEE shall be remitted to the COUNTY no later than the last day of the following calendar month or, if that date falls on a weekend or holiday, the first business day thereafter. In addition, PFCs collected by the LICENSEE shall be remitted to the COUNTY at the address specified in Section 3.02, Part A, "Place of Payment and Filing," or at such other place as designated by the COUNTY.

Should the LICENSEE fail to remit the net principal amount of all PFCs to the COUNTY within five (5) days following the remittance date specified above, the LICENSEE shall be deemed to be in default pursuant to Article VIII hereof. In addition, any late payment of PFCs shall be subject to late fees computed at the rate of one and one-half percent (1.5%) per month of the payment due and unpaid or the highest rate allowable under applicable state law from the due date until paid in accordance with Section 3.03 of this LICENSE.

Nothing contained herein shall be construed to supersede the rights and obligations provided in 14 C.F.R. Part 158 regarding PFCs. In the event that a conflict exists between such federal regulation and this agreement, the federal regulation shall govern.

PFC Reporting and Auditing Requirement: Airlines are required to comply with Part 158 Subpart D Reporting, Recordkeeping and Audits of PFC accounts maintained by the collecting carriers, specifically refer to Part §158.65, §158.69 and §158.71. The PFC report must be filed by the last day of the month following the calendar quarter by the collecting carrier to the County/Airport. The collecting air carrier's quarterly report must state:

(i) The collecting air carrier and airport involved
(ii) The total PFC revenue collected
(iii) The total PFC revenue refunded to passengers
(iv) The collected revenue withheld for reimbursement of expenses under §158.53
(v) The dates and amounts of each remittance for the quarter

SECTION 3.05 PROVISION AGAINST SET-OFFS

It is the obligation of the LICENSEE to pay all fees and charges, free of any set-offs or claims, in the amount and at the times specified in this LICENSE. In the event that the LICENSEE desires to contest the validity or amount of any such fees and charges, the LICENSEE shall first pay the same to the COUNTY and may then seek a refund in any appropriate forum.

SECTION 3.06 SECURITY DEPOSIT

The LICENSEE, prior to the commencement of operations, shall deposit with the COUNTY a security deposit approximately three (3) times the estimated monthly rent, fees, and charges ("Security Deposit") as determined by the Airport Director.

Concurrently with each revision of the fees and charges pursuant to Section 3.01 in this LICENSE, the Security Deposit to be provided by the LICENSEE shall be adjusted to approximately three (3) times the estimated monthly fees and charges as determined by the Airport Director to guarantee the faithful performance by the LICENSEE of its obligations under this LICENSE and the payment of all fees and charges due hereunder. In no event shall the amount of the Security Deposit be less than the existing Security Deposit. The amount of the Security Deposit will not be increased unless the adjusted Security Deposit is equal to or more than one hundred twenty

percent (120%) of the prevailing Security Deposit. PFCs shall be excluded from the fees and charges used to determine the LICENSEE's Security Deposit.

The Security Deposit shall take one of the forms set out below and shall guarantee the LICENSEE's full and faithful performance of all the terms, covenants, and conditions of this LICENSE:

A. A Letter of Credit from one or more financial institutions, subject to regulation by the State of California or federal government, pledging that funds necessary to secure performance of the terms, covenants, and conditions of this LICENSE are on deposit and guaranteed for payment, and agreeing that said funds shall be trust funds securing LICENSEE's performance and that all or any part shall be paid to COUNTY, or order upon demand by Airport Director. Both the financial institution(s) and the form of the letters of credit must be approved by Airport Director, or designee. The financial institution shall have a minimum long-term credit rating by two of the three Nationally Recognized Statistical Rating Organizations (NRSROs): Moody's (AA3), S&P Global (AA-), and Fitch (AA-).

B. A Faithful Performance Bond executed by a surety company or financial institution qualified and admitted to do business in the State of California and issued in a form approved by the COUNTY. The surety company must have a minimum A. M. Best rating of A-/VIII as determined by the most current edition of ambest.com. Under the bond, the surety company shall guarantee to COUNTY full and complete performance of all the terms, conditions and covenants herein to be performed on the part of LICENSEE, including the payment of use fees as well as any and all other payments. Said bond shall be maintained at the cost of LICENSEE throughout the existence of this LICENSE. Said Surety shall give Airport Director or designee a minimum thirty (30) days' prior written notice of cancellation or material change in said bond. Such cancellation or material change without Airport Director's or designee's prior written consent shall constitute a default under this LICENSE.

Regardless of the form in which the LICENSEE elects to make said Security Deposit, all or any portion of the principal sum shall be available unconditionally to the COUNTY for correcting any default or breach of this LICENSE by the LICENSEE, its successors or assigns, or for payment of expenses incurred by the COUNTY as a result of the failure of the LICENSEE, its successors or assigns, to faithfully perform all terms, covenants, and conditions of this LICENSE.

Should the LICENSEE elect to provide either an Instrument of Credit or a Faithful Performance Bond to fulfill the Security Deposit requirements of this LICENSE, said instrument or bond shall have the effect of releasing the depository or creditor therein from liability on account of the payment of any or all of the principal sum to the COUNTY, or order upon demand by Airport Director.

In the event Airport Director withdraws all or any portion of the Security Deposit as provided herein, the LICENSEE shall, within ten (10) days of any withdrawal by Airport Director, replenish the Security Deposit to maintain it at amounts herein required throughout the term of this

LICENSE. Failure to do so shall be deemed a default and shall be grounds for immediate termination of this LICENSE, as per article VIII of this LICENSE.

The LICENSEE shall be obligated to maintain the Security Deposit in effect until the expiration date or earlier termination of this LICENSE.

The Security Deposit, after deduction of all amounts due to the COUNTY, shall be rebated, reassigned, released, or endorsed by the COUNTY to the LICENSEE or order, as applicable, after one hundred twenty (120) days have elapsed or at an earlier time to be determined by the Airport Director, following the expiration date of the term of this LICENSE, provided the LICENSEE has fully and faithfully performed each and every term, covenant, and condition of this LICENSE.

SECTION 3.07 NEW ENTRANT DEPOSIT

A cash security deposit in the sum of Five Hundred Thousand Dollars ($500,000.00) shall be provided by a new entrant LICENSEE prior to the commencement of operations.
This deposit shall be returned to the new entrant LICENSEE after six (6) months of continuous operation.

ARTICLE IV - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES

SECTION 4.01 USE

The COUNTY hereby grants to the LICENSEE authorization to conduct regularly scheduled commuter airline operations at the Airport and for no other purpose whatsoever. Said operation shall be conducted in accordance with an agreement between the LICENSEE and another commercial airline(s) and subject to the terms and conditions of the Certificated Passenger Airline Lease between the COUNTY and such other airline(s). The terms and conditions of this LICENSE shall prevail in the event of any conflict with said agreement between the LICENSEE and another commercial airline(s), and subject to the limitations set forth in Sections 4.03 and 4.05 in this LICENSE, this operation may include any or all of the following uses and no other uses whatsoever:

AUTHORIZED USES:

A. Loading and unloading of passengers.

B. Loading and unloading of baggage.

C. Passenger processing operations.

D. Flight operations office.

E. The LICENSEE shall have the right to have its aircraft and other equipment serviced by suppliers of its choice. Such suppliers may provide materials and services, including, but not limited to, aviation fuel, ground vehicle fuel, lubricating oil, greases, parts, and all other materials and supplies and services required by the LICENSEE in the conduct of its air transportation service.

F. Mail, freight, and cargo operations but only when such activity is incidental to, and conducted in connection with, regularly scheduled commercial passenger operations. The LICENSEE shall not conduct any operations at the Airport with aircraft which are:

1) Used at the Airport exclusively or primarily for mail, freight, or cargo services; or

2) Which have been modified in any manner for the purpose or the primary effect of reducing the passenger carrying capacity and increasing the cargo or freight carrying capacity of the aircraft.

G. Air charter activities in compliance with Access Plan.

H. Commissary services for the LICENSEE's employees at the Airport and in-flight catering services in support of the LICENSEE's air operations at the Airport. This does not permit the LICENSEE to conduct commissary or in-flight services for any other LICENSEE or other person at Airport without first obtaining a separate license to allow commissary or in-flight services for other airlines.

I. Employee training incidental to the other uses permitted under this Section.

J. Other uses as authorized by the Airport Director.

SECTION 4.02 USE OF PUBLIC AIRPORT FACILITIES

The COUNTY grants the LICENSEE a license for the nonexclusive use of all public Airport facilities including, but not limited to, taxiways, runways, navigational aids, and facilities relating thereto for purposes of landings, takeoffs, and taxiing of the LICENSEE's aircraft. All such use shall be in accordance with the laws of the United States of America, the State of California, and the rules and regulations promulgated by their authority with reference to aviation and air navigation, and in accordance with all reasonable and applicable rules, regulations, and ordinances of the COUNTY now in force or hereafter prescribed or promulgated by ordinance or by law, including the Access Plan. The use of these areas shall be subject to the control and regulation of Airport Director.

This LICENSE for non-exclusive use is subject to all rights reserved by the COUNTY to license, permit, authorize, regulate, and relocate concessionaires and other Airport tenants, including but not limited to booths, counters, offices, lockers, and wall space.

SECTION 4.03 RULES AND REGULATIONS

The COUNTY may adopt and enforce "Airport Rules and Regulations" that the LICENSEE agrees to observe and obey, with respect to the use of the Airport and its appurtenances, facilities, improvements, equipment, and services, provided that such rules and regulations shall not be inconsistent with safety, with applicable rules, regulations and orders including those of the FAA and TSA with respect to all operations of the Airport, and with the terms of and LICENSEE's rights under this LICENSE. Except in the case of emergency, the COUNTY shall give the LICENSEE written notice and opportunity to comment on any proposed changes or additions to the Airport Rules and Regulations that could impact the LICENSEE's operations at the Airport before such proposed rules and regulations are adopted by the COUNTY. If requested, the COUNTY shall promptly provide a copy of such Airport Rules and Regulations to the LICENSEE.

The LICENSEE's operations under the LICENSE shall comply with all Airport Rules and Regulations and shall observe, obey, comply with, and not otherwise hinder or obstruct any and all rules, regulations, laws, ordinances, statutes, or orders of any governmental authority, whether federal, state, or local, lawfully exercising authority over the Airport or the activities thereon, including compliance with FAA, TSA, and Airport security rules, regulations and plans.

To the fullest extent authorized by law, the LICENSEE shall be liable to the COUNTY for any and all claims, demands, damages, fines, or penalties of any nature whatsoever that may be imposed upon the COUNTY due to the LICENSEE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to LICENSEE's operation under this LICENSE, including, but not limited to, the payment of any fines or penalties for any breach of security, arising from the unauthorized entry of any person or vehicle onto the Airport or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the LICENSEE, its employees, subtenants, agents or suppliers related to LICENSEE's operation under this LICENSE.

The COUNTY shall not be liable to the LICENSEE for any diminution or deprivation of possession, or of its rights hereunder, on account of the exercise of such right or authority provided in this LICENSE, nor shall the LICENSEE be entitled to terminate the whole or any portion of the Operating Area herein created by reason of the exercise of such right or authority, unless the exercise thereof shall so interfere with the LICENSEE's use and occupancy of the Operating Area so as to constitute a termination in whole or in part of this LICENSE by operation of law in accordance with the laws of the State of California.

SECTION 4.04 ACCESS PLAN LIMITATIONS ON USE

The LICENSEE agrees that:

A. Notwithstanding any provision in this LICENSE to the contrary, the LICENSEE shall conduct all of its operations and activities at the Airport in strict conformity with the Access

Plan and each of its regulations and limitations on the LICENSEE's activities and operations at the Airport.

B. The ADD allocations and other operating privileges made to the LICENSEE under the Access Plan are privileges that may be revoked or modified by the COUNTY at any time during the term of this LICENSE, and such privileges do not constitute property rights of the LICENSEE.

C. The ADD allocations and other operating privileges made to the LICENSEE under the Access Plan are not transferable, assignable, or delegable by the LICENSEE to any other person or entity, by operation of law or otherwise, and such allocations and other operating privileges may not be pledged, hypothecated or encumbered by the LICENSEE at any time for any purpose.

D. That the remedies specified in the Access Plan for any Access Plan violation by the LICENSEE are not the exclusive remedies of the COUNTY but shall constitute additional nonexclusive remedies that the COUNTY may enforce separately or cumulatively with other remedies under the enforcement provisions of this LICENSE.

E. That LICENSEE shall not at any time, or for any reason, make any assertion to any court, administrative agency, administrative tribunal, or another similar forum that is in any respect inconsistent with the terms and provisions of this Section, except that nothing in this Section shall prevent the LICENSEE from making any argument or asserting any position to the COUNTY as applicable in connection with any action by the COUNTY to revoke or modify allocations of operating privileges or any amendments to the Access Plan.

F. All provisions of Section 4.01 and 8.02 in this LICENSE are subject to the terms, provisions, and limitations of this Section.

SECTION 4.05 OPERATIONAL REQUIREMENTS

The LICENSEE agrees to abide by the following operational conditions and requirements:

A. **Flight Operations and Reallocations**. The number of allocated ADDs, including "regularly scheduled," "charter," "maintenance," and "cargo," shall not exceed the number of departures authorized and allocated to the LICENSEE under the Access Plan. In addition to any and all remedies available to the COUNTY under this LICENSE and all provisions of the Access Plan, the COUNTY may reallocate ADDs or other operating privileges granted to the LICENSEE under the provisions of the Access Plan. The LICENSEE shall not operate at JWA unless it conducts its operations with ADDs, allocated seat capacity, or other Authorized Departures directly and formally allocated to the LICENSEE by action of the Board of Supervisors; the LICENSEE conducts all of its operations with aircraft that have been certified for operation at the Airport consistent with

Access Plan requirements; and the LICENSEE has met all other applicable COUNTY requirements.

B. **Hours of Operation**. Except as expressly authorized, the LICENSEE's aircraft shall not depart from the Airport between the hours of 10:00 p.m. and 7:00 a.m. (8:00 a.m. on Sundays) (local time) and shall not arrive at the Airport between the hours of 11:00 p.m. and 7:00 a.m. (8:00 a.m. Sundays) (local time), as measured at any JWA noise monitoring station.

The LICENSEE acknowledges that the COUNTY may, by regulation, permit some operations by general aviation (nonscheduled, noncommercial) users of the Airport during the nighttime hours with certain specific aircraft types that have noise characteristics similar to the noise characteristics of aircraft that can operate as "Class E" aircraft, as that term is defined in the Access Plan. The LICENSEE does now, or may during the term of this LICENSE, operate Class E aircraft at the Airport; nevertheless, the LICENSEE agrees that the limitations on hours of operations contained in this Section shall be applicable to all of its operations at the Airport, including its Class E operations.

The LICENSEE further acknowledges that there is a rational basis for the COUNTY to distinguish between general aviation operations and regularly scheduled operations by Class E (or noise equivalent) aircraft during the nighttime hours and that this distinction does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The COUNTY agrees that this provision is, and during the term of this LICENSE, shall be included in all Licenses, operating agreements, or other service operating agreements between the COUNTY and any person conducting regularly scheduled commercial operations at the Airport.

C. **Aircraft Types**. The LICENSEE agrees that it will not operate any aircraft at the Airport unless and until that aircraft type has been certified and qualified for operation by the COUNTY in accordance with the provisions and procedures of the Access Plan. The LICENSEE further agrees that it will abide by all aircraft-type restrictions and limitations contained in the Access Plan, as amended, or as it may hereafter be amended, and any other restrictions on aircraft types which may hereafter be adopted by the Board of Supervisors of the County of Orange.

D. **Gate Management.** LICENSEE agrees to utilize gate management software, access/equipment provided by AIRPORT, to upload and maintain current daily arrival and departure information for aircraft operations to jetbridge/hardstand gates and RONs utilized by LICENSEE.

E. **Noninterference**. The LICENSEE shall cooperate with and not interfere with the COUNTY's and other airlines' use of and operations at the Airport. The LICENSEE shall not place any ropes, barricades, and/or stanchions on the public or Common Use Area without prior written approval of the Airport Director.

F. **Disposal of Refuse from International Operations**. Airlines operating international service shall contract with a CBP-approved vendor for the disposal of refuse from arriving international flights.

SECTION 4.06 RECORDS AND ACCOUNTS

A. **Records**. The LICENSEE shall at all times keep true and complete records of all transactions in the operation of all business activities, of whatever nature, conducted in pursuance of the rights granted by this LICENSE. The LICENSEE shall maintain such records for a period of five years beyond the expiration or earlier termination of this LICENSE.

B. **Reports**. The LICENSEE shall provide to Auditor-Controller and Airport Director at the end of each calendar month, on forms to be supplied by the COUNTY, statistical information respecting the LICENSEE's operations at the Airport, including, but not limited to, the total number of all aircraft operations conducted by the LICENSEE; the total combined certificated gross landing weight of all such aircraft operations; the total number of enplaned, deplaned and through passengers; the total number of pounds of airmail, cargo and express mail enplaned and deplaned; and the total number of aircraft stored daily and monthly at the Airport. Such reports shall be submitted to the Airport Director no later than fifteen (15) calendar days following the last day of each month. The LICENSEE must attest that the list is an accurate representation of the LICENSEE's activity for the month.

The LICENSEE shall also provide to the Airport Director, for each day, a copy of the LICENSEE's flight dispatch logs or a listing made from such logs, certified as correct by a responsible station manager or dispatcher, showing the type of equipment used for each flight and the actual takeoff and landing times and not gate times. Said copy of logs or listing shall be made available for each day's activities by noon (12:00 p.m., local time) of the following day.

C. **Audits**. All the LICENSEE's records and supporting source documents related to rates and fees in this LICENSE or business operations conducted within or from the Operating Area shall be kept and made available to the COUNTY at one location within the geographical limits of the COUNTY or shall be made available at offices in the COUNTY within ten (10) working days after written notice to produce said records and source documents. The COUNTY shall, through its duly authorized agents or representatives, have the right to examine and audit said records and supporting source documents at any and all reasonable times, as set out herein, for the purpose of determining the accuracy thereof and of the monthly statements to the COUNTY.

The COUNTY, upon request of the LICENSEE, may authorize the above-referenced records and supporting source documents to be kept in a single location outside the limits of the COUNTY provided the LICENSEE shall agree to pay all expenses including, but not limited to transportation, food, and lodging necessary for the COUNTY to send a

representative to audit said records. Said right shall not, unless determined necessary by the COUNTY, be exercised by the COUNTY more than once each accounting year.

The full cost of said audit, as determined by the COUNTY, shall be borne by the LICENSEE if either or both of the following conditions exist:

(1) The audit reveals an underpayment of more than two percent (2%) between the fees and charges due as reported and paid by the LICENSEE in accordance with this LICENSE and the fees and charges due as determined by said audit; and/or

(2) The LICENSEE has failed to maintain true and complete records and supporting source documents in accordance with paragraph A. above. The adequacy of records shall be determined at the sole discretion of the COUNTY.

Otherwise, the COUNTY shall bear the cost of said audit, excluding the aforementioned expenses related to audit of documents kept outside the limits of the COUNTY. The cost of said audit, if due from the LICENSEE, shall be included as fees and charges for the first month following an invoice to LICENSEE.

Upon the request of COUNTY, the LICENSEE shall promptly provide necessary data to enable the COUNTY to fully comply with the requirements of the State of California or the United States of America for information or reports directly relating to this LICENSE and to the LICENSEE's use of the Operating Area.

D. **Failure to Maintain Adequate Records**. In addition to any other remedies available to the COUNTY under this LICENSE, at law or in equity, in the event that the LICENSEE fails to maintain and keep records and accounts from business operations conducted on or from the Operating Area and/or source documents relating thereto, or to make the same available to the COUNTY for examination and audit as required by this LICENSE, the COUNTY, at the COUNTY's option, may:

(1) Perform such examinations, audits, and/or investigations itself or through agents or employees as the COUNTY and/or its auditors may deem appropriate to confirm the amount of fees and charges payable by the LICENSEE under this LICENSE and any and all costs and/or expenses incurred by the COUNTY in connection therewith shall be promptly reimbursed to the COUNTY by the LICENSEE upon demand.

(2) Require that the LICENSEE pay fees and charges based on the COUNTY's best good faith estimate of the LICENSEE's activities from business operations conducted on or from the Operating Area and Airport; and any such determination made by the COUNTY shall be conclusive and binding upon the LICENSEE.

Costs payable by the LICENSEE pursuant to this Section shall include reimbursement to the COUNTY of the services provided at such rates as the COUNTY may, from time to time, in good faith, establish for such services. In the case of services provided by the COUNTY's employees, such rates shall be sufficient to reimburse the COUNTY for employees' salaries, including employee taxes and benefits and the COUNTY's overhead or, at COUNTY's option, may be the rate for such services that would be charged by a qualified third party or parties, approved by Auditor-Controller, if engaged by the COUNTY to perform such services. Said costs payable by the LICENSEE shall be included as fees and charges for the first month following an invoice to the LICENSEE.

SECTION 4.07 MAINTENANCE AND OPERATION

The LICENSEE agrees to provide approved containers for trash and recycling and to keep the Operating Area free and clear of rubbish and litter. Airport Director shall have the right to enter into and inspect LICENSEE'S Operating Area and other Airport facilities at any time for cleanliness, safety, and maintenance inspections as set out herein.

The LICENSEE shall designate in writing to Airport Director an on-site representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness, and general order.

The LICENSEE shall immediately notify the Airport Director and the Airport Operations Center ("AOC") of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings.

The LICENSEE agrees to maintain or make repairs or replacements, including removal of all its GSE and/or any of the LICENSEE materials at its loading and unloading operations at the end of its approved hours of operation. If the LICENSEE fails to maintain, make repairs, replacements, or removals, as required herein, the Airport Director shall notify or attempt to notify the LICENSEE in writing of said failure. Should the LICENSEE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the LICENSEE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the LICENSEE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

The LICENSEE expressly waives any and all claims against the COUNTY for compensation for any and all loss or damage to the LICENSEE's property sustained by reason of any defect, deficiency, or impairment of any water supply system, drainage or sewer system, gas supply

system, telephone system, electrical supply system or electrical apparatus or wires serving the Operating Area, except to the extent caused by the COUNTY's negligence or willful misconduct.

SECTION 4.08 APRONS, GATE POSITIONS AND LOADING BRIDGES

The COUNTY will provide a means of access for aircraft between the terminal complex and the taxiway and runway system of Airport, apron, airplane gate positions, and aircraft loading bridges in the area immediately adjacent to the passenger terminal building. No special possessory, exclusive, or vested right whatsoever, save and except the use in common with other airlines and other aircraft owners, shall vest in the LICENSEE by reason of the proximity of such facilities to the LICENSEE's gate loading positions.

The LICENSEE shall maintain, at its sole expense, apron, aircraft gate positions, and aircraft loading bridges in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum products, or grease that may result from activities of its passengers, employees, agents, or suppliers. LICENSEE shall promptly remove all oil and grease spillage attributable to the LICENSEE's aircraft or equipment.

If the LICENSEE fails to perform its obligations in such regard, to perform such as maintenance, cleaning, or repair as the COUNTY reasonably deems necessary, the Airport Director shall notify or attempt to notify the LICENSEE in writing of said failure. Should the LICENSEE fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the LICENSEE. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the LICENSEE within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

SECTION 4.09 ASSIGNMENT OF GATE POSITIONS AND LOADING BRIDGES

All assignment of gate positions (*i.e.*, aircraft loading bridges and aircraft hardstand positions) shall be made in accordance with rules, regulations, and directives provided in the Access Plan and made at the complete discretion of the Airport Director, as may be determined appropriate. The Airport Director, in making assignments of gate (*i.e.*, loading bridge and hardstand) positions to the LICENSEE, may take into account the needs and requirements of the LICENSEE, as well as the requirements of other Airport users, for use of gate positions adjacent to the passenger terminal building, and other factors that the Airport Director determines are appropriate. Without liability, cost, or obligation to the COUNTY, assignment of gate positions and aircraft loading bridge and hardstand positions may be changed from time to time as determined necessary by the Airport Director. The Airport Director may consider passenger activity, number of aircraft operations, type of aircraft used, scheduling needs, and any other factors he/she may deem appropriate when assigning gate positions, loading bridges and hardstand positions.

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SECTION 4.10 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON

The COUNTY reserves the right to regulate, by adoption of ordinance, rules, or other means, adopted consistent with Section 4.03, the use of vehicles and automotive equipment upon, over, and across the apron and around the passenger terminal building. Vehicles and equipment used upon, over, and across the apron and around the passenger terminal building should be in good working order and free of leaks. In the event of an emergency not specifically provided for in said rules and regulations, the Airport Director shall have power to take charge of the direction of such vehicle and automotive traffic in the area affected and regulate the same until the cause of such emergency has been removed. The existence of an emergency other than an aircraft emergency, shall be determined by the Airport Director.

SECTION 4.11 AIRCRAFT PARKING

The LICENSEE shall make arrangements with the Airport Director for each aircraft parking space that may be made available to the LICENSEE subject to Section 3.01 in this LICENSE.

If, in the judgment of the Airport Director, it becomes necessary to move the LICENSEE's aircraft in order to ensure public safety improve ramp area efficiency or otherwise, then LICENSEE shall immediately move said aircraft to the location designated by the Airport Director.

Should any aircraft owned or operated by the LICENSEE, through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the landing and field facilities at Airport, the LICENSEE shall:

A. Immediately remove said aircraft to such location as shall be designated by the Airport Director, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

B. In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from Airport or stored at a location approved by Airport Director.

Should the LICENSEE fail to remove said aircraft, or should aircraft owned or operated by the LICENSEE be abandoned at the Airport, the COUNTY shall have the right to remove such aircraft by any means the Airport Director deems necessary under the circumstances, and the LICENSEE shall keep and hold the COUNTY harmless from any and all costs, loss, liability, damage or expense incurred by the COUNTY or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal as well as moving and storage costs therefore. The LICENSEE agrees that the designation of any aircraft parking positions anywhere on the Airport, if any, made for the LICENSEE's use is presently regulated by the Access Plan and that nothing in this Section obligates the COUNTY to provide, make available,

or consent to any aircraft parking spaces for the LICENSEE's use. The LICENSEE agrees that it may not independently make arrangements for aircraft parking space at the Airport without the express written consent of the Airport Director, which may be withheld in its sole discretion.

SECTION 4.12 PORTER SERVICES

The LICENSEE may provide directly or indirectly adequate porter (skycap) and/or assistance service for the convenience of its passengers in areas designated by the Airport Director. Porter services include baggage check-in services, wheelchair services, and ticket screening services. The LICENSEE shall provide the Airport Director a plan that enumerates the salient features of its porter services arrangements and a copy of its agreement if service is provided by other than the LICENSEE's employees. All podiums utilized for porter service shall be approved in writing by the Airport Director. The size, shape, and color shall be coordinated with and must be identical to all other airlines' podiums. The LICENSEE's plan shall also provide the details of any podiums and their proposed locations necessary to provide porter services.

ARTICLE V - ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

SECTION 5.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE

The LICENSEE agrees that it shall abide with all applicable Hazardous Substances laws, rules and regulations, relating to Hazardous Substances including, but not limited to, 49 C.F.R. Parts 171 *et seq*. The LICENSEE shall not cause any Hazardous Substances to be brought upon, kept, used, stored, generated, treated, managed or disposed of in, on or about or transferred to or from the Airport, except to the extent that such Hazardous Substances are (i) necessary for or useful to the LICENSEE's business and (ii) used, kept and stored in a manner that complies with all applicable Environmental Laws, the Airport Rules and Regulations, and all other applicable laws.

The LICENSEE shall comply with all applicable Environmental Laws and shall not engage in any activity on or about the Airport that violates any applicable Environmental Law. In conducting its operations and maintenance on the Airport under this LICENSE, the LICENSEE shall comply with such regulations regarding the storage, distribution, processing, handling and/or disposal, including the Stormwater discharge requirements, of Hazardous Substances including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

The LICENSEE shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental agency having jurisdiction or any applicable Environmental Law for clean-up and removal of any contamination involving any Hazardous Substances caused by the LICENSEE. In conducting a clean-up of a Hazardous Substance release under this LICENSE, the LICENSEE shall comply with applicable Environmental Laws. Hazardous waste generated by the LICENSEE or its contractors shall be disposed properly and under the LICENSEE's EPA ID

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

number.

The LICENSEE shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Stormwater drainage system unless authorized by applicable Environmental Law and the Airport's Stormwater Discharge Permit. The LICENSEE shall not allow or cause the entry of any Unauthorized Non Stormwater Discharge that is under its control into the Stormwater drainage system of the Airport or into the Stormwater drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the COUNTY for that purpose, and the LICENSEE complies with recommendations made by the state and/or federal Environmental Protection Agency and the Airport's Stormwater Discharge Permit requirements. The LICENSEE shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by any applicable Environmental Law.

The LICENSEE shall provide all notices required pursuant to the SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986, CAL. HEALTH & SAF. CODE § 25249 *et seq*. The LICENSEE shall provide prompt written notice to the COUNTY within three (3) days of receipt of all written notices of violation of any applicable Environmental Law received by the LICENSEE.

SECTION 5.02 SPILL RESPONSE PLAN

LICENSEEs and fueling companies are required to provide (separately or collectively) a Local Spill Response Action Plan to address specific spill response management. LICENSEEs are encouraged to coordinate response efforts between the LICENSEEs and fueling contractors. At a minimum, the plan should address the following:

a) Response team organization, members, and responsibilities;
b) Spill response procedures (including notifications);
c) Personnel training;
d) Personal protective equipment; and
e) Spill kit inventory and management

The LICENSEE shall immediately notify the Airport Director and the AOC of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings. The LICENSEE is responsible to mitigate such spills and perform any remediation necessary to satisfy the applicable federal, state, or local oversight agencies. If the COUNTY personnel, equipment, or third party services are needed to support mitigation, the COUNTY will be reimbursed by the LICENSEE for labor, equipment, and third party costs for all services provided. In addition to reimbursing the COUNTY for the costs of all services provided by third parties to mitigate such spills, the LICENSEE shall pay to County administrative costs in

the amount of one thousand dollars ($1,000) per incident. Said costs shall be paid by the LICENSEE within fifteen (15) days of receipt of an invoice for costs from the COUNTY.

To the fullest extent authorized by law, the LICENSEE shall be liable to the COUNTY for any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon the COUNTY due to the LICENSEE's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to LICENSEE's operation under this LICENSE, including, but not limited to, the payment of any fines or penalties arising from any breach of security, fire, emergency, accident, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, Non-Stormwater Discharge, or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the LICENSEE, its employees, subtenants, agents or suppliers related to LICENSEE's operation under this LICENSE.

SECTION 5.03 STORMWATER CONTROL AND CONTAMINATION

Federal regulations for Stormwater discharges were issued by the U.S. Environmental Protection Agency (U.S. EPA) (40 CFR Parts 122, 123, and 124). The U.S. EPA, through the NPDES permitting program, regulates discharges of potentially contaminated wastewater and Stormwater into waters of the United States. California has been delegated NPDES general permitting authority by the U.S. EPA. California's State Water Board has issued NPDES permits to regulate municipal, industrial, and construction Stormwater discharges under the NPDES permitting program.

Section 402(p) of the Clean Water Act (CWA) requires NPDES permits for Stormwater discharges from municipal separate storm sewer systems (MS4s). The County of Orange is the principal permittee for Orange County's MS4 Permit Order No. R8-2009-0030 (or currently effective permit) No. CAS 618030 (MS4 Permit). As a facility owned and operated by the County of Orange, the Airport implements requirements in the MS4 permit and is responsible for discharges into the system. One of the MS4 Permit requirements is to establish the legal authority to control discharges. The County's Water Quality Ordinance (OCCO Title 4, Division 13, Sections 4-13-10 et. seq.) regulates non-stormwater discharges into the MS4 to reduce the discharge of pollutants into the waters of the State. The CWA and the resulting MS4 permit require the County to take steps to reduce pollutants leaving its systems to the maximum extent practicable. The MS4 permit requires the County to develop and implement a Local Implementation Plan (LIP) describing the programs and procedures required by the MS4 permit. The Airport will enforce these Stormwater requirements on municipal areas of the Airport

LICENSEE shall not have prohibited discharge to the MS4 system or on-site storm drains. Some non-stormwater discharges (i.e., fire sprinkler tests) require additional permits with the Regional Water Quality Control Board (RWQCB). LICENSEE is responsible for obtaining and implementing monitoring requirements associated with any non-stormwater discharge permits. LICENSEE shall notify COUNTY prior to any non-stormwater discharge.

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In the furtherance of these regulations and Section 402 of the Clean Water Act (CWA), the State of California has adopted a General Permit for discharges of Stormwater associated with industrial activities: "State Water Resources Control Board (State Water Board) Water Quality Order No. 2014-0057-DWQ, NPDES General Permit No. CAS 000001 (Industrial General Permit or IGP)." JWA has applied for and received coverage to discharge Stormwater and authorized non-Stormwater discharges pursuant to the general permit for industrial activities and is subject to the permit's requirements, conditions, and penalties. The permit requires the development and implementation of an effective Industrial Stormwater Pollution Prevention Plan (SWPPP) and Monitoring Implementation Plan (MIP). This plan is developed by COUNTY and covers LICENSEE. The airside portion of JWA where industrial activities take place is covered by the IGP. Industrial activities include maintenance, fueling, equipment cleaning, storage areas, and material handling activities. LICENSEE shall comply with applicable Stormwater discharge requirements and Best Management Practices for industrial facilities described in the SWPPP. COUNTY will provide the required annual training for LICENSEE as part of the SWPPP training requirements. LICENSEE shall have all personnel working within the airside portion of John Wayne Airport to attend annual training or LICENSEE shall provide annual training to personnel using JWA-approved training materials.

SECTION 5.04 ENVIRONMENTAL STEWARDSHIP

LICENSEE shall support the COUNTY's Environmental Compliance and Stewardship program through participation in various efforts or implementation of Airport plans. COUNTY shall provide LICENSEE advance notice of any proposed changes to the following plans that may affect LICENSEE operations:

A. Air Quality Improvement Plan (AQIP) and Memorandum of Understanding (MOU) with the South Coast Air Quality Management District
B. Climate Action Plan.
C. Waste Management Plan.
D. Stormwater Pollution Prevention Plan.
E. Green Concessions Program.

LICENSEE shall implement and support the following environmental policies and provide reports and documents as required:

A. Adopt and adhere to the following GSE requirement: GSE associated with commercial operations shall achieve fleet average oxides of nitrogen (NOx) emission factor of 1.7 grams per brake horsepower per hour (g/bhp-hr)upon LICENSE initiation through 2030 and 0.9 g/bhp-hr by January 1, 2031, respectively, as calculated in accordance with the Airport's AQIP and MOU with SCAQMD. Within 30 days of LICENSE execution the LICENSEE shall develop and provide to JWA a GSE improvement plan to demonstrate how the GSE requirement will be met. Annually LICENSEE shall provide GSE data as required by the MOU by March 30.
B. LICENSEE has been provided a copy of the COUNTY's Environmentally Preferable

Purchasing Policy (2022) and shall consider developing a similar policy that addresses the LICENSEE's procurement of goods and services as applicable.

C. LICENSEE shall affirm its commitment to Environmental Sustainability at the Airport. The Policy commitment shall be submitted to the JWA within 30 days of LICENSE execution.
D. Upon request, LICENSEE shall provide reports necessary for environmental compliance, regulatory requirements and airport mitigation measure obligations including but not limited to GSE data, fuel usage, spills, and business emergency plans.

Conservation: All LICENSEE facilities and improvements shall meet the Airport's Tenant Design and Construction Guidelines, as may be amended from time to time. All improvements shall meet the California Green Building Code (Title 24) CALGreen Tier 1. In particular, the LICENSEE shall implement the following conservation measures and policies as applicable:

A. Use equipment and appliances that are ENERGY STAR rated or equivalent and EPA Water Sense or equivalent, as applicable, when replacing existing equipment and appliances.
B. Use high-efficiency light fixtures and bulbs (including compact fluorescents) when replacing or installing new fixtures and bulbs.
C. Install sensors in office areas to turn off lights when unoccupied when these areas are being renovated or updated.
D. Install energy-efficient heating and cooling equipment when replacing or upgrading.
E. Use energy-efficient computers and servers when replacing this equipment.
F. Select equipment with variable-speed motors and fan drives when possible.
G. Use paperless receipt technology when possible.

Waste Minimization and Diversion: LICENSEE is expected to meet all recycling and organics (food waste) reduction requirements to facilitate JWA's solid waste reduction program per the requirements of California Public Resources Code Section 42648. To the fullest extent possible, LICENSEE shall cooperate with COUNTY to reduce and divert waste from landfills. LICENSEE shall participate in COUNTY's waste diversion program, which may include waste reduction practices, including recycling, compostable containers (no Styrofoam), composting of food waste, and reuse/recycling of fats, oils, and grease.

SECTION 5.05 RESERVED

SECTION 5.06 ENVIRONMENTAL INDEMNIFICATION

To the fullest extent authorized by law, the AIRLINE shall indemnify, defend, and hold the COUNTY, its officers, and employees harmless from and against any and all applicable Environmental Law claims, judgments, damages, penalties, fines, costs, liabilities, losses, orders, and lawsuits arising out of any actions or inaction by the AIRLINE, the AIRLINE's operations at the Airport or any action arising from and which involve the AIRLINE's officers, agents,

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

subcontractors, and employees, including the cost of defense arising therefrom, including but not limited to the following:

(1) The AIRLINE'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 the AIRLINE's release of Hazardous Substances on the Airport since the time the AIRLINE first occupied the Airport.

(2) The AIRLINE's release of Hazardous Substances upon or within the Airport.

(3) The AIRLINE's violation of any applicable Environmental Law, except that the AIRLINE's obligations under this paragraph shall not extend to known and pre-existing conditions that are, as of the date of this LEASE, the subject of investigation and remediation by the COUNTY or others, or remediation conditions that arise from operations of third parties that are not affiliated with the AIRLINE that take place off of the Airport. For purposes of this provision, a party shall be deemed to be affiliated with the AIRLINE if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of the AIRLINE or if it is controlled by or under common control with the AIRLINE.

(4) The AIRLINE's causing or allowing any discharge into the Airport Drainage System that is prohibited by Section 7.01 of this LEASE.

This indemnification includes, without limitation, reasonable attorney's fees/costs and other costs incurred by the COUNTY in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental entity because of any Hazardous Substances being present in the soil or groundwater under the Airport. However, the AIRLINE'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 the COUNTY or its agents, servants or independent contractors who are directly responsible to the COUNTY.

In the event the indemnitees described hereinabove are named as defendants or respondents in any lawsuit or administrative proceeding, the AIRLINE shall, at the request of the COUNTY, represent the indemnitee with qualified counsel approved in writing by the COUNTY.

In the event that a monetary judgment is awarded against the COUNTY and the AIRLINE because of the concurrent negligence of the COUNTY and the AIRLINE or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Both the COUNTY and the AIRLINE agree that neither party shall request a jury apportionment. Nothing stated in this LEASE and in this indemnity obligation shall be construed as authorizing any award of attorney's fees/costs in any action to enforce the terms of this LEASE.

The rights and obligations set forth in this indemnification shall survive the termination of this LEASE.

SECTION 5.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS

In the event that any of the terms of the environmental requirements codified in this Article conflict with any other terms of this LICENSE, the environmental requirements contained in this Article shall apply.

SECTION 5.08 ANTI-IDLING POLICY

Within six months of LICENSE execution, LICENSEE must develop, implement, and submit to the Airport Director or designee for approval a fleet-wide anti-idling policy. At a minimum, the anti-idling policy shall include the requirement that vehicle engines shall be turned off when vehicles are not occupied and that occupied vehicles be turned off after no more than a five-minute idling period. LICENSEE's policy shall also include all sublicensee and third-party vehicles that enter Airport property at the direction of the LICENSEE.

ARTICLE VI - CONSTRUCTION AND IMPROVEMENTS

SECTION 6.01 CONSTRUCTION AND/OR ALTERATION BY COUNTY

The COUNTY may alter, repair, maintain, remodel, expand, remove, or improve any of the facilities at the Airport or any of its appurtenances.

In addition, the COUNTY may reassign or relocate LICENSEE's Operating Area. The COUNTY shall provide the LICENSEE advance notice of such action and shall make every reasonable effort to provide the LICENSEE alternative space that is reasonably comparable to the LICENSEE's operations at the same rates and charges that the LICENSEE would have paid for the space being surrendered. In the event no alternative space is available, the LICENSEE shall surrender its space promptly to the COUNTY, provided that the LICENSEE shall be reimbursed for the reasonable cost of any such reassignment, reallocation, or relocation and the cost of the LICENSEE's unamortized investment, if any, as documented by the LICENSEE to the satisfaction of the COUNTY and mutually agreed to by the Airport Director and LICENSEE. All of such costs, as well as the COUNTY's cost of providing the aforementioned alternative space shall be included in the cost of the particular project requiring such reassignment, reallocation, or relocation.

SECTION 6.02 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS

The LICENSEE shall be responsible for any damage caused by the LICENSEE, or the LICENSEE's aircraft, equipment, employees, agents, visitors, or suppliers, to Common Use Areas of the Terminal or Airport facilities, including but not limited to runways, taxiways, access roads, navigational aids, Apron Areas and loading bridges. Should such damage require immediate repairs or replacement and the LICENSEE is unable to respond immediately to complete said

repairs or replacement, the Airport Director may cause to be made or make any necessary repairs or replacements, and the cost thereof shall be paid by the LICENSEE. Said cost shall include all labor, materials, equipment costs, and an administrative fee equal to fifteen percent (15%) of the sum of those items. Said cost shall be paid by the LICENSEE within fifteen (15) days of receipt of an invoice for costs from the Airport Director. Except as otherwise provided herein, termination of this LICENSE shall not reduce or nullify the LICENSEE's obligation under this paragraph. With respect to damage or destruction to be repaired by COUNTY or which COUNTY elects to repair, the LICENSEE waives and releases its rights under California Civil Code Sections 1932(2) and 1933(4).

SECTION 6.03 HEALTH AND SAFETY

The LICENSEE shall comply with all applicable California Occupational Safety & Health Administration (Cal/OSHA) requirements and all federal, state, or local safety orders. The LICENSEE shall post on the Operating Area and at all construction sites a copy of "Construction Safety Orders" and "General Industry Safety Orders" issued by the California State Division of Industrial Safety.

The LICENSEE shall, within thirty (30) days after the execution of this LICENSE, submit to the COUNTY a comprehensive Safety Plan outlining the code of safe work practices and procedures. The plan must include emergency response procedures, notification procedures, and personnel training procedures. The LICENSEE shall convene safety meetings at regularly scheduled times as described in its Safety Plan and as required by Cal/OSHA. The LICENSEE and/or LICENSEE's contractor shall submit, prior to the start of any tenant improvements, the LICENSEE or LICENSEE's contractor required Cal/OSHA Safety Plan for approval by the Airport.

The LICENSEE shall submit to the COUNTY an annual report detailing the status of all permits required and issued to the LICENSEE by Cal/OSHA, or any other federal, state, or local government agency. Said report shall be due on or before January 31 of each calendar year.

ARTICLE VII - ASSIGNMENT

SECTION 7.01 ASSIGNING AND TRANSFERRING

The provisions of this Section are subject and subordinate to the limitations of Section 4.04 of this LICENSE.

A. **Transfers**. The LICENSEE shall not transfer or assign (hereinafter referred to as "Transfer") any interest of the LICENSEE in the LICENSE without the prior written approval of the COUNTY. The LICENSEE shall give the COUNTY thirty (30) days prior written notice of all proposed Transfers. The LICENSEE shall not make any such Transfers for a period longer than the remaining term of the LICENSE.

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

If the COUNTY approves such Transfers, such approval does not constitute a waiver of any of the terms of the LICENSE. All Transfer documents shall be consistent with the terms, covenants, and conditions of the LICENSE, and in the event of any inconsistency, the provisions of this LICENSE shall govern.

If the LICENSEE is a corporation, an unincorporated association, or a partnership, Transfers include the acquisition by any person other than the LICENSEE of any stock or interest in said corporation, unincorporated association, or partnership in the aggregate amount of fifty-one percent (51%) or more.

The failure by the LICENSEE to obtain the prior written approval by the COUNTY of any Transfer of the LICENSE or the Operating Area shall constitute a material breach of this LICENSE and shall not confer any rights to the Operating Area upon the transferee. Such failure shall be grounds for termination of this LICENSE for default pursuant to Section 8.02.

B. **Conditions of COUNTY Approval**. The COUNTY agrees that it will not arbitrarily withhold consent to any Transfer, but the COUNTY may withhold consent at its sole discretion if any of the following conditions exist:

(1) The LICENSEE, its successors, or assigns are in default of any term, covenant, or condition of this LICENSE, whether notice of default has or has not been given by the COUNTY.

(2) The prospective subtenant, assignee, or transferee has not agreed in writing to keep, perform, and be bound by all the terms, covenants, and conditions of this LICENSE.

(3) The prospective subtenant, assignee, or transferee is not financially capable or experienced in performing the LICENSE obligations, as determined by the Airport Director.

(4) Subtenant's use is in conflict with the terms of this LICENSE.

(5) All the terms, covenants, and conditions of Transfer, including the consideration, therefore, of any and every kind, have not been revealed in writing to the Airport Director.

(6) Any construction required of LICENSEE as a condition of this LICENSE has not been completed to the satisfaction of COUNTY.

(7) The LICENSEE has not provided the Airport Director with a copy of all documents relating to the Transfer, including, but not limited to, appraisals, notes, trust deeds, title reports, escrow instructions, *etc*.

C. **Affiliate Transactions**. The COUNTY has adopted in the Access Plan policies and regulations with respect to transactions and aircraft operations at the Airport involving affiliations of commercial airlines operating, or desiring to operate, at the Airport ("the affiliate policy"). The LICENSEE acknowledges that the COUNTY considers the affiliate policy to be an important and significant policy in support of COUNTY's regulation of the Airport.

The LICENSEE acknowledges that there is a rational basis for this policy under the operational and historical circumstances affecting the Airport, that under such circumstances, this policy maintains appropriate equity between the rights and privileges of competing commercial operators using the Airport, and that the affiliate policy does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The LICENSEE agrees to comply fully and completely with the affiliate policy and all related regulations that appear in the Access Plan and or this LICENSE.

Any affiliate transaction described and defined in the Access Plan, and any affiliate transaction between the LICENSEE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, shall constitute a Transfer within the meaning of paragraph A, above. In the event an affiliate transaction involving the LICENSEE is initiated, then not later than the time when the affiliate transaction is publicly announced:

(1) The LICENSEE shall notify the Airport Director of the fact of the initiation of the affiliate transaction.

(2) If the affiliate transaction is initiated by the LICENSEE, the LICENSEE shall promptly provide to the Airport Director copies of all agreements, or written offers or proposals, made with respect to the transaction and copies of all documents filed with Federal authorities with respect to the transaction. If the affiliate transaction is initiated by some other person in respect of the LICENSEE, the LICENSEE shall promptly and continuously provide such documentation or other information regarding the transaction as may be available to the LICENSEE.

(3) In addition to all other obligations of the LICENSEE, if the affiliate transaction involves the LICENSEE and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, the LICENSEE shall promptly arrange to negotiate with the Airport Director regarding the terms and conditions upon which the Director would recommend consent by the Board of Supervisors to a Transfer of this LICENSE, or a Transfer of the written agreement(s) between the other person or entity involved in the affiliate transaction and COUNTY.

Notwithstanding any other provision of this LICENSE, the LICENSE may be terminated by COUNTY on thirty (30) days' notice to LICENSEE without further obligation of COUNTY, and without any liability of the COUNTY to the LICENSEE whatsoever, if:

(4) The LICENSEE fails to comply with paragraph C. of this Section or if

(5) The Airport Director fails to make a favorable recommendation to the Board of Supervisors regarding the Transfer within sixty (60) days after initiation and public announcement of the affiliate transaction, which contains terms and conditions agreed to by the LICENSEE and its affiliate(s); or if

(6) The Board of Supervisors fails to consent to the Transfer on terms and conditions which have been accepted by the LICENSEE within thirty (30) days after receipt of the recommendations of the Airport Director.

D. **Bankruptcy Transaction**. If the LICENSEE assumes this LICENSE or proposes to assign the same pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §§101, *et seq.*, then notice of such proposed assignment shall be given to the COUNTY. The following information shall be provided to the COUNTY:

(1) The name and address of proposed assignee;

(2) All of the terms and conditions of such offer; and

(3) Adequate assurance to COUNTY of the proposed assignee's future performance under the LICENSE, including, without limitation, the assurance referred to in the U.S. BANKRUPTCY CODE, 11 U.S.C. §365(b)(3).

Any person or entity to which this LICENSE is assigned pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §§101, *et seq.*, shall be deemed without further act or deed to have assumed all of the obligations arising under this LICENSE on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to the COUNTY an instrument confirming such assumption.

E. **Non-Transferable Privileges**. Aircraft operations and ADDs authorized by Section 4.05 in this LICENSE and the Access Plan are not property interests of the LICENSEE and are non-transferable in any form, and as such, are not subject to sale, assignment, and transfer by the LICENSEE under the terms of this Section. Any such attempted assignment, sale, or other such attempted transfer of operations, privileges, or ADDs is in violation of the public policy of the COUNTY and shall be void and shall constitute a breach and default of this LICENSE.

SECTION 7.02 SUCCESSORS IN INTEREST

Unless otherwise provided in this LICENSE, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all Parties hereto, all of whom shall be jointly and severally liable hereunder.

ARTICLE VIII - TERMINATION AND DEFAULT

SECTION 8.01 TERMINATION OF PRIOR AGREEMENTS

It is mutually agreed that this LICENSE shall terminate and supersede any prior Licenses or agreements between the Parties hereto for the purpose of commercial air transportation and all related activities of the LICENSEE at the Airport.

SECTION 8.02 TERMINATION FOR DEFAULT

The COUNTY may terminate this LICENSE and all of its obligations hereunder with or without prior notice to the LICENSEE and may exercise all rights of entry for default and breach if the LICENSEE fails to perform any of its obligations under this LICENSE, including but not limited to:

A. Payment of fees, charges, and PFCs;

B. A general assignment for the benefit of creditors and any Transfer without the prior written approval by the COUNTY;

C. The issuance of any execution or attachment against the LICENSEE at the Airport which is undischarged within sixty (60) days of levy or seizure or if the operating area is occupied by someone other than the LICENSEE;

D. The voluntary vacation or abandonment by the LICENSEE of the conduct of air transportation business at the Airport;

E. The violation by the LICENSEE of any of the terms of any insurance policy referred to in the LICENSE;

F. If the LICENSEE is found by the FAA, TSA, or other government regulatory or successor agency to have violated specified safety standards in the conduct of the LICENSEE's business;

G. The violation or breach of any provision of the Access Plan;

H. The violation of any written directions of the Airport Director;

I. The appointment of a receiver to take possession of all or substantially all, the assets of the LICENSEE located at the Airport.

Where applicable, and unless otherwise stated in this LICENSE, or by written notice, the LICENSEE shall have fifteen (15) calendar days to cure any default prior to termination of this LICENSE or such longer period as may be reasonably necessary to cure such default considering the nature thereof, at the Airport Director's discretion.

SECTION 8.03 DISPOSITION OF ABANDONED PERSONAL PROPERTY

If the LICENSEE abandons or terminates its operation or is dispossessed thereof by process of law or otherwise, title to any personal property belonging to the LICENSEE and left on the Airport fifteen (15) days after such event shall be deemed to have been transferred to the COUNTY. The COUNTY shall have the right to remove and to dispose of such property without liability therefor to the LICENSEE or to any person claiming under LICENSEE and shall have no need to account therefor. Personal property left on the operating area after termination, expiration, or abandonment of the LICENSE shall not be construed as giving LICENSEE possession of the Operating Area during the fifteen (15) days after termination, expiration, or abandonment of the LICENSE.

ARTICLE IX - SECURITY

SECTION 9.01 AIRPORT SECURITY

The LICENSEE shall comply with all current and applicable Airport, FAA, TSA, CBP, security-related rules, regulations, plans, and procedures. The LICENSEE is responsible for fines imposed by any regulatory agency as a result of the LICENSEE's failure to comply with applicable rules, regulations, orders, plans, and procedures regarding airport security.

The LICENSEE's employees, subtenants/contractors shall be required to obtain airport security clearance in order to perform work under this LICENSE. The LICENSEE must maintain a current, updated list of Authorized Signatories responsible for the Airport-Issued Identification Credential ("Airport ID/Security Credential") process, a list of current Airport ID/Security Credentialed LICENSEE employees and subtenants/contractors, and respond to scheduled and unscheduled audits at the request of the Airport. The LICENSEE employees applying for an Airport ID/Security Credential must successfully complete a Criminal History Records Check (CHRC) and a Security Threat Assessment (STA) in accordance with current regulations. LICENSEE employees must also attend and successfully pass all related Security Identification Display Area (SIDA) classes and tests for access to secure areas and a driver's permit with an appropriate and valid California Driver's License to drive on the airfield. LICENSEE must attend all mandatory security-related exercises, and monthly security consortium meetings hosted by the Airport.

A. **Local Security**. The LICENSEE shall be responsible for the security of gates or doors that are utilized during their operations. Said gates and/or doors permitting entry to the restricted areas of the Airport shall be locked when not in use and/or under the LICENSEE's constant surveillance. The LICENSEE shall install such security equipment, including, but not limited to, video monitoring equipment, as may be required by the Airport Director to ensure compliance with all regulations of the FAA, TSA, or other governmental agencies

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

having jurisdiction over Airport security. The LICENSEE shall exercise control over any person or vehicle escorted by the LICENSEE onto restricted or secure areas of the Airport or to whom an Airport ID/Security Credential was issued by or at the request of the

LICENSEE and ensure that such person or vehicle shall comply with all Airport security regulations.

B. **Federal Security**. As of the date of this LICENSE, the TSA provides for all passenger and baggage screening conducted at the Airport. The LICENSEE may be required to provide assistance to TSA in their efforts to carry out its federal mandates. At some point during the term of this LICENSE, the Airport or another entity may be authorized to provide these security services in lieu of the TSA.

C. **Penalties and Fines.** The LICENSEE shall promptly pay any penalties for which the LICENSEE is responsible. These penalties include, but are not limited to, civil penalties or fines assessed against the Airport or LICENSEE by the FAA, TSA, or any other governmental agency for the violation of any security-related laws, rules, policies, or regulations at the Airport.

D. **Badge Airport ID/Security Credential Application and Lifecycle.** Prior to issuance of an Airport ID/Security Credential(s), designated LICENSEE Authorized Signatories who will be working onsite and engaged in the performance of work under this LICENSE must pass the Airport's background check requirements, which includes an F.B.I. Criminal History Records Check (CHRC) and a TSA Security Threat Assessment (STA), and the LICENSEE shall pay applicable fees. Upon successful completion of the background checks, LICENSEE's designated personnel will be required to attend a SIDA class and pass a written test. Those personnel who may be permitted by the Airport to drive on the Airport Operations Area (AOA) perimeter road must also complete a Driver's Training class and written test. Airport ID/Security Credentials are not issued until designated LICENSEE personnel have: 1) completed appropriate application forms and submitted proof of identity and employment eligibility, 2) passed both background checks, 3) completed and passed appropriate training, and 4) paid an Airport ID/Security Credential fee for each applicant. LICENSEE should anticipate a minimum of fourteen (14) business days to complete the Airport ID/Security Credential process if all requirements listed above are fulfilled by individual Airport ID/Security Credential applicants in a timely manner, but factors outside the Airport's control can contribute to longer durations. If an applicant is applying for a CBP Seal due to their operational need to work international air service operations, this process may take longer. Authorized Signatories must be in constant contact with the Airport's ID/Access Control Office. LICENSEE's designated personnel must successfully complete the Airport ID/Security Credential acquisition process unless other arrangements have been approved by the Airport. LICENSEE shall be responsible for all applicable fees and costs associated with the background checks and badging process. The amount of such fees is subject to change without notice.

E. **Airport ID/Security Credential Applicant Requirements and Responsibilities.** The Airport Security Plan (ASP) requires that each person issued an Airport ID/Security Credential be made aware of his/her responsibilities regarding the privilege of access to restricted areas of the Airport.

LICENSEE and all LICENSEE personnel within an access-controlled area (AOA, SIDA, secured area, or sterile area) are required to display on their person an Airport ID/Security Credential unless they are escorted by a properly Airport credentialed individual with escort privileges. When working in a secure area, each Airport-credentialed person is responsible for challenging any individual who is not properly displaying an Airport-issued or approved and valid Airport ID/Security Credential. LICENSEE personnel and their subtenants/contractors must also validate Airport ID/Security Credential employees as described in security training. Any person who is not properly displaying or who cannot produce a valid Airport ID/Security Credential, unless they are being escorted, must immediately be referred to the Sheriff's Department – Airport Police Services Office for proper handling.

The Airport ID/Security Credential is the property of the County of Orange and must be returned upon termination of LICENSEE personnel employment and/or termination of the LICENSE. The loss of an Airport ID/Security Credential shall be reported within 24 hours to the Sheriff's Department–Airport Police Services by calling (949) 252-5000. LICENSEE or LICENSEE personnel who lose their Airport ID/Security Credential shall be required to pay a fee before receiving a replacement Airport ID/Security Credential. The charge for lost Airport ID/Security Credential replacement will be posted in the Airport Administration Office and is subject to change without notice. A report shall be made before a replacement Airport ID/Security Credential will be issued.

The Airport security badge is nontransferable.

In the event that LICENSEE's Airport ID/Security Credential is not returned within three (3) business days to the Airport upon: 1) termination of LICENSEE personnel or contracted personnel, 2) Airport ID badge expiration, or 3) upon termination of the LICENSE, the LICENSEE shall be liable to the County of Orange for a fine in the amount of $250.00 per unreturned Airport ID/Security Credential. The amount of the fine is subject to change without notice. LICENSEE's Security Deposit may be applied to cover the cost of the fine.

ARTICLE X - INSURANCE AND INDEMNITY

SECTION 10.01 INSURANCE

The LICENSEE agrees to carry all required insurance at the LICENSEE's expense and provide to the COUNTY Certificates of Insurance, including all endorsements required herein, necessary to satisfy the COUNTY that the insurance provisions of this LICENSE have been complied with and

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

shall keep such insurance coverage current provide Certificate of Insurance and endorsements therefore to the COUNTY during the entire term of this LICENSE.

The LICENSEE agrees that the LICENSEE shall not operate on the Airport Premises at any time the required insurance is not in full force and effect as evidenced by a Certificate of Insurance and necessary endorsements or, in the interim, an official binder being in the possession of Airport Director. In no cases shall assurances by the LICENSEE, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. Airport Director will only accept valid Certificates of Insurance and endorsements, or in the interim, an insurance binder as adequate evidence of insurance. The LICENSEE also agrees that upon cancellation, termination, or expiration of the LICENSEE's insurance, the COUNTY may take whatever steps are necessary to interrupt any operation from or on the Airport Premises until such time as the Airport Director reinstates the LICENSE.

If the LICENSEE fails to provide Airport Director with a valid Certificate of Insurance and endorsements, or binder at any time during the term of the LICENSE, the COUNTY and the LICENSEE agree that this shall constitute a material breach of the LICENSE. Whether or not a notice of default has or has not been sent to the LICENSEE, said material breach shall permit the COUNTY to take whatever steps necessary to interrupt any operation from or on the Airport Premises and to prevent any persons, including, but not limited to, members of the general public, and the LICENSEE's employees and agents, from entering the Premises until such time as Airport Director is provided with adequate evidence of insurance required herein. The LICENSEE further agrees to hold the COUNTY harmless for any damages resulting from such interruption of business and possession, including, but not limited to, damages resulting from any loss of income or business resulting from the COUNTY's action.

The LICENSEE may occupy the Airport Premises only upon providing to COUNTY the required insurance stated herein and carry such insurance for the entire term of this LICENSE. COUNTY reserves the right to terminate this LICENSE at any time the LICENSEE's insurance is canceled or terminated and not reinstated within ten (10) days of said cancellation or termination. LICENSEE shall pay COUNTY a fee of $300.00 for processing the reinstatement of the LICENSE. LICENSEE shall provide to COUNTY immediate notice of said insurance cancellation or termination.

All contractors performing work on behalf of the LICENSEE pursuant to this LICENSE shall obtain insurance subject to the same terms and conditions as set forth herein for the LICENSEE; excluding General Aviation Liability. All contractors performing work on behalf of the LICENSEE pursuant to this LICENSE shall obtain insurance subject to the following required minimum limits: Commercial General Liability $1,000,000 per occurrence with a $2,000,000 aggregate; Commercial Auto Liability $1,000,000 combined single limit each accident for non-airport operation area; and, $5,000,000 combined single limit each accident for airport operating area. Pollution Liability will be required when hazardous materials or waste are involved with $1,000,000 per claims made, or occurrence. The LICENSEE shall not allow contractors or

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

subcontractors to work if contractors have less than the level of coverage required by the COUNTY from the LICENSEE under this LICENSE. It is the obligation of the LICENSEE to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Airport Premises. Such proof of insurance must be maintained by the LICENSEE through the entirety of this LICENSE and be available for inspection by a COUNTY representative at any reasonable time.

All self-insured retentions (SIR)'s shall be clearly stated on the Certificate of Insurance. Any SIR in excess of Fifty Thousand Dollars $50,000 shall specifically be approved by the County's Risk Manager, or designee. The County reserves the right to require current audited financial reports from LICENSEE. If LICENSEE is self-insured, LICENSEE's will indemnify and defend County for any and all claims resulting or arising from LICENSEE's use of the premises, services, or other performance in accordance with the indemnity provision stated in this LICENSE.

If the LICENSEE fails to maintain insurance acceptable to the COUNTY for the full term of this LICENSE, the COUNTY may terminate this LICENSE.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the Best's Key Rating Guide/Property-Casualty/United States or ambest.com).

If the insurance carrier does not have an A.M. Best Rating of A-/VIII, CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the LICENSEE shall provide the minimum limits and coverage as set forth below:

Coverages	Minimum Limits
Aviation Commercial General Liability (Including but not limited to General Liability, Passenger Legal Liability, Personal Injury, Contractual Liability, War/Extended Perils Liability, Premises, Products and Completed Operations, Ground Hangarkeepers and liability for vehicles and mobile equipment operated on restricted airport premises.)	$250,000,000 per occurrence $250,000,000 aggregate

Coverages	Minimum Limits
Workers' Compensation	Statutory
Employers' Liability Insurance	$1,000,000 per accident or disease
Pollution Liability Insurance	$1,000,000 per claims-made or per occurrence
Commercial Property Insurance on an "All Risk" or "Special Causes of Loss" basis covering all contents and any tenant improvements including Business Interruption/Loss of Rents with a 12-month limit	100% of the Replacement Cost Value and no coinsurance provision

Increased insurance limits may be satisfied with Excess/Umbrella policies. Excess/Umbrella policies when required must provide Follow Form coverage.

Required Endorsements

The Aviation Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.
2. A primary and non-contributing endorsement evidencing that the LICENSEE's insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

The Pollution Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.
2. A primary and non-contributing endorsement evidencing that the LICENSEE's insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

Pollution Liability insurance must include coverage for bodily injury and property damage, including coverage for loss of use and/or diminution in property value, and for clean-up costs arising out of, pertaining to, or in any way related to the actual or alleged discharge, dispersal, seepage, migration, release or escape of contaminants or pollutants resulting from any services or

work performed by, or behalf of, LICENSEE, including the transportation of hazardous waste, hazardous materials, or contaminants.

If LICENSEE's Pollution Liability policy is a claims-made policy, LICENSEE shall agree to the following:

1) The retroactive date must be shown and must be before the date of the contract or the beginning of the LICENSE.

2) Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after expiration or earlier termination of LICENSE.

3) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the contract services, LICENSEE must purchase an extended reporting period for a minimum of three (3) years after expiration of earlier termination of the LICENSE.

The Workers' Compensation policy shall contain a Waiver of Subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees. Blanket coverage may also be provided which will state – **As Required by Written Agreement.**

All insurance policies required by this LICENSE shall waive all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

The Commercial Property policy shall contain a Loss Payee endorsement naming the County of Orange as respects the COUNTY's financial interest when applicable.

Insurance certificates should be forwarded to the COUNTY address provided in the Clause (NOTICES) below or to an address provided by Airport Director. The LICENSEE has ten (10) business days to provide adequate evidence of insurance, or this LICENSE may be cancelled.

The COUNTY expressly retains the right to require the LICENSEE to increase or decrease insurance of any of the above insurance types throughout the term of this LICENSE. Any increase or decrease in insurance will be as deemed by the COUNTY Risk Manager as appropriate to adequately protect the COUNTY.

The COUNTY shall notify the LICENSEE in writing of changes in the insurance requirements. If the LICENSEE does not deposit copies of acceptable certificates of insurance and endorsements with the COUNTY incorporating such changes within thirty (30) days of receipt of such notice, this LICENSE may be in breach without further notice to the LICENSEE, and the COUNTY shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit the LICENSEE's liability hereunder nor to fulfill the indemnification provisions and requirements of this LICENSE, nor in any way to reduce the policy coverage and limits available from the insurer.

SECTION 10.02 INDEMNITY

The LICENSEE agrees to indemnify, defend with counsel approved in writing by the COUNTY, and hold the COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies which the COUNTY'S Board of Supervisors acts as the governing Board ("COUNTY INDEMNITEES") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by the LICENSEE pursuant to this LICENSE. If judgment is entered against the LICENSEE and the COUNTY by a court of competent jurisdiction because of the concurrent active negligence of the COUNTY or the COUNTY INDEMNITEES, the LICENSEE and the COUNTY agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

ARTICLE XI FEDERAL GRANT ASSURANCES AND REQUIREMENTS

SECTION 11.01 CIVIL RIGHTS AND NONDISCRIMINATION

A. In all its activities within the scope of its airport program, AIRLINE 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 (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance

   If LICENSEE transfers its obligation to another, the transferee is obligated in the same manner as LICENSEE.

B. During the performance of this LEASE, LICENSEE, for itself, its assignees, and successors in interest, agrees as follows::

   1) **Compliance with Regulations:** LICENSEE 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 LEASE.

   2) **Nondiscrimination:** LICENSEE, with regard to the work performed by it during the LEASE, will not discriminate on the grounds of race, color, or national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The

LICENSEE 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.

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

4) **Information and Reports:** LICENSEE 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 COUNTY or the FAA to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, LICENSEE will so certify to the COUNTY or the FAA, as appropriate, and will set forth what efforts it has made to obtain this information.

5) **Sanctions for Noncompliance:** In the event of the LICENSEE's noncompliance with the non-discrimination provisions of this LEASE, the COUNTY will impose such sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

   a. Withholding payments under the LEASE until the LICENSEE complies, and/or

   b. cancelling, terminating, or suspending the LEASE, in whole or in part.

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

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

C. LICENSEE, for itself, 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 Leased Premises for a purpose for which an FAA activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, LICENSEE 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 said facilities.

2) 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.

3) In the construction of any improvements on, over, or under the Leased Premises 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.

4) LICENSEE will use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title VI List of Pertinent Nondiscrimination Acts and Authorities.

D. LICENSEE shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service.

E. LICENSEE, for itself, its assignees, and successors in interest, agrees to comply with the following nondiscrimination 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);

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, subrecipients and contractors, 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) The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex)

10) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations); [rescinded January 21, 2025];

11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)][rescinded March 1, 2025]; and

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

12) 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).

F. In the event of a breach of any of the above nondiscrimination covenants, the COUNTY shall have the right to terminate the LICENSE and to re-enter and repossess said land and the facilities thereon and hold the same as if said LICENSE had never been made or issued.

SECTION 11.02 DEVELOPMENT/MAINTENANCE OF AIRPORT

The COUNTY reserves the right to develop further or improve the Airport as it sees fit, regardless of the desires or views of the LICENSEE, and without interference or hindrance.

The COUNTY reserves the right, but shall not be obligated to the LICENSEE, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of the LICENSEE in this regard.

SECTION 11.03 LICENSE SUBORDINATE TO AGREEMENT WITH U.S.A.

This LICENSE shall be subordinate to the provisions and requirements of any existing or future agreement between the COUNTY and the United States or any lawful requirement of the United States relative to the development, operation, or maintenance of the Airport.

SECTION 11.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS

The LICENSEE agrees that the LICENSEE's use of the Operating Area, including all construction thereon, shall conform to applicable FEDERAL AVIATION REGULATIONS.

The LICENSEE agrees to comply with the applicable notification and review requirements covered in Part 77 of the FEDERAL AVIATION REGULATIONS (as same may be amended from time to time or such other regulation replacing Part 77 as may be adopted by Federal authority) prior to the construction of the improvements described herein and prior to the construction of any future structure or building upon the Operating Area or in the event of any planned modification or alteration of any present or future building or structure situated on the Operating Area.

SECTION 11.05 FEDERAL LAW PREEMPTION

Notwithstanding any provisions of this LICENSE, to the contrary and notwithstanding any provision of any other agreements, laws, or ordinances to the contrary, any requirement that is imposed on the LICENSEE in this LICENSE, or any local authorities, shall not apply to the LICENSEE to the extent that such requirement is or would otherwise be preempted by federal law, including but not limited to the LICENSEE Deregulation Act (49 U.S.C. § 41713).

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

SECTION 11.06 NONEXCLUSIVE RIGHT

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to conduct aeronautical activities or provide aeronautical services to the public as prohibited by 49 U.S.C. § 40103(e) and 47107(a)(4), as amended from time to time, and the COUNTY reserves the right to grant others the privilege and right of conducting any or all activities of an aeronautical nature.

SECTION 11.07 WAR OR NATIONAL EMERGENCY

This LICENSE 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.

SECTION 11.08 RESERVED

SECTION 11.09 AMERICANS WITH DISABILITIES ACT

The LICENSEE shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 ("ADA") in connection with: (a) the Operating Area or any portion thereof and its operations thereon, the LICENSEE's furnishings, trade fixtures, and equipment; (b) removing physical barriers; (c) providing auxiliary aids and services for use of the LICENSEE's furnishings, trade fixtures and equipment, where necessary or required; and (d) modifying its policies, practices and procedures to comply with the ADA. The LICENSEE shall develop a work plan to correct or avoid any violations or non-compliance with the ADA and to address the processing of disability complaints. The LICENSEE shall deliver to the COUNTY, upon the COUNTY's request, a copy of each report and work plan. The COUNTY's approval of or acceptance of any aspect of the LICENSEE's activities under this LICENSE shall not be deemed or construed in any way as a representation that such item or activity of practice complies with the ADA. The LICENSEE agrees to indemnify, defend, and hold the COUNTY harmless from and against any and all costs incurred by the COUNTY with respect to the LICENSEE's failure to comply with the ADA.

SECTION 11.10 BOARDING ASSISTANCE FOR AIRCRAFT

In accordance with 49 C.F.R. § 27.72, the LICENSEE shall ensure the provision of boarding equipment for passengers with mobility impairment, including, but not limited to, aircraft boarding chairs used to transfer passengers from their wheelchair or other apparatus to their seat in the aircraft cabin. The LICENSEE shall provide all related passenger assistance with this equipment. The equipment shall be provided and maintained in accordance with 49 C.F.R. § 27.72 and the applicable FAA Advisory Circulars, including AC 150/5220-21C.

The COUNTY owns and maintains ramps for utilization by the LICENSEE on the airport apron in the event a ramp is needed for boarding or deplaning of the aircraft. The LICENSEE shall promptly notify the COUNTY if COUNTY-owned ramps require maintenance. If the LICENSEE owns and operates additional ramps, the LICENSEE shall maintain those ramps in proper working condition. The LICENSEE shall provide assistance to passengers with mobility impairment when ramps are used for boarding or deplaning of the aircraft.

ARTICLE XII MISCELLANEOUS PROVISIONS

SECTION 12.01 TIME

Time is of the essence in this LICENSE.

SECTION 12.02 LICENSE ORGANIZATION

The various headings and numbers herein, the grouping of provisions of this LICENSE into separate sections and paragraphs, and the organization hereof are for the purpose of convenience only and shall not be considered otherwise.

SECTION 12.03 AMENDMENTS

This LICENSE sets forth all of the agreements and understandings of the Parties with regard to its subject matter, and any modification must be written and properly executed by both Parties.

SECTION 12.04 SIGNS

LICENSEE agrees not to construct, maintain, or allow any sign upon the Operating Area except as approved by COUNTY. Unapproved signs, banners, flags, etc., may be removed by the COUNTY without prior notice to the LICENSEE.

LICENSEE will not place any signs or advertising materials in any location within the Operating Area or within any Common Use Area of the Terminal without the prior consent of the COUNTY. All requests for the approval of promotional signs for the LICENSEE shall be accompanied by illustrative drawings and design dimensions along with information about the type of signs proposed and proposed locations. All approved signs shall be allowed to remain in the terminal for ninety (90) days. The COUNTY may, without notice, remove any unauthorized signs or advertising materials and may store them at the LICENSEE's expense; COUNTY may dispose of items if they are not promptly claimed by the LICENSEE after notice from the COUNTY.

SECTION 12.05 PERMITS AND LICENSES

The LICENSEE shall be required to obtain any and all approvals, permits, and/or licenses which may be required in connection with its operation as set out herein. No permit approval or consent given hereunder by the COUNTY in its governmental capacity shall affect or limit the LICENSEE's obligations hereunder, nor shall any approvals or consents given by the COUNTY

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

as a Party to this LICENSE be deemed approval as to compliance or conformance with applicable governmental codes, laws, ordinances, rules, or regulations.

SECTION 12.06 RESERVED

SECTION 12.07 TAXES AND ASSESSMENTS

This LICENSE may create a possessory interest that is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) that become due and payable upon fixtures, equipment, or other property installed or constructed thereon shall be the full responsibility of the LICENSEE, and the LICENSEE shall cause said taxes and assessments to be paid promptly.

SECTION 12.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If either Party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental laws or regulations, or other cause without fault and beyond the control of the Party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse the LICENSEE from the prompt payment of any rental or other charge required of the LICENSEE except as may be expressly provided elsewhere in this LICENSE.

SECTION 12.09 PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this LICENSE is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 12.10 WAIVER OF RIGHTS

The failure of the COUNTY or the LICENSEE to insist upon strict performance of any of the terms, covenants, or conditions of this LICENSE shall not be deemed a waiver of any right or remedy that the COUNTY or the LICENSEE may have and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of the LICENSE thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this LICENSE. Any waiver, in order to be effective, must be signed by the Party whose right or remedy is being waived.

SECTION 12.11 RESERVATIONS TO THE COUNTY

The Operating Area is accepted ”AS IS,” and the LICENSEE is subject to any and all existing easements and encumbrances. The COUNTY reserves the right to install, lay, construct, maintain,

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repair, and operate sanitary sewers, drains, Stormwater sewers, pipelines, manholes, and connections; water, oil, and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, under and along the Operating Area or any part thereof; and to enter the Operating Area for any and all such purposes. The COUNTY also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, under, and along any and all portions of the Operating Area. No right reserved by the COUNTY in this Section shall be so exercised as to interfere unreasonably with the LICENSEE's operations hereunder or to impair the security of any secured creditor of the LICENSEE.

The COUNTY agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The COUNTY further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Operating Area by the LICENSEE, the LICENSEE shall only be entitled to a reduction in the fees and charges payable to the COUNTY during the period of interference, which shall be reduced in proportion to the interference with the LICENSEE's use of the Operating Area. The LICENSEE shall not be entitled to any other form of compensation.

SECTION 12.12 AUTHORITY OF LICENSEE

If the LICENSEE is a corporation, each individual executing this LICENSE on behalf of said corporation represents and warrants that he or she is duly authorized to execute and deliver this LICENSE on behalf of said corporation in accordance with the by-laws of said corporation and that this LICENSE is binding upon said corporation.

SECTION 12.13 PUBLIC RECORDS

The LICENSEE understands that written information submitted to and/or obtained by the COUNTY from the LICENSEE related to this LICENSE and/or the Operating Area, either pursuant to this LICENSE or otherwise, may be open to inspection by the public pursuant to the California Public Records Act (Cal. Gov. Code §§7920 *et seq.*) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public.

SECTION 12.14 RELATIONSHIP OF PARTIES

The relationship of the parties hereto is that of Licensor and Licensee, and it is expressly understood and agreed that the COUNTY does not in any way or for any purpose become a partner of the LICENSEE in the conduct of the LICENSEE's business or otherwise, or a joint venturer with the LICENSEE and the provisions of this LICENSE and the agreements relating to fees and charges payable hereunder are included solely for the purpose of providing a method by which fees and charges payments are to be measured and ascertained. This LICENSE is intended for the sole benefit of the parties hereto and their successors, and unless otherwise provided herein, or by

law, no rights are created, or are intended to be created, for the benefit of, or enforceable by, any third parties.

SECTION 12.15 GOVERNING LAW AND VENUE

This LICENSE has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this LICENSE, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

SECTION 12.16 ATTORNEYS' FEES

In any action or proceeding to enforce or interpret any provision of this LICENSE, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorneys' fees, costs, and expenses.

SECTION 12.17 EMERGENCY SERVICES

Airport Director has the right to request that the LICENSEE'S employees aid in and use LICENSEE's inventory of goods in an emergency to assist in maintaining the welfare of persons at or near the Airport. The LICENSEE shall be reimbursed by the COUNTY for the cost of goods as soon as practicable at a rate not to exceed costs as existed immediately prior to the emergency.

SECTION 12.18 NOTICES

All notices pursuant to this LICENSE shall be addressed to either Party as set forth below and shall be sent through the United States Mail, in the State of California, duly registered or certified, return receipt requested with postage prepaid or by an overnight carrier service. If any notice is sent by an overnight carrier service, as aforesaid, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof. Notwithstanding the above, COUNTY may also provide notices to the LICENSEE by personal delivery or by regular mail postage prepaid, and any such notice so given shall be deemed to have been given upon the date of personal delivery or three (3) days after the date of deposit in the United States Mail, respectively.

TO: COUNTY
Attention: Airport Director
John Wayne Airport
3160 Airway Avenue
Costa Mesa, CA 92626

TO: LICENSEE
SkyWest Airlines, Inc.
Director of Properties
444 S. River Road
St. George, UT 84770-2085

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Either Party hereto may, from time to time, by written notice to the other in the method described above, designate a different address which shall be substituted for the one specified above.

[Signature continues on the following page]

JOHN WAYNE AIRPORT AMENDED AND RESTATED COMMUTER AIRLINE OPERATING LICENSE

IN WITNESS WHEREOF, the Parties have executed this LICENSE the day and year first above written.

LICENSEE: SkyWest Airlines, Inc.

By: _____
Wade Steel

By: _____
Greg Wooley

APPROVED AS TO FORM:

County Counsel

By: _____

APPROVED AS TO AUDIT AND ACCOUNTING:

Auditor-Controller

By: _____

RECOMMENDED FOR APPROVAL:

John Wayne Airport

By: _____
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this
document has been delivered to the Chair
of the Board per G.C. Sec. 25103, Reso 79-1535
Attest:

COUNTY:
COUNTY OF ORANGE

_____
Robin Stieler,
Clerk of the Board of Supervisors
of Orange County, California

By: _____
Chairman, Board of Supervisors

Docusign Envelope ID: C1F68DA6-3605-4917-AA32-3D491044A416

JOHN WAYNE AIRPORT AMENDED AND RESTATED COMMUTER AIRLINE OPERATING LICENSE

IN WITNESS WHEREOF, the Parties have executed this LICENSE the day and year first above written.

LICENSEE: SkyWest Airlines, Inc.

By: _____

By: _____

APPROVED AS TO FORM:

County Counsel

By: _____
DocuSigned by:
Mark Sanchez
5EE66EC8DA7B48F...

APPROVED AS TO AUDIT AND ACCOUNTING:

Auditor-Controller

By: _____
Signed by:
Vivian Luz C. Grzeszczak
98187C051B2C443...

RECOMMENDED FOR APPROVAL:

John Wayne Airport

By: _____
Signed by:
Charlene Reynolds
A1A526A921AF49F...
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this document has been delivered to the Chair of the Board per G.C. Sec. 25103, Reso 79-1535
Attest:

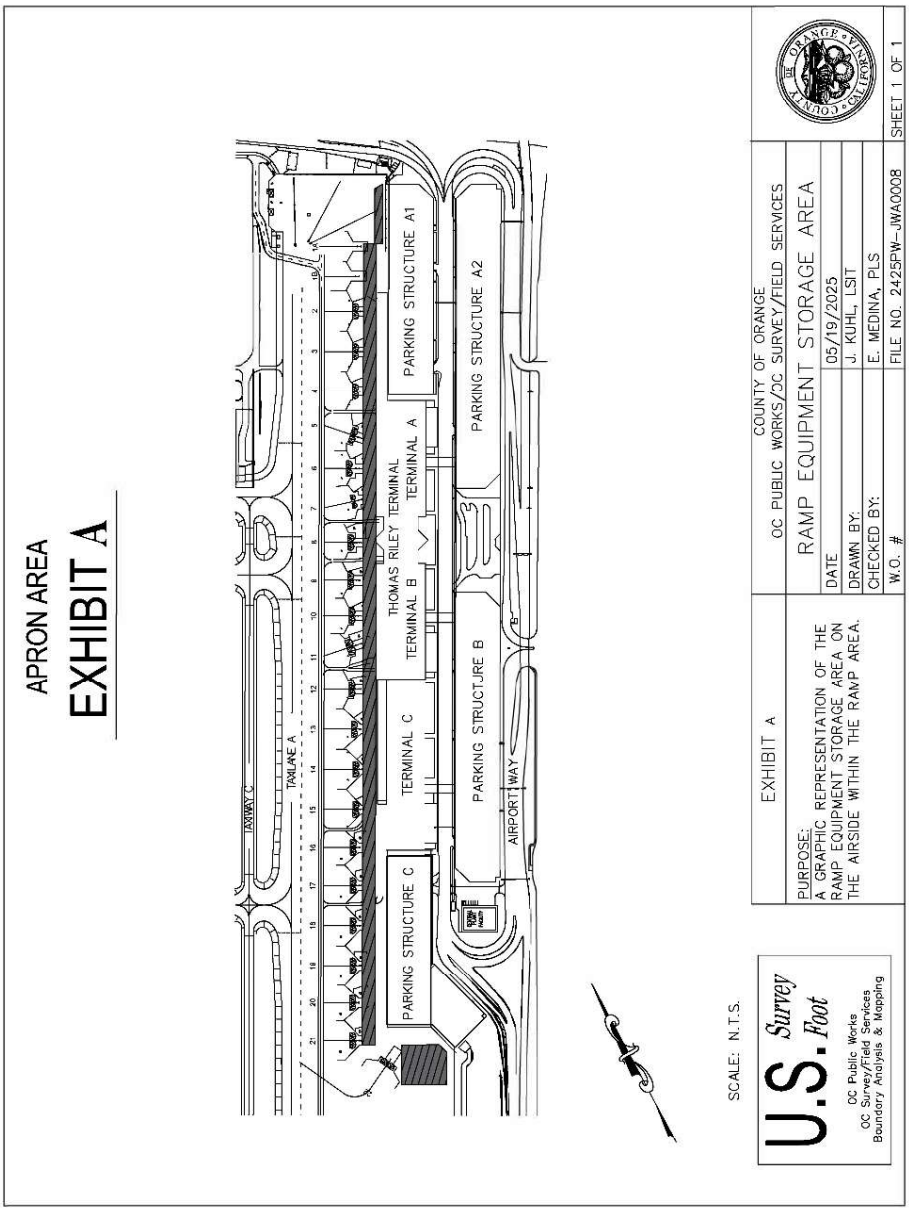
COUNTY:
COUNTY OF ORANGE

_____
Robin Stieler,
Clerk of the Board of Supervisors
of Orange County, California

By: _____
Chairman, Board of Supervisors

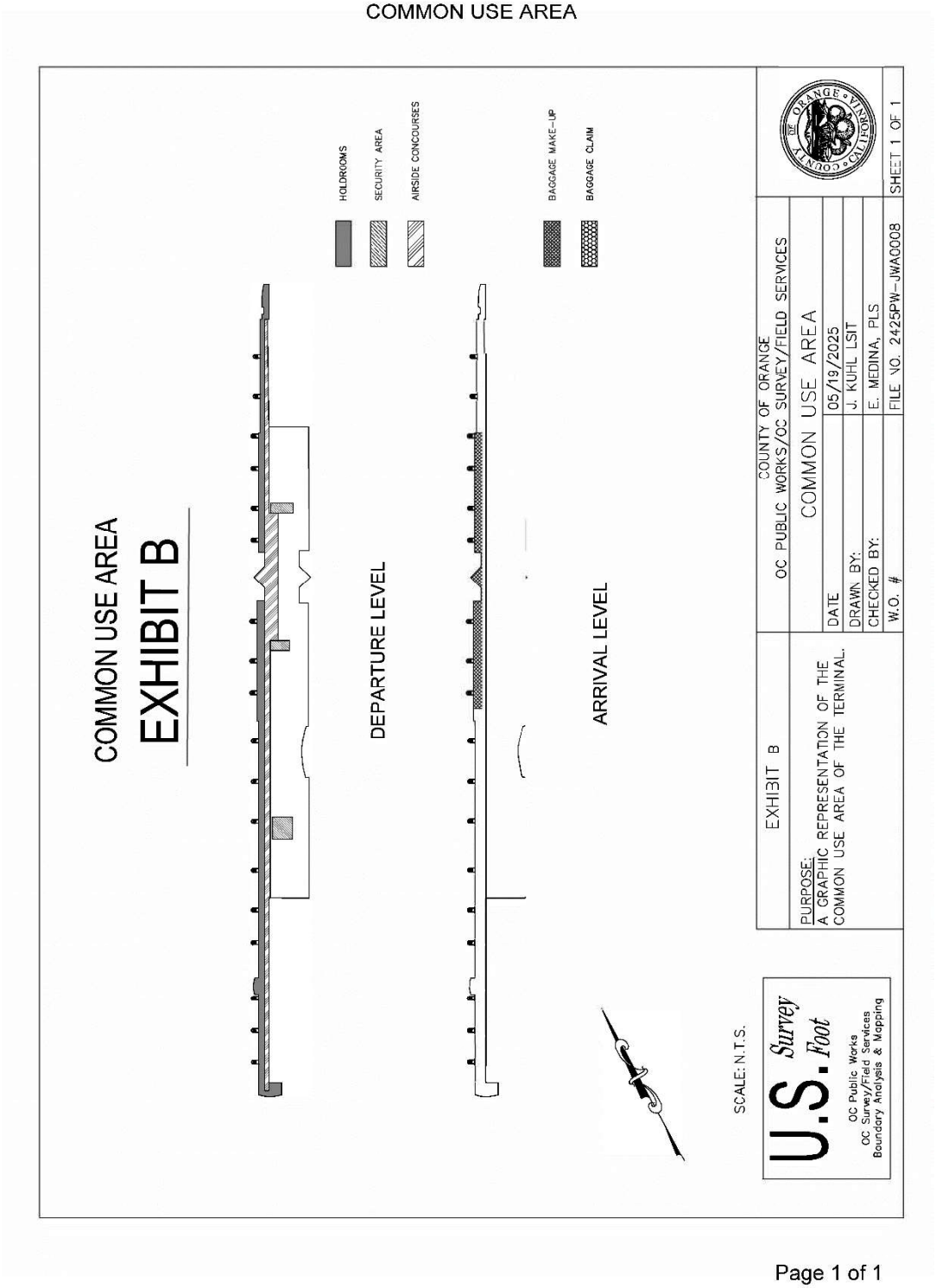
JOHN WAYNE AIRPORT AMENDED AND RESTATED COMMUTER AIRLINE OPERATING LICENSE

EXHIBIT A
APRON AREA



JOHN WAYNE AIRPORT AMENDED AND RESTATED COMMUTER AIRLINE OPERATING LICENSE

EXHIBIT B
COMMON USE AREA



Page 1 of 1

JOHN WAYNE AIRPORT
ORANGE COUNTY

AMENDED AND RESTATED CARGO LEASE

Dated _____

Between

County of Orange

and

Federal Express Corporation

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

TABLE OF CONTENTS

Page

RECITALS 1
ARTICLE I - DEFINITIONS 2
SECTION 1.01 AAAC 2
SECTION 1.02 AAAC CHAIR 2
SECTION 1.03 ACCESS PLAN 2
SECTION 1.04 ADD 3
SECTION 1.05 AIRLINE RATES AND CHARGES 3
SECTION 1.06 AIRPORT 3
SECTION 1.07 AIRPORT DIRECTOR 3
SECTION 1.08 AUDITOR-CONTROLLER 3
SECTION 1.09 BOARD OF SUPERVISORS 3
SECTION 1.10 CARGO OPERATIONS AREA 3
SECTION 1.11 CERTIFICATED MAXIMUM LANDING WEIGHT 3
SECTION 1.12 COMMERCIAL CARGO 3
SECTION 1.13 COMMERCIAL CARGO CARRIER 4
SECTION 1.14 COUNTY 4
SECTION 1.15 DOT 4
SECTION 1.16 ENVIRONMENTAL LAWS 4
SECTION 1.17 EXCLUSIVE USE AREA 5
SECTION 1.18 FAA 5
SECTION 1.19 GSE 5
SECTION 1.20 HAZARDOUS SUBSTANCES 5
SECTION 1.21 NON-STORMWATER DISCHARGE 6
SECTION 1.22 POLLUTANT 6
SECTION 1.23 RON 6
SECTION 1.24 STORMWATER 7
SECTION 1.25 TENANT DESIGN AND CONSTRUCTION GUIDELINES 7
SECTION 1.26 TERMINAL 7
SECTION 1.27 TSA 7
ARTICLE II -TERM OF LEASE 7
SECTION 2.01 TERM OF LEASE 7
SECTION 2.02 HOLDING OVER 7
SECTION 2.03 TERMINATION FOR CONVENIENCE 7
ARTICLE III – LEASED PREMISES 8
SECTION 3.01 LEASED PREMISES 8
SECTION 3.02 NATURE OF CARRIER'S ESTATE 8
SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES 9
ARTICLE IV – RENT, FEES AND CHARGES 9

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

SECTION 4.01 RENT, FEES AND CHARGES 9
SECTION 4.02 PAYMENT PROCEDURE 10
SECTION 4.03 CHARGE FOR LATE PAYMENT 11
SECTION 4.04 PROVISION AGAINST SET-OFFS 12
SECTION 4.05 SECURITY DEPOSIT 12
ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES 13
SECTION 5.01 USE 13
SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES 14
SECTION 5.03 RULES AND REGULATIONS 14
SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE 15
SECTION 5.05 OPERATIONAL REQUIREMENTS 16
SECTION 5.06 RECORDS AND ACCOUNTS 17
SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES 19
SECTION 5.08 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON 21
SECTION 5.09 AIRCRAFT PARKING 21
SECTION 5.10 FUELING REQUIREMENTS 22
ARTICLE VI -ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION 22
SECTION 6.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE 22
SECTION 6.02 SPILL RESPONSE PLAN 23
SECTION 6.03 STORMWATER CONTROL AND CONTAMINATION 24
SECTION 6.04 ENVIRONMENTAL STEWARDSHIP 25
SECTION 6.05 RESERVED 26
SECTION 6.06 ENVIRONMENTAL INDEMNIFICATION 26
SECTION 6.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS 28
SECTION 6.08 ANTI-IDLING POLICY 28
ARTICLE VII - CONSTRUCTION AND IMPROVEMENTS 28
SECTION 7.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY 28
SECTION 7.02 IMPROVEMENTS BY THE CARRIER 29
SECTION 7.03 CARRIER'S ASSURANCE OF CONSTRUCTION COMPLETION 30
SECTION 7.04 MECHANICS LIENS OR STOP-NOTICES 31
SECTION 7.05 RECORD DOCUMENTS, AS-BUILT DOCUMENTS AND CONSTRUCTION COSTS 31
SECTION 7.06 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS 33
SECTION 7.07 HEALTH AND SAFETY 33
ARTICLE VIII - ACCOMMODATION 34
SECTION 8.01 JOINT USE REQUIREMENT 34
ARTICLE IX - ASSIGNMENT AND SUBLEASE 35
SECTION 9.01 ASSIGNING, SUBLETTING, AND TRANSFERRING 35
SECTION 9.02 SUCCESSORS IN INTEREST 38
ARTICLE X - TERMINATION AND DEFAULT 38

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

SECTION 10.01 TERMINATION OF PRIOR AGREEMENTS 39
SECTION 10.02 TERMINATION FOR DEFAULT 39
SECTION 10.03 CONDITION OF LEASED PREMISES UPON TERMINATION 40
SECTION 10.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY 40
SECTION 10.05 THE COUNTY'S RIGHT TO RE-ENTER 40
ARTICLE XI - SECURITY 41
SECTION 11.01 AIRPORT SECURITY 41
ARTICLE XII - INSURANCE AND INDEMNITY 43
SECTION 12.01 INSURANCE 43
SECTION 12.02 INDEMNITY 47
ARTICLE XIII - FEDERAL GRANT ASSURANCES AND REQUIREMENTS 48
SECTION 13.01 CIVIL RIGHTS AND NONDISCRIMINATION 48
SECTION 13.02 DEVELOPMENT/MAINTENANCE OF Airport 52
SECTION 13.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A. 52
SECTION 13.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS 52
SECTION 13.05 FEDERAL LAW PREEMPTION 52
SECTION 13.06 NONEXCLUSIVE RIGHT 52
SECTION 13.07 WAR OR NATIONAL EMERGENCY 53
SECTION 13.08 RESERVED 53
SECTION 13.09 AMERICANS WITH DISABILITIES ACT 53
SECTION 13.10 BOARDING ASSISTANCE FOR AIRCRAFT 53
ARTICLE XIV - MISCELLANEOUS PROVISIONS 54
SECTION 14.01 TIME 54
SECTION 14.02 LEASE ORGANIZATION 54
SECTION 14.03 AMENDMENTS 54
SECTION 14.04 SIGNS 54
SECTION 14.05 PERMITS AND LICENSES 54
SECTION 14.06 RESERVED 54
SECTION 14.07 TAXES AND ASSESSMENTS 55
SECTION 14.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE 55
SECTION 14.09 PARTIAL INVALIDITY 55
SECTION 14. 10 WAIVERS OF RIGHTS 55
SECTION 14.11 RESERVATIONS TO THE COUNTY 55
SECTION 14.12 AUTHORITY OF THE CARRIER 56
SECTION 14.13 PUBLIC RECORDS 56
SECTION 14.14 RELATIONSHIP OF PARTIES 56
SECTION 14.15 GOVERNING LAW AND VENUE 57
SECTION 14.16 ATTORNEYs' FEES 57
SECTION 14.17 EMERGENCY SERVICES 57
SECTION 14.18 NOTICES 57

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

LIST OF EXHIBITS

EXHIBIT A LEASED PREMISES DESCRIPTION – EXCLUSIVE USE AREA

EXHIBIT B MAP OF LEASED PREMISES – EXCLUSIVE USE AREA

EXHIBIT C MAP OF CARGO OPERATIONS AREA

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

THIS AMENDED AND RESTATED CARGO LEASE ("LEASE") is made and entered into this ___ day of _____, 2025, by and between the COUNTY OF ORANGE, a political subdivision of the State of California ("COUNTY"), and Federal Express Corporation ("CARRIER"), "), with COUNTY and CARRIER sometimes individually referred to as “Party” or collectively referred to as “Parties.”

RECITALS

WHEREAS, the COUNTY, through its Board of Supervisors, is the owner and proprietor of John Wayne Airport ("JWA" or "Airport"), located in the County of Orange, State of California, and operates and maintains the Airport as a governmental function for the primary purpose of providing air transportation to the public; and

WHEREAS, COUNTY and CARRIER entered into a Cargo Lease dated November 3, 2020, with a term effective January 1, 2021 through December 31, 2025 (“Existing Lease”); and

WHEREAS, the CARRIER is engaged in the business of commercial air transportation of property, cargo, freight, and mail as a scheduled air carrier and is certificated or otherwise authorized by the United States of America to engage in such business; and

WHEREAS, the CARRIER desires to enter into an agreement addressing certain premises, facilities, rights, licenses, services, and privileges at the Airport; and

WHEREAS, as part of its ongoing effort to operate the Airport in a manner sensitive to the residents who live under the Airport's approach and departure corridors, the COUNTY has developed one of the most stringent access and noise abatement programs in the country. The Airport monitors all aircraft operations, both commercial and private, for compliance with the program. These noise abatement and access restrictions derive from the 1985 Settlement Agreement between the COUNTY, the City of Newport Beach, and other parties and are implemented through ordinances, resolutions (including Resolutions No. 85-255, 85-256, 85-259, 85-1231, 85-1232, and 85-1233), regulations (including the Phase 2 Commercial Airline Access Plan and Regulation) and policies of the COUNTY, as they may be amended from time to time; and

WHEREAS, the 1985 Settlement Agreement has been periodically amended by its parties to, among other things, increase the number of cargo flights authorized to operate at the Airport; and

WHEREAS, the amendments to the 1985 Settlement Agreement preserve and continue to implement important restrictions on the use of JWA, "grandfathered" under the AIRPORT NOISE AND CAPACITY ACT OF 1990 ("ANCA"), which reflect and accommodate historical policy decisions of the Board of Supervisors regarding the appropriate point of balance between the competing interests of the air transportation and aviation community and local residents living in

the vicinity of the Airport. These policy decisions address, among other issues, nighttime operational restrictions and maximum permitted single-event noise levels; and

WHEREAS, the COUNTY and the CARRIER mutually desire to enter into this LEASE, which amends and restates the Existing Lease, in order to provide commercial air transportation of property, cargo, freight, and mail through December 31, 2030; and

WHEREAS, the COUNTY has the right to permit and grant the use of its property at the Airport to the CARRIER for the operation of the CARRIER's air transportation services; and

WHEREAS, the CARRIER acknowledges that this LEASE is being entered into under the provisions of CAL. PUBLIC UTIL. CODE §§21690.5 *et seq.*, and, in particular, §21690.9.

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained to be observed and performed by the respective Parties hereto.

THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I - DEFINITIONS

The following words, terms, and phrases, whenever used in this LEASE, shall have the meaning and significance attached to them in this Article unless otherwise apparent from context.

SECTION 1.01 AAAC

"AAAC" shall mean the JWA – Airport Airlines Affairs Committee. The AAAC is composed of the airline properties' representatives for the carriers serving John Wayne Airport.

SECTION 1.02 AAAC CHAIR

"AAAC Chair" shall mean the Chairperson elected by the AAAC to act as the spokesperson for carriers serving John Wayne Airport.

SECTION 1.03 ACCESS PLAN

"Access Plan" shall mean the Phase 2 Commercial Airline Access Plan and Regulation for John Wayne Airport, Orange County, as that plan existed when originally adopted and approved by the Orange County Board of Supervisors in 1990, as it has been amended by the Board of Supervisors from time to time, and as it may be amended by the Board of Supervisors at any time during the term of this LEASE.

SECTION 1.04 ADD

"ADD" shall mean Average Daily Departure, as defined in the Access Plan. Except as expressly provided in the Access Plan, all commercial air carrier departures at JWA are regulated departures and require an ADD allocation. ADD allocations are the exclusive property of the COUNTY.

SECTION 1.05 AIRLINE RATES AND CHARGES

"Airline Rates and Charges" shall mean all rates, fees, and charges payable to the COUNTY by the CARRIER as specified herein.

SECTION 1.06 AIRPORT

"Airport" shall mean the John Wayne Airport, Orange County, California.

SECTION 1.07 AIRPORT DIRECTOR

"Airport Director" shall mean the Director of JWA or his or her duly authorized designee.

SECTION 1.08 AUDITOR-CONTROLLER

"Auditor-Controller" shall mean the Auditor-Controller, County of Orange, or designee.

SECTION 1.09 BOARD OF SUPERVISORS

"Board of Supervisors" shall mean the COUNTY'S governing body.

SECTION 1.10 CARGO OPERATIONS AREA

"Cargo Operations Area" shall mean the area referred to as the Cargo Operations Area, as further described in Article III, Section 3.01 and shown in Exhibit C.

SECTION 1.11 CERTIFICATED MAXIMUM LANDING WEIGHT

"Certificated Maximum Landing Weight" shall mean the current maximum allowable gross landing weight of aircraft operated by the CARRIER and certificated by the Federal Aviation Administration (FAA) for operation at the Airport.

SECTION 1.12 COMMERCIAL CARGO

"Commercial Cargo" shall mean any cargo, freight, packages, or other similar items carried to or from JWA by any Air Carrier or Commuter Carrier.

SECTION 1.13 COMMERCIAL CARGO CARRIER

"Commercial Cargo Carrier" shall mean any entity that is an Air Carrier, but which conducts its operations at JWA solely for the purpose of carrying Commercial Cargo with aircraft regularly configured with zero (0) passenger seats available to the general public and which does not offer passenger service to the public in connection with its operations at JWA.

SECTION 1.14 COUNTY

"COUNTY" shall mean the County of Orange, a political subdivision of the State of California.

SECTION 1.15 DOT

"DOT" shall mean the U.S. Department of Transportation.

SECTION 1.16 ENVIRONMENTAL LAWS

“Environmental Laws” shall mean any federal, State, or local laws, statutes, ordinances, codes, judgments, orders, rules, or regulations pertaining to the environment and/or human health, Hazardous Substances, Pollutants, occupational safety and health, industrial hygiene, or the environmental conditions on, at, under or about the Airport, and includes, without limitation, the following: (i) the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; (ii) Clean Water Act, 33 U.S.C. § 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 C.F.R. Parts 173 and 175; (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 U.S.C. § 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 (“Proposition 65”); (ix) California Health and Safety Code §§25100, 25395.7, 25915 *et seq*.; (x) the Porter-Cologne Water Quality Control Act (California Water Code); (xi) California Civil Code § 3479 *et seq*.; (xii) Stormwater Discharge Rules, 40 C.F.R. §§ 122.26, 122.30-37; (xiii) the Carpenter-Presley-Tanner Hazardous Substances Account Act; (xiv) the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; (xv) the Safe Drinking Water Act, 24 U.S.C. § 300f, *et seq.*; xvi) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Industrial Activities, Order No. 2014-0057-DWQ (or most current); xvii) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, Order No. 2009-0009-DWQ amended by 2010-0014-DWQ & 2012-0006-DWQ; xviii) The County of Orange, Orange County Flood Control District, and The Incorporated Cities of Orange County within the Santa Ana Region Areawide Urban Stormwater Runoff Orange County Municipal Separate Storm Sewer System (MS4) Permit Order No. R8-2009-0030 (National Pollutant Discharge Elimination System No. CAS618030) as amended by

Order No. R8-2010-0062; xix) South Coast Air Quality Management District Regulations and Rules; and (xx) all other federal, State, and local laws, rules, orders, directives, and codes, regulations, judgments, and orders relating to (a) emissions, discharges, releases, and/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 (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Substances, as such laws are amended, and the regulations and administrative codes applicable thereto.

SECTION 1.17 EXCLUSIVE USE AREA

"Exclusive Use Area" shall mean the areas of the Airport and on the Airfield which the COUNTY has granted the CARRIER the right to use on an exclusive use basis, subject to the Joint Use Requirement, during the term of this LEASE. The CARRIER's Exclusive Use Area is described in Exhibit A and shown in Exhibits B and C.

SECTION 1.18 FAA

"FAA" shall mean the Federal Aviation Administration created under the FEDERAL AVIATION ACT OF 1958 or such successor agency as may have similar jurisdiction over the CARRIER or its business and the Airport.

SECTION 1.19 GSE

"GSE" shall mean Ground Service Equipment and include any auxiliary power unit, mobile stairs, aircraft support equipment, machinery, spare parts, or other equipment used or stored by any qualified air carrier or ground service provider in support of operations at JWA.

SECTION 1.20 HAZARDOUS SUBSTANCES

“Hazardous Substances” shall mean any pollutant, contaminant, chemical, compound, substance, hazardous or toxic substance, material, waste, and/or any other matter, which is or shall become regulated by any governmental entity, including, but not limited to COUNTY acting in its governmental capacity, the State of California, and/or the United States Government. 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, nuisance, and/or is controlled or governed under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos-containing materials; (iv) flammable or explosive substances; (v) mold-containing materials; poly-chlorinated biphenyl compounds; and/or (vi) substances designated by any governmental entity to cause cancer and/or reproductive toxicity.

SECTION 1.21 NON-STORMWATER DISCHARGE

"Non-Stormwater Discharge" shall mean any discharge to storm sewer systems that is not entirely composed of Stormwater. "Non-Stormwater Discharge" includes "Unauthorized Non-Stormwater Discharges" and "Authorized Non-Stormwater Discharges" as defined by the California Environmental Protection Agency State Water Resources Control Board's National Pollutant Discharge Elimination System General Permit for Discharges of Stormwater Associated with Industrial Activities and Construction Activities.

SECTION 1.22 POLLUTANT

“Pollutant” means any chemical, compound, substance, liquid, solid or semi-solid substance, or combination thereof, including but not limited to:

a. Artificial materials (such as floatable plastics, wood products or metal shavings);

b. Household waste (such as trash, paper, and plastics; cleaning chemicals, yard wastes, animal fecal materials, used oil and fluids from vehicles, lawnmowers, and other common household equipment);

c. Metals and nonmetals, including compounds of metals and nonmetals (such as cadmium, lead, zinc, copper, silver, nickel, chromium, cyanide, phosphorus, and arsenic) with characteristics that cause an adverse effect on living organisms;

d. Petroleum and related hydrocarbons (such as fuels, lubricants, surfactants, waste oils, solvents, coolants, and grease);

e. Substances having a pH less than 6.5 or greater than 8.6 or unusual coloration, turbidity, or odor;

f. Materials causing an increase in biochemical oxygen demand, chemical oxygen demand, or total organic carbon;

g. Materials that contain base/neutral or acid-extractable organic compounds;

h. Those pollutants defined in Section 1362(6) of the Federal Clean Water Act;

i. Any other constituent or material, including but not limited to pesticides, herbicides, fertilizers, fecal coliform, fecal streptococcus, or enterococcus, or eroded soils, sediment, and particulate materials in quantities that will interfere with or adversely affect the beneficial use of the receiving waters, flora or fauna of the State; and

j. Any substance listed under Health and Safety Code, §25316.

SECTION 1.23 RON

"RON" shall mean the remain overnight positions where the CARRIER's aircraft are required to park when they "remain overnight" at JWA.

SECTION 1.24 STORMWATER

"Stormwater" shall mean stormwater runoff, snowmelt runoff, and stormwater surface runoff and drainage.

SECTION 1.25 TENANT DESIGN AND CONSTRUCTION GUIDELINES

“Tenant Design and Construction Guidelines” shall mean the Tenant Criteria Manual, CAD Standards, BIM Standards Manual, and GIS Data Standard which can be found on the OCAIR.COM website.

SECTION 1.26 TERMINAL

"Terminal" shall mean the Thomas F. Riley commercial passenger terminal and concourses at John Wayne Airport, as may be modified at any time during the term of this LEASE.

SECTION 1.27 TSA

"TSA" shall mean the Transportation Security Administration of the U.S. Department of Homeland Security, the federal agency responsible for regulation of airport security, or any such successor agency.

ARTICLE II -TERM OF LEASE

SECTION 2.01 TERM OF LEASE

The term of this LEASE shall commence on January 1, 2021, and expire on December 31, 2030.

SECTION 2.02 HOLDING OVER

In the event the CARRIER continues in possession of the Leased Premises after the term of this LEASE, such possession shall not be considered an extension or renewal of this LEASE but a tenancy from month-to-month and shall be governed by the conditions and covenants contained in this LEASE.

SECTION 2.03 TERMINATION FOR CONVENIENCE

This LEASE may be terminated for convenience by either Party for any reason and without cause upon ninety (90) days' written notice.



ARTICLE III – LEASED PREMISES

SECTION 3.01 LEASED PREMISES

The COUNTY leases to the CARRIER that certain property hereinafter referred to as "Leased Premises." Said premises shall be leased to the CARRIER in "as-is" condition and shall consist of the following:

A. **Exclusive Use Area**. The COUNTY leases to the CARRIER certain property at the Airport, known as the Exclusive Use Area, which is described in Exhibit A and shown on Exhibit B, attached to this LEASE and incorporated herein.

B. **Cargo Operations Area**. The CARRIER shall also have access to a nonexclusive common use is referred to as the "Cargo Operations Area." The Cargo Operations Area shall be used for the purpose of parking the CARRIER's aircraft during loading and unloading operations. The Cargo Operations Area is described and shown on Exhibit C, attached to this LEASE, and incorporated herein.

The Airport Director may change the Leased Premises at any time. If there is reasonable space available on the Airport that is not used for other aviation purposes, the Airport Director will make reasonable efforts to provide replacement space that will furnish the CARRIER with essentially the same utility as the space replaced for the remainder of the term of this LEASE.

Any and all references to the Leased Premises in this LEASE, unless otherwise noted, shall include and apply to both the Exclusive Use Area and the Cargo Operations Area as designated by the Airport Director.

SECTION 3.02 NATURE OF CARRIER'S ESTATE

The CARRIER acknowledges and agrees:

A. That the COUNTY has granted to the CARRIER a leasehold interest in the Leased Premises only.

B. That the COUNTY retains a fee ownership for federal income tax purposes in and to the Leased Premises, as well as all other ownership burdens and benefits connected with such fee ownership.

C. That the CARRIER has not been granted any direct or indirect right or option to purchase the Leased Premises from the COUNTY at any time during or after the termination of this LEASE.

SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES

The CARRIER shall not install equipment of any kind outside the Leased Premises unless authorized in writing by the Airport Director prior to installation.

ARTICLE IV – RENT, FEES AND CHARGES

SECTION 4.01 RENT, FEES AND CHARGES

The rents, fees, and charges contained in this LEASE are established in accordance with (i) Resolution 02-062 dated March 12, 2002 (or as subsequently amended), which reasserts and establishes the John Wayne Airport Revenue Planning Policy, and (ii) the Bond Indenture for the Airport Revenue Bonds, Series 1987, and the First Supplemental, Second Supplemental, Third Supplemental, Fourth Supplemental, Fifth Supplemental, and Sixth Supplemental Indenture Series 1993, 1997, 2003, 2009 and 2019, as well as any future bond indentures or supplemental indentures that may be issued or adopted from time to time. The Airport Director and the AAAC Chair shall present any modifications to the rents, fees, and charges to the AAAC prior to implementation.

A. The CARRIER shall make payment of the following rents, fees, and charges, which shall be due and payable monthly in advance on the first day of each month with a 15-day grace period, and the CARRIER agrees that the COUNTY will not invoice for such rents, fees, and charges.

Exclusive Use Area. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use terminal apron space used for equipment storage and cargo operations. For purposes of calculating terminal apron rent, the Exclusive Use Area contains the square feet shown in Exhibits A, is B, and C.

In the event an obligation to pay rent, fees, and charges begins or terminates on a day other than the first or last day of the month, the fees shall be prorated to reflect the actual period of use based on a thirty (30) day month. The fees for any partial calendar month during which this LEASE becomes effective will be payable on such effective date.

B. The CARRIER shall pay the following fees and charges payable monthly in arrears on or before the twentieth (20th) day of each month with no grace period. The CARRIER agrees that the COUNTY will not invoice for the following fees and charges and may require the CARRIER to submit future monthly reports electronically via JWA' s portal and prescribed format. AIRPORT will make reasonable efforts to develop an electronic format that allows CARRIER to report efficiently the information requested.

(1) Landing fees based on the latest schedule established by the COUNTY covering the operation of scheduled CARRIER's and commercial operations at the Airport.

Landing fees shall be expressed in terms of a rate per one thousand (1,000) pounds of maximum gross landing weight of aircraft certified by the FAA.

(2) Aircraft RON parking fees based on the latest schedule established by the COUNTY. Aircraft parking fees shall be expressed in dollars per night.

(3) Cargo operations fees based on the schedule established by the COUNTY. Operations fees shall be expressed in dollars per daily departure and shall cover the use of the Cargo Operations Area, which includes aircraft parking fees and the use of the airport access roadways.

(4) **Additional fees.** Additional fees shall be established by the COUNTY for annual security expenses resulting from any security measures implemented after LEASE commencement. Such fees shall be established annually by the COUNTY and incorporated into the above-mentioned fees.

Upon thirty (30) days' written notice from the Airport Director, the COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every 12 (12) months. Changes may include fee revisions, establishment of new fee classifications, or such other changes as needed to respond to the CARRIER's use of the Airport, the need for the COUNTY to receive fair and equitable rents, fees, and charges for all uses of the Airport, and to ensure the Airport is operated at no cost to the local taxpayer. With regard to any dispute as to what may constitute reasonable rents, fees, and charges, the CARRIER shall first exhaust all remedies provided by applicable federal law and FAA regulations. At the end of each modification period, the COUNTY shall establish monthly fees and apply any underpayments or overpayments by the CARRIER to the subsequent rates and charges period. At the discretion of the COUNTY, overpayments may be refunded via credit memo and underpayments may be invoiced.

Notwithstanding anything in this LEASE to the contrary, all amounts payable by the CARRIER to or on behalf of the COUNTY under this LEASE, whether or not expressly denominated as rent, shall constitute rent for the purposes of the U.S. BANKRUPTCY CODE, 11 U.S.C. §502(b)(6).

The CARRIER shall notify the Airport in writing within thirty (30) days of filing a petition for bankruptcy.

SECTION 4.02 PAYMENT PROCEDURE

A. **Place of Payment and Filing**. Payments and statements required by Sections 4.01 and 5.06 in this LEASE shall be delivered to the County of Orange, Office of the Auditor-Controller, John Wayne Airport Accounting Services, 3160 Airway Avenue, Costa Mesa, California 92626. The designated place of payment and filing may be changed at any time by the COUNTY upon ten (10) days' written notice to the CARRIER. Payments may be

remitted by automated clearing house (ACH) deposit to the Airport's designated bank account or made by check payable to the County of Orange. The CARRIER assumes all risk of loss if payments are made by mail.

B. **Form of Payment**. All sums due under this LEASE shall be paid in lawful money of the United States of America without offset, deduction, prior notice. or demand. No payment by the CARRIER or receipt by the COUNTY of a lesser amount than the payment due shall be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and the COUNTY shall accept such check or payment without prejudice to the COUNTY's right to recover the balance of the amount due or pursue any other remedy in this LEASE. All electronic payments must be remitted by Automated Clearing House (ACH) deposit to the Airport's designated bank account or any future mode prescribed by the COUNTY. Any fees assessed to the COUNTY's bank account due to the use of another form of payment (e.g., wire transfer) not prescribed or approved by the COUNTY shall be passed through to the CARRIER plus a twenty-five dollars $25 processing fee.

C. **Penalty for NSF Check** In the event a check submitted by the CARRIER is returned for non-sufficient funds ("NSF"), the CARRIER agrees to pay the COUNTY a service charge in the amount of twenty-five dollars ($25) for the first returned check, and thirty-five dollars ($35) for each subsequent check. The CARRIER may also be liable for treble damages pursuant to California Civil Code Section 1719.

SECTION 4.03 CHARGE FOR LATE PAYMENT

The CARRIER hereby acknowledges that the late payment of rent or any other sums due hereunder will cause the COUNTY to incur costs not contemplated by this LEASE, the exact amount of which will be extremely difficult to ascertain. Such costs include but are not limited to, administrative processing of delinquent notices, increased accounting costs, or lost interest income.

Accordingly, if any payment of rent as specified in Section 4.01 in this LEASE or of any other sum due the COUNTY is not received by the COUNTY by the due date, a late charge of one and one-half percent (1.5%) of the payment due shall be added to the payment, and the total sum shall become immediately due and payable to the COUNTY. An additional charge of one and one-half percent (1.5%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

The CARRIER and the COUNTY hereby agree that such late charges represent a fair and reasonable estimate of the costs that the COUNTY will incur by reason of the CARRIER's late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by the COUNTY shall in no event constitute a waiver of the CARRIER's default with respect to such

overdue payment or prevent the COUNTY from exercising any of the other rights and remedies granted hereunder.

SECTION 4.04 PROVISION AGAINST SET-OFFS

It is the obligation of the CARRIER to pay all fees and charges, free of any set-offs or claims, in the amount and at the times specified in this LEASE. In the event that the CARRIER desires to contest the validity or amount of any such fees and charges, the CARRIER shall first pay the same to the COUNTY and may then seek a refund in any appropriate forum.

SECTION 4.05 SECURITY DEPOSIT

The CARRIER, prior to the commencement of operations, shall deposit with the COUNTY a security deposit approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director.

Concurrently with each revision of the rent pursuant to Section 4.01 in this LEASE, the security deposit to be provided by the CARRIER shall be adjusted to approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director to guarantee the faithful performance by the CARRIER of its obligations under this LEASE and the payment of all rents, fees, and charges due hereunder. In no event shall the amount of the security deposit be less than the existing security deposit. The amount of the security deposit will not be increased unless the adjusted security deposit is equal to or more than one hundred twenty percent (120%) of the prevailing security deposit.

The security deposit shall take one of the forms set out below and shall guarantee the CARRIER's full and faithful performance of all the terms, covenants, and conditions of this LEASE:

A. A Letter of Credit from one or more financial institutions, subject to regulation by the State of California or Federal government, pledging that funds necessary to secure performance of the terms, covenants, and conditions of this LEASE are on deposit and guaranteed for payment, and agreeing that said funds shall be trust funds securing CARRIER’s performance and that all or any part shall be paid to COUNTY, or order upon demand by Airport Director. Both the financial institution(s) and the form of the instrument(s) must be approved by Airport Director or designee. The financial institution shall have a minimum long-term credit rating by two of the three Nationally Recognized Statistical Rating Organizations (NRSROs): Moody’s (AA3), S&P Global (AA-), and Fitch (AA-).

B. A Faithful Performance Bond executed by a surety company or financial institution qualified and admitted to do business in the State of California and issued in a form approved by the COUNTY. The surety company must have a minimum A. M. Best rating of A-/VIII as determined by the most current edition of ambest.com. Under the bond, the surety company shall guarantee to COUNTY full and complete performance of all the

terms, conditions and covenants herein to be performed on the part of CARRIER, including the payment of use fees as well as any and all other payments. Said bond shall be maintained at the cost of CARRIER throughout the existence of this LEASE. Said Surety shall give Airport Director or designee a minimum of thirty (30) days' prior written notice of cancellation or material change in said bond. Such cancellation or material change without Airport Director's or designee's prior written consent shall constitute a default under this LEASE.

Regardless of the form in which the CARRIER elects to make said Security Deposit, all or any portion of the principal sum shall be available unconditionally to the COUNTY for correcting any default or breach of this LEASE by the CARRIER, its successors or assigns, or for payment of expenses incurred by the COUNTY as a result of the failure of the CARRIER, its successors or assigns, to faithfully perform all terms, covenants, and conditions of this LEASE.

Should the CARRIER elect to provide either a Letter of Credit or a Faithful Performance Bond to fulfill the Security Deposit requirements of this LEASE, said Letter of Credit or bond shall have the effect of releasing the depository or creditor therein from liability on account of the payment of any or all of the principal sum to the COUNTY, or order upon demand by the Airport Director.

In the event the Airport Director withdraws all or any portion of the Security Deposit as provided herein, the CARRIER shall, within ten (10) days of any withdrawal by the Airport Director, replenish the Security Deposit to maintain it at amounts herein required throughout the term of this LEASE. Failure to do so shall be deemed a default and shall be grounds for immediate termination of this LEASE as per Article XI of this LEASE.

The CARRIER shall be obligated to maintain the Security Deposit in effect until the expiration date or earlier termination of this LEASE.

The Security Deposit, after deduction of all amounts due the COUNTY, shall be rebated, reassigned, released or endorsed by the COUNTY to the CARRIER or order, as applicable, after one hundred twenty (120) days have elapsed, or at an earlier time to be determined by the Airport Director, following the expiration date of the term of this LEASE, provided the CARRIER has fully and faithfully performed each and every term, covenant, and condition of this LEASE.

ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES

SECTION 5.01 USE

The CARRIER's use of the Leased Premises and its operations shall be limited to conducting a cargo air service operation. Subject to the limitations set forth in this Section and Sections 5.03, 5.04, 5.05, and 8.01 in this LEASE, CARRIER's operations are subject to the following authorized uses:

A. Loading and unloading of property, freight, cargo, and mail.

B. The CARRIER shall have the right to have its aircraft and other equipment serviced by suppliers of its choice. Such suppliers may provide materials and services, including, but not limited to, aviation fuel, ground vehicle fuel, lubricating oil, greases, parts, and all other materials and supplies and services required by the CARRIER in the conduct of its air transportation service.

C. Employee training incidental to the other uses permitted under this Section.

SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES

The COUNTY grants the CARRIER a LEASE for the nonexclusive use of all public Airport facilities including, but not limited to, taxiways, runways, navigational aids, and facilities relating thereto for purposes of landings, takeoffs, and taxiing of the CARRIER's aircraft. All such use shall be in accordance with the laws of the United States of America, State of California, and the rules and regulations promulgated by their authority with reference to aviation and air navigation, and in accordance with all reasonable and applicable rules, regulations, and ordinances of the COUNTY now in force or hereafter prescribed or promulgated by ordinance or by law, including the Access Plan. The use of these areas shall be subject to the control and regulation of the Airport Director.

This LEASE is for nonexclusive use and is subject to all rights reserved by the COUNTY to LEASE, permit, authorize, regulate, and relocate concessionaires and other Airport tenants, including but not limited to booths, counters, offices, lockers, and wall space.

SECTION 5.03 RULES AND REGULATIONS

The COUNTY may adopt and enforce “Airport Rules and Regulations” that the CARRIER agrees to observe and obey with respect to the use of the Airport and its appurtenances, facilities, improvements, equipment, and services, provided that such rules and regulations shall not be inconsistent with safety, with applicable rules, regulations and orders including those of the FAA and TSA with respect to all operations of the Airport, and with the terms of and the CARRIER’s rights under this LEASE. Except in the case of emergency, the COUNTY shall give the CARRIER written notice and opportunity to comment on any proposed changes or additions to the Airport Rules and Regulations that could impact the CARRIER's operations at the Airport before such proposed rules and regulations are adopted by the COUNTY. If requested, the COUNTY shall promptly provide a copy of such Airport Rules and Regulations to the CARRIER.

The CARRIER’s operations under this LEASE shall comply with all Airport Rules and Regulations and shall observe, obey, comply with, and not otherwise hinder or obstruct any and all rules, regulations, laws, ordinances, statutes, or orders of any governmental authority, whether

federal, state, or local, lawfully exercising authority over the Airport or the activities thereon, including compliance with FAA, TSA, and Airport security rules, regulations and plans.

To the fullest extent authorized by law, the CARRIER shall be liable to the COUNTY for any and all claims, demands, damages, fines, or penalties of any nature whatsoever that may be imposed upon the COUNTY due to the CARRIER's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to the CARRIER's operation under this LEASE, including, but not limited to, the payment of any fines or penalties for any breach of security, arising from the unauthorized entry of any person or vehicle onto the Airport or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the CARRIER, its employees, subtenants, agents or suppliers related to the CARRIER's operation under this LEASE.

The COUNTY shall not be liable to the CARRIER for any diminution or deprivation of possession, or of its rights hereunder, on account of the exercise of such right or authority provided in this LEASE, nor shall the CARRIER be entitled to terminate the whole or any portion of the leasehold estate herein created by reason of the exercise of such right or authority, unless the exercise thereof shall so interfere with the CARRIER's use and occupancy of the Leased Premises so as to constitute a termination in whole or in part of this LEASE by operation of law in accordance with the laws of the State of California.

SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE

The CARRIER agrees that:

A. Notwithstanding any provision in this LEASE to the contrary, the CARRIER shall conduct all of its operations and activities at the Airport in strict conformity with the Access Plan and each of its regulations and limitations on the CARRIER's activities and operations at the Airport.

B. The ADD allocations and other operating privileges made to the CARRIER under the Access Plan are a privilege that may be revoked or modified by the COUNTY at any time during the terms of this LEASE, and such privileges do not constitute property rights of the CARRIER.

C. The ADD allocations and other operating privileges made to the CARRIER under the Access Plan are not transferable, assignable, or delegable by the CARRIER to any other person or entity by operation of law or otherwise, and such allocations and other operating privileges may not be pledged, hypothecated or encumbered by the CARRIER at any time for any purpose.

D. The remedies specified in the Access Plan for any Access Plan violation by the CARRIER are not the exclusive remedies of the COUNTY, but shall constitute additional

nonexclusive remedies that the COUNTY may enforce separately or cumulatively with other remedies under the enforcement provisions of this LEASE.

E. The CARRIER shall not at any time, or for any reason, make any assertion to any court, administrative agency, administrative tribunal, or other similar forum that is in any respect inconsistent with the terms and provisions of this Section, except that nothing in this Section shall prevent the CARRIER from making any argument or asserting any position to the COUNTY, as applicable, in connection with any action by the COUNTY to revoke or modify allocations of operating privileges or any amendments to the Access Plan.

F. All provisions of Section 5.01 and Article X in this LEASE are subject to the terms, provisions, and limitations of this Section.

SECTION 5.05 OPERATIONAL REQUIREMENTS

The CARRIER agrees to abide by the following operational conditions and requirements:

A. **Flight Operations and Reallocations**. The number of allocated ADDs, including "regularly scheduled," "charter," "maintenance," and "cargo," shall not exceed the number of departures authorized and allocated to the CARRIER under the Access Plan. In addition to any and all remedies available to the COUNTY under this LEASE and all provisions of the Access Plan, the COUNTY may reallocate ADDs or other operating privileges granted to the CARRIER under the provisions of the Access Plan. The CARRIER shall not operate at JWA unless it conducts its operations with ADDs, allocated seat capacity, or other Authorized Departures directly and formally allocated to the CARRIER by action of the Board of Supervisors; the CARRIER conducts all of its operations with aircraft that have been certified for operation at the Airport consistent with Access Plan requirements; and, the CARRIER has met all other applicable COUNTY requirements.

B. **Hours of Operation**. Except as expressly authorized, the CARRIER's aircraft shall not depart from the Airport between the hours of 10:00 p.m. and 7:00 a.m. (8:00 a.m. on Sundays) and shall not arrive at the Airport between the hours of 11:00 p.m. and 7:00 a.m. (8:00 a.m. Sundays), as measured at any JWA noise monitoring station. All times shown are Pacific Time.

The CARRIER acknowledges that the COUNTY may, by regulation, permit some operations by general aviation (nonscheduled, noncommercial) users of the Airport during the nighttime hours with certain specific aircraft types that have noise characteristics similar to the noise characteristics of aircraft that can operate as "Class E" aircraft, as that term is defined in the Access Plan. The CARRIER does now, or may during the term of this LEASE, operate Class E aircraft at the Airport; nevertheless, the CARRIER agrees that the limitations on hours of operations contained in this Section shall be applicable to all of its operations at the Airport, including its Class E operations.

The CARRIER further acknowledges that there is a rational basis for the COUNTY to distinguish between general aviation operations and regularly scheduled operations by Class E (or noise equivalent) aircraft during the nighttime hours and that this distinction does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The COUNTY agrees that this provision is, and during the term of this LEASE shall be, included in all leases, operating agreements, or other service operating agreements between the COUNTY and any person conducting regularly scheduled commercial operations at the Airport.

C. **Aircraft Types**. The CARRIER agrees that it will not operate any aircraft at the Airport unless and until that aircraft type has been certified and qualified for operation by the COUNTY in accordance with the provisions and procedures of the Access Plan. The CARRIER further agrees that it will abide by all aircraft-type restrictions and limitations contained in the Access Plan, as amended, or as it may hereafter be amended, and any other restrictions on aircraft types which may hereafter be adopted by the Board of Supervisors of the County of Orange.

D. **Noninterference**. The CARRIER shall cooperate with and not interfere with the COUNTY's and other airlines' use of and operations at the Airport. The CARRIER shall not place any ropes, barricades, and/or stanchions on the public or common use area without prior written approval of the Airport Director.

SECTION 5.06 RECORDS AND ACCOUNTS

A. **Records**. The CARRIER shall at all times keep true and complete records of all transactions in the operation of all business activities, of whatever nature, conducted in pursuance of the rights granted by this LEASE. The CARRIER shall maintain such records for a period of five (5) years beyond the expiration or earlier termination of this LEASE.

B. **Reports**. The CARRIER shall provide to the Auditor-Controller and the Airport Director at the end of each calendar month, on forms to be supplied by the COUNTY, statistical information respecting the CARRIER's operations at the Airport, including, but not limited to, the total number of all aircraft operations conducted by the CARRIER; the total combined certificated gross landing weight of all such aircraft operations; the weight and balance manifest from each flight; the total number of pounds of property, freight, cargo and mail enplaned and deplaned. Such reports shall be submitted to the Airport Director no later than fifteen (15) calendar days following the last day of each month. The CARRIER must attest that the list is an accurate representation of the CARRIER's activity for the month.

The CARRIER shall also provide to the Airport Director, for each day, a copy of the CARRIER's flight dispatch logs or a listing made from such logs, certified as correct by a responsible station manager or dispatcher, showing the type of equipment used for each flight and the actual takeoff and landing times and not gate times. Said copy of logs or listing shall be made available for each day's activities by noon (12:00 p.m., local time) of the following day.

C. **Audits**. All the CARRIER's records and supporting source documents related to rates and fees in this LEASE or business operations conducted within or from the Leased Premises shall be kept and made available to the COUNTY at one location within the geographical limits of the COUNTY or shall be made available at offices in the COUNTY within ten (10) working days after written notice to produce said records and source documents. The COUNTY shall, through its duly authorized agents or representatives, have the right to examine and audit said records and supporting source documents at any and all reasonable times, as set out herein, for the purpose of determining the accuracy thereof and of the monthly statements to the COUNTY.

The COUNTY, upon request of the CARRIER, may authorize the above-referenced records and supporting source documents to be kept in a single location outside the limits of the COUNTY provided the CARRIER shall agree to pay all expenses including, but not limited to transportation, food, and lodging necessary for the COUNTY to send a representative to audit said records. Said right shall not, unless determined necessary by the COUNTY, be exercised by the COUNTY more than once each accounting year.

The full cost of said audit, as determined by the COUNTY, shall be borne by the CARRIER if either or both of the following conditions exist:

(1) The audit reveals an underpayment of more than two percent (2%) between the rents and fees due as reported and paid by the CARRIER in accordance with this LEASE and the rent due as determined by said audit; and/or

(2) The CARRIER has failed to maintain true and complete records and supporting source documents in accordance with paragraph A. above. The adequacy of records shall be determined at the sole discretion of the COUNTY.

Otherwise, the COUNTY shall bear the cost of said audit, excluding the aforementioned expenses related to an audit of documents kept outside the limits of the COUNTY. The cost of said audit, if due from the CARRIER, shall be included as rent for the first month following an invoice to the CARRIER.

Upon the request of the County, the CARRIER shall promptly provide necessary data to enable the COUNTY to fully comply with the requirements of the State of California or

the United States of America for information or reports directly relating to this LEASE and to the CARRIER's use of the Leased Premises.

D. **Failure to Maintain Adequate Records**. In addition to any other remedies available to the COUNTY under this LEASE, at law or in equity, in the event that the CARRIER fails to maintain and keep records and accounts from business operations conducted on or from the Leased Premises and/or source documents relating thereto, or to make the same available to the COUNTY for examination and audit as required by this LEASE, the COUNTY, at the COUNTY's option, may:

(1) Perform such examinations, audits, and/or investigations itself or through agents or employees as the COUNTY and/or its auditors may deem appropriate to confirm the amount of rents, fees, and charges payable by the CARRIER under this LEASE; and any and all costs and/or expenses incurred by the COUNTY in connection therewith shall be promptly reimbursed to the COUNTY by the CARRIER upon demand.

(2) Require that the CARRIER pay rents and fees based on the COUNTY's best good faith estimate of the CARRIER's activities from business operations conducted on or from the Leased Premises and Airport; and any such determination made by the COUNTY shall be conclusive and binding upon the CARRIER.

Costs payable by the CARRIER pursuant to this Section shall include reimbursement to the COUNTY of the services provided at such rates as the COUNTY may, from time to time, in good faith, establish for such services. In the case of services provided by the COUNTY's employees, such rates shall be sufficient to reimburse the COUNTY for employees' salaries, including employee taxes and benefits and the COUNTY's overhead or, at the COUNTY's option, may be the rate for such services that would be charged by a qualified third party or parties, approved by the COUNTY, if engaged by the COUNTY to perform such services. Said costs payable by the CARRIER shall be included as rent for the first month following the invoice to the CARRIER.

SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES

The CARRIER agrees to maintain the Leased Premises in a safe, clean, sanitary condition and in compliance with all applicable laws. The CARRIER shall be responsible for making all necessary repairs required to maintain the Leased Premises and improvements in good condition. All repairs and improvements made by the CARRIER to the Leased Premises shall be in compliance with all current federal, state, local laws, regulations, ordinances, and building codes, and all Airport regulations (collectively "Codes") adopted consistent with Section 5.03. The Codes encompass all fire, life, and structural safety aspects and apply to the construction, alteration, moving, demolition, repair, and use of the Leased Premises. Any additions, alterations, repairs, and changes of use or occupancy in the Leased Premises shall comply with the provisions for new

buildings and structures as set forth in the Codes. All devices or safeguards that are required by the Codes shall be maintained in conformance with the edition of the Codes under which it was installed.

The CARRIER shall immediately notify the Airport Director and the Airport Operations Center ("AOC") of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or other any Non Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings.

The CARRIER further agrees to provide approved containers for trash and recycling and to keep the Leased Premises free and clear of rubbish and litter. The Airport Director shall have the right to enter upon and inspect the CARRIER's Leased Premises and other Airport facilities at any time for cleanliness, safety, and maintenance inspections as set out herein. The Airport Director shall attempt to provide reasonable notice prior to entering the Leased Premises.

The CARRIER shall designate in writing to the Airport Director an on-site representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness, and general order.

If the CARRIER fails to maintain or make repairs or replacements as required herein, the Airport Director shall notify or attempt to notify the CARRIER in writing of said failure. Should the CARRIER fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the CARRIER. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the CARRIER within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

If the CARRIER fails to maintain or make repairs or replacements, including removal of all its GSE and/or any CARRIER materials at its loading and unloading operations at the end of its approved hours of operation as required herein, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the CARRIER. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the CARRIER within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

The CARRIER expressly waives any and all claims against the COUNTY for compensation for any and all loss or damage to the CARRIER's property sustained by reason of any defect, deficiency, or impairment of any water supply system, drainage or sewer system, gas supply

system, telephone system, electrical supply system or electrical apparatus or wires serving the Leased Premises, except to the extent caused by the COUNTY's negligence or willful misconduct.

SECTION 5.08 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON

The COUNTY reserves the right to regulate, by the adoption of an ordinance, rules, or other means, adopted consistent with Section 5.03, the use of vehicles and automotive equipment upon, over, and across the apron and around the passenger terminal building. Vehicles and equipment used upon, over, and across the apron and around the passenger terminal building should be in good working order and free of leaks. In the event of an emergency not specifically provided for in said rules and regulations, the Airport Director shall have the power to take charge of the direction of such vehicle and automotive traffic in the area affected and regulate the same until the cause of such emergency has been removed. The existence of an emergency, other than an aircraft emergency, shall be determined by the Airport Director.

SECTION 5.09 AIRCRAFT PARKING

The CARRIER shall make arrangements with the Airport Director for each aircraft parking space that may be made available to the CARRIER subject to Section 4.01 in this LEASE.

If, in the judgment of the Airport Director, it becomes necessary to move the CARRIER's aircraft in order to ensure public safety and improve ramp area efficiency, or otherwise, then the CARRIER shall immediately move said aircraft to the location designated by the Airport Director.

Should any aircraft owned or operated by the CARRIER, through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the landing and field facilities at the Airport, the CARRIER shall:

A. Immediately remove said aircraft to such location as shall be designated by the Airport Director, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

B. In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by the Airport Director.

Should the CARRIER fail to remove said aircraft, or should aircraft owned or operated by the CARRIER be abandoned on the Airport, the COUNTY shall have the right to remove such aircraft by any means the Airport Director deems necessary under the circumstances, and the CARRIER shall keep and hold the COUNTY harmless from any and all costs, loss, liability, damage or

expense incurred by the COUNTY or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal as well as moving and storage costs therefor. The CARRIER agrees that the designation of any aircraft parking positions anywhere on the Airport, if any, made for the CARRIER's use is presently regulated by the Access Plan, and that nothing in this Section obligates the COUNTY to provide, make available, or consent to any aircraft parking spaces for the CARRIER's use. The CARRIER agrees that it may not independently make arrangements for aircraft parking space at the Airport without express written consent of the Airport Director, which may be withheld in their sole discretion.

SECTION 5.10 FUELING REQUIREMENTS

The CARRIER shall make separate arrangements with an approved on-Airport fuel provider for into-plane fueling on the Cargo Operations Area. A copy of the agreement entered into by the CARRIER shall be delivered to the Airport Director within ten (10) days of execution. No fueling at any other location on the Airport shall be permitted.

ARTICLE VI -ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

SECTION 6.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE

The CARRIER agrees that it shall abide with all applicable Hazardous Substances laws, rules and regulations, relating to Hazardous Substances including, but not limited to, 49 C.F.R. Parts 171 *et seq*. The CARRIER shall not cause any Hazardous Substances to be brought upon, kept, used, stored, generated, treated, managed or disposed of in, on or about or transferred to or from the Airport, except to the extent that such Hazardous Substances are (i) necessary for or useful to the CARRIER's business and (ii) used, kept and stored in a manner that complies with all applicable Environmental Laws, the Airport Rules and Regulations, and all other applicable laws.

The CARRIER shall comply with all applicable Environmental Laws and shall not engage in any activity on or about the Airport that violates any applicable Environmental Law. In conducting its operations and maintenance on the Airport under this LEASE, the CARRIER shall comply with such regulations regarding the storage, distribution, processing, handling and/or disposal, including the Stormwater discharge requirements, of Hazardous Substances including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

The CARRIER shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental agency having jurisdiction or any applicable Environmental Law for clean-up and removal of any contamination involving any Hazardous Substances caused by the CARRIER. In conducting a clean-up of a Hazardous Substance release under this LEASE, the CARRIER shall comply with applicable Environmental Laws. Hazardous waste generated by the

CARRIER or its contractors shall be disposed properly and under the CARRIER's EPA ID number.

The CARRIER shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Stormwater drainage system unless authorized by applicable Environmental Law and the Airport's Stormwater Discharge Permit. The CARRIER shall not allow or cause the entry of any Unauthorized Non Stormwater Discharge that is under its control into the Stormwater drainage system of the Airport or into the Stormwater drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the COUNTY for that purpose, and the CARRIER complies with recommendations made by the state and/or federal Environmental Protection Agency and the Airport's Stormwater Discharge Permit requirements. The CARRIER shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by any applicable Environmental Law.

The CARRIER shall provide all notices required pursuant to the SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986, CAL. HEALTH & SAF. CODE § 25249 *et seq*. The CARRIER shall provide prompt written notice to the COUNTY within three (3) days of receipt of all written notices of violation of any applicable Environmental Law received by the CARRIER.

SECTION 6.02 SPILL RESPONSE PLAN

CARRIERs and fueling companies are required to provide (separately or collectively) a Local Spill Response Action Plan to address specific spill response management. CARRIERs are encouraged to coordinate response efforts between the CARRIERs and fueling contractors. At a minimum, the plan should address the following:

a) Response team organization, members, and responsibilities;
b) Spill response procedures (including notifications);
c) Personnel training;
d) Personal protective equipment; and
e) Spill kit inventory and management

The CARRIER shall immediately notify the Airport Director and the AOC of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings. The CARRIER is responsible to mitigate such spills and perform any remediation necessary to satisfy the applicable federal, state, or local oversight agencies. If the COUNTY personnel, equipment, or third party services are needed to support mitigation, the COUNTY will be reimbursed by the CARRIER for labor, equipment, and third party costs for all services provided. In addition to reimbursing the COUNTY for the costs of all services provided

by third parties to mitigate such spills, the CARRIER shall pay to County administrative costs in the amount of one thousand dollars ($1,000) per incident. Said costs shall be paid by the CARRIER within fifteen (15) days of receipt of an invoice for costs from the COUNTY.

To the fullest extent authorized by law, the CARRIER shall be liable to the COUNTY for any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon the COUNTY due to the CARRIER's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to CARRIER's operation under this LEASE, including, but not limited to, the payment of any fines or penalties arising from any breach of security, fire, emergency, accident, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, Non-Stormwater Discharge, or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the CARRIER, its employees, subtenants, agents or suppliers related to CARRIER's operation under this LEASE.

SECTION 6.03 STORMWATER CONTROL AND CONTAMINATION

Federal regulations for Stormwater discharges were issued by the U.S. Environmental Protection Agency (U.S. EPA) (40 CFR Parts 122, 123, and 124). The U.S. EPA, through the NPDES permitting program, regulates discharges of potentially contaminated wastewater and Stormwater into waters of the United States. California has been delegated NPDES general permitting authority by the U.S. EPA. California's State Water Board has issued NPDES permits to regulate municipal, industrial, and construction Stormwater discharges under the NPDES permitting program.

Section 402(p) of the Clean Water Act (CWA) requires NPDES permits for Stormwater discharges from municipal separate storm sewer systems (MS4s). The County of Orange is the principal permittee for Orange County's MS4 Permit Order No. R8-2009-0030 (or currently effective permit) No. CAS 618030 (MS4 Permit). As a facility owned and operated by the County of Orange, the Airport implements requirements in the MS4 permit and is responsible for discharges into the system. One of the MS4 Permit requirements is to establish the legal authority to control discharges. The County's Water Quality Ordinance (OCCO Title 4, Division 13, Sections 4-13-10 et. seq.) regulates non-stormwater discharges into the MS4 to reduce the discharge of pollutants into the waters of the State. The CWA and the resulting MS4 permit require the County to take steps to reduce pollutants leaving its systems to the maximum extent practicable. The MS4 permit requires the County to develop and implement a Local Implementation Plan (LIP) describing the programs and procedures required by the MS4 permit. The Airport will enforce these stormwater requirements on municipal areas of the Airport

CARRIER shall not have prohibited discharge to the MS4 system or on-site storm drains. Some non-stormwater discharges (i.e., fire sprinkler tests) require additional permits with the Regional Water Quality Control Board (RWQCB). CARRIER is responsible for obtaining and

implementing monitoring requirements associated with any non-stormwater discharge permits. CARRIER shall notify COUNTY prior to any non-stormwater discharge.

In the furtherance of these regulations and Section 402 of the Clean Water Act (CWA), the State of California has adopted a General Permit for discharges of Stormwater associated with industrial activities: "State Water Resources Control Board (State Water Board) Water Quality Order No. 2014-0057-DWQ, NPDES General Permit No. CAS 000001 (Industrial General Permit or IGP)." JWA has applied for and received coverage to discharge Stormwater and authorized non-stormwater discharges pursuant to the general permit for industrial activities and is subject to the permit's requirements, conditions, and penalties. The permit requires the development and implementation of an effective Industrial Stormwater Pollution Prevention Plan (SWPPP) and Monitoring Implementation Plan (MIP). This plan is developed by COUNTY and covers CARRIER. The airside portion of JWA where industrial activities take place is covered by the IGP. Industrial activities include maintenance, fueling, equipment cleaning, storage areas, and material handling activities. CARRIER shall comply with applicable Stormwater discharge requirements and Best Management Practices for industrial facilities described in the SWPPP. COUNTY will provide the required annual training for CARRIER as part of the SWPPP training requirements. CARRIER shall have all personnel working within the airside portion of John Wayne Airport to attend annual training or CARRIER shall provide annual training to personnel using JWA-approved training materials.

SECTION 6.04 ENVIRONMENTAL STEWARDSHIP

CARRIER shall support the COUNTY's Environmental Compliance and Stewardship program through participation in various efforts or implementation of Airport plans. COUNTY shall provide CARRIER advance notice of any proposed changes to the following plans that may affect CARRIER operations:

A. Air Quality Improvement Plan (AQIP) and Memorandum of Understanding (MOU) with the South Coast Air Quality Management District
B. Climate Action Plan.
C. Waste Management Plan.
D. Stormwater Pollution Prevention Plan.
E. Green Concessions Program.

CARRIER shall implement and support the following environmental policies and provide reports and documents as required:

A. Adopt and adhere to the following GSE requirement: GSE associated with commercial operations shall achieve fleet average oxides of nitrogen (NOx) emission factor of 1.7 grams per brake horsepower per hour (g/bhp-hr)upon lease initiation through 2030 and 0.9 g/bhp-hr by January 1, 2031, respectively, as calculated in accordance with the Airport's AQIP and MOU with SCAQMD. Within 30 days of lease execution the CARRIER shall

develop and provide to JWA a GSE improvement plan to demonstrate how the GSE requirement will be met. Annually CARRIER shall provide GSE data as required by the MOU by March 30.

B. CARRIER has been provided a copy of the COUNTY's Environmentally Preferable Purchasing Policy (2022) and shall consider developing a similar policy that addresses the CARRIER's procurement of goods and services as applicable.
C. CARRIER shall affirm its commitment to Environmental Sustainability at the Airport. The Policy commitment shall be submitted to the JWA within 30 days of LEASE execution.
D. Upon request, CARRIER shall provide reports necessary for environmental compliance, regulatory requirements and airport mitigation measure obligations including but not limited to GSE data, fuel usage, spills, and business emergency plans.

Conservation: All CARRIER facilities and improvements shall meet the Airport's Tenant Design and Construction Guidelines, as may be amended from time to time. All improvements shall meet the California Green Building Code (Title 24) CALGreen Tier 1. In particular, the CARRIER shall implement the following conservation measures and policies as applicable:

A. Use equipment and appliances that are ENERGY STAR rated or equivalent and EPA Water Sense or equivalent, as applicable, when replacing existing equipment and appliances.
B. Use high-efficiency light fixtures and bulbs (including compact fluorescents) when replacing or installing new fixtures and bulbs.
C. Install sensors in office areas to turn off lights when unoccupied when these areas are being renovated or updated.
D. Install energy-efficient heating and cooling equipment when replacing or upgrading.
E. Use energy-efficient computers and servers when replacing this equipment.
F. Select equipment with variable-speed motors and fan drives when possible.
G. Use paperless receipt technology when possible.

Waste Minimization and Diversion: CARRIER is expected to meet all recycling and organics (food waste) reduction requirements to facilitate JWA's solid waste reduction program per the requirements of California Public Resources Code Section 42648. To the fullest extent possible, CARRIER shall cooperate with COUNTY to reduce and divert waste from landfills. CARRIER shall participate in COUNTY's waste diversion program, which may include waste reduction practices, including recycling, compostable containers (no Styrofoam), composting of food waste, and reuse/recycling of fats, oils, and grease.

SECTION 6.05 RESERVED

SECTION 6.06 ENVIRONMENTAL INDEMNIFICATION

To the fullest extent authorized by law, the AIRLINE shall indemnify, defend, and hold the COUNTY, its officers, and employees harmless from and against any and all applicable Environmental Law claims, judgments, damages, penalties, fines, costs, liabilities, losses, orders,

and lawsuits arising out of any actions or inaction by the AIRLINE, the AIRLINE's operations at the Airport or any action arising from and which involve the AIRLINE's officers, agents, subcontractors, and employees, including the cost of defense arising therefrom, including but not limited to the following:

(1) The AIRLINE'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 the AIRLINE's release of Hazardous Substances on the Airport since the time the AIRLINE first occupied the Airport.

(2) The AIRLINE's release of Hazardous Substances upon or within the Airport.

(3) The AIRLINE's violation of any applicable Environmental Law, except that the AIRLINE's obligations under this paragraph shall not extend to known and pre-existing conditions that are, as of the date of this LEASE, the subject of investigation and remediation by the COUNTY or others, or remediation conditions that arise from operations of third parties that are not affiliated with the AIRLINE that take place off of the Airport. For purposes of this provision, a party shall be deemed to be affiliated with the AIRLINE if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of the AIRLINE or if it is controlled by or under common control with the AIRLINE.

(4) The AIRLINE's causing or allowing any discharge into the Airport Drainage System that is prohibited by Section 7.01 of this LEASE.

This indemnification includes, without limitation, reasonable attorney's fees/costs and other costs incurred by the COUNTY in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental entity because of any Hazardous Substances being present in the soil or groundwater under the Airport. However, the AIRLINE'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 the COUNTY or its agents, servants or independent contractors who are directly responsible to the COUNTY.

In the event the indemnitees described hereinabove are named as defendants or respondents in any lawsuit or administrative proceeding, the AIRLINE shall, at the request of the COUNTY, represent the indemnitee with qualified counsel approved in writing by the COUNTY.

In the event that a monetary judgment is awarded against the COUNTY and the AIRLINE because of the concurrent negligence of the COUNTY and the AIRLINE or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Both the COUNTY and the AIRLINE agree that neither party shall request a jury apportionment. Nothing stated in this LEASE and in this indemnity obligation

shall be construed as authorizing any award of attorney's fees/costs in any action to enforce the terms of this LEASE.

The rights and obligations set forth in this indemnification shall survive the termination of this LEASE.

SECTION 6.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS

In the event that any of the terms of the environmental requirements codified in this Article conflict with any other terms of this LEASE, the environmental requirements contained in this Article shall apply.

SECTION 6.08 ANTI-IDLING POLICY

Within six months of LEASE execution, CARRIER must develop, implement, and submit to the Airport Director or designee for approval a fleet-wide anti-idling policy. At a minimum, the anti-idling policy shall include the requirement that vehicle engines shall be turned off when vehicles are not occupied and that occupied vehicles be turned off after no more than a five-minute idling period. CARRIER's policy shall also include all sublicensee and third-party vehicles that enter Airport property at the direction of the CARRIER.

ARTICLE VII - CONSTRUCTION AND IMPROVEMENTS

SECTION 7.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY

The COUNTY may alter, repair, maintain, remodel, expand, remove, or improve any of the facilities at the Airport or any of its appurtenances.

In addition, the COUNTY may reassign or relocate the CARRIER's Exclusive Use Area. The COUNTY shall provide the CARRIER advance notice of such action and shall make every reasonable effort to provide the CARRIER alternative space that is reasonably comparable to the CARRIER's operations at the same rates and charges that the CARRIER would have paid for the space being surrendered. In the event no alternative space is available, the CARRIER shall surrender its space promptly to the COUNTY, provided that the CARRIER shall be reimbursed for the reasonable cost of any such reassignment, reallocation, or relocation and the cost of the CARRIER's unamortized investment, if any, as documented by the CARRIER to the satisfaction of the COUNTY and mutually agreed to by the Airport Director and the CARRIER. All of such costs, as well as the COUNTY's cost of providing the aforementioned alternative space, shall be included in the cost of the particular project requiring such reassignment, reallocation, or relocation.

SECTION 7.02 IMPROVEMENTS BY THE CARRIER

The CARRIER shall not perform any construction upon the Leased Premises, nor shall the CARRIER modify, alter, or remove any permanent improvements lying within the Leased Premises without prior written approval of the COUNTY. Any construction, modifications, alterations, or removal of any permanent improvements by the CARRIER shall be at the CARRIER's expense.

A. **Consent Required From the COUNTY**. No structures, improvements, or facilities shall be constructed, erected, altered, removed, or made within the Leased Premises without prior written consent of the COUNTY, which consent may be withheld or conditioned at the COUNTY's discretion. Minor repairs, replacement, and maintenance proposed for the Leased Premises, the cost of which does not exceed one hundred twenty-five thousand dollars ($125,000) annually, shall be approved by the Airport Director. All other structures, improvements, facilities, repairs, replacement, removal, and maintenance items shall be approved by the Board of Supervisors.

B. **Compliance with Plans and Construction Standards**. All improvements constructed by the CARRIER within the Leased Premises shall be constructed in strict compliance with detailed plans and specifications approved by the Airport Director. All construction shall be conducted in a good and workmanlike manner and shall conform to applicable building codes, rules, regulations, and the Airport's architectural standards as contained in the reference document "John Wayne Airport, Architect and Engineer Guide," which can be provided by Airport upon request. All work shall be done in conformity with Airport-approved plans, valid building, and other necessary permits and shall be acceptable to the COUNTY and the appropriate governmental entity inspecting such work. The CARRIER shall be responsible for filing Form 7460 for any construction and/or height of construction equipment with the FAA if required.

All improvements constructed by the CARRIER, including the plans and specifications therefor, shall conform in all respects to the applicable statutes, ordinances, building codes, rules, and regulations of the COUNTY and such other governmental authority as may have jurisdiction. The Airport Director's approval shall not constitute a representation or warranty as to such conformity, which shall remain the CARRIER's responsibility. The CARRIER, at its own cost and expense, shall procure all permits necessary for such construction.

C. **Insurance Requirements**. The CARRIER shall obtain aviation commercial general liability insurance during construction. If the construction is done by an independent contractor, insurance shall be procured by the contractor in the name of the CARRIER and the COUNTY. All insurance shall be in the limits and coverages acceptable to the COUNTY's Risk Management Services.

D. **Noninterference**. The CARRIER warrants that it or its contractor shall in no way delay, cause delays to, or interfere with any Airport operations or other contractors working in the terminal or on the Airport, except with the prior written approval of the Airport director, as set out herein. The CARRIER agrees to hold the COUNTY harmless from the cost of any time lost by the COUNTY or any damages to the COUNTY due to the actions or failure to act of the CARRIER or its contractor.

E. **Trailers and Modular Structures**. All improvements constructed by the CARRIER shall be of a permanent nature. Trailers and modular buildings are prohibited on the Leased Premises. This provision shall not apply to the use of the COUNTY-approved temporary modular or trailers during construction. Upon completion of construction, all trailers or modulars must be immediately removed from the Leased Premises.

F. **The CARRIER's Cost and Expense**. All renovation or construction by the CARRIER pursuant to this Section shall be at the CARRIER's sole cost and expense. The CARRIER shall keep the Leased Premises and the improvements constructed thereon free and clear of all liens, and shall pay all costs for labor and material arising out of such construction, and shall hold the COUNTY harmless from any liability in respect thereto. The CARRIER shall have the right to contest any and all liens filed against its existing or future Leased Premises. The CARRIER further agrees that the COUNTY shall have the right to post notices of non-responsibility as provided by Sections 3094 and 3129 of the California Civil Code.

G. **Ownership of Improvements**. All improvements and facilities, exclusive of trade fixtures, constructed or placed within the Leased Premises by the CARRIER must, upon completion, be free and clear of all liens, claims, or liability for labor or material and at the COUNTY's option shall become the property of the COUNTY at the expiration of this LEASE or upon earlier termination hereof. The COUNTY retains the right to require the CARRIER, at the CARRIER's cost, to remove any or all improvements located within the Leased Premises at the expiration or termination hereof.

SECTION 7.03 CARRIER'S ASSURANCE OF CONSTRUCTION COMPLETION

Prior to commencement of construction of approved facilities, the CARRIER shall furnish to the COUNTY evidence that assures the COUNTY that sufficient monies will be available to the CARRIER and the COUNTY to complete the proposed construction. The amount of money available shall be at least the total estimated construction cost. Such evidence may take one of the following forms:

A. Completion Bond issued to the COUNTY as obligee.

B. Irrevocable letter of credit issued to the COUNTY that will remain in effect until the COUNTY acknowledges satisfactory completion of construction.

C. Any combination of the above.

All bonds and letters of credit must be issued by a surety company, financial institution or advising bank qualified and admitted conducting business in the State of California and issued in an approved form approved by the COUNTY. All bonds and letters of credit shall ensure faithful and full observance and performance by the CARRIER of all terms, conditions, covenants, and agreements relating to the construction of improvements within the Leased Premises.

It is not the intent of the contracting Parties herein to create a third-party beneficiary, and nothing in this Section shall be construed to do so.

SECTION 7.04 MECHANICS LIENS OR STOP-NOTICES

The CARRIER shall at all times indemnify and hold the COUNTY harmless from all Mechanics Liens, Stop-Notices, claims, losses, demands, damages, costs, expenses or liability costs for labor or materials in connection with construction, repair, alteration, or installation of structures, improvements, equipment, or facilities within the Leased Premises undertaken by the CARRIER, and from the cost of defending against such claims, including attorneys' fees and costs.

In the event a mechanics lien or stop-notice is imposed upon the Leased Premises, the CARRIER shall either:

A. Record a valid Release of Lien; or

B. Procure and record a bond in accordance with Section 8424 of the California Civil Code, which frees the Leased Premises from the claim of the lien or stop notice and from any action brought to foreclose the lien.

Should the CARRIER fail to accomplish either of the two optional actions above within fifteen (15) days after the filing of such a lien or stop notice, the LEASE shall be in default and shall be subject to immediate termination.

SECTION 7.05 RECORD DOCUMENTS, AS-BUILT DOCUMENTS AND CONSTRUCTION COSTS

Within sixty (60) days following the completion of any improvement within the Leased Premises, the CARRIER shall furnish the Airport Director a complete package of “As-Built Documents” and "Record Documents," which include but are not limited to construction documents, specifications, cost estimates, engineering studies, and calculations. The aforementioned information shall be submitted on two (2) thumb drives containing digital copies of the “As-Built Documents” and "Record Documents," organized in a detailed, logical, and comprehensible folder structure, which is in a form that is usable and accepted by the COUNTY, to the COUNTY's satisfaction, as described below, unless otherwise allowed by the Airport Director.

A. Drawings and Models:

1. All 2-D and 3-D architectural, engineering, design, and/or construction drawing and/or modeling files for the project shall be completed using AutoCAD 2019 and REVIT 2019 or a newer version of either software if approved by John Wayne Airport.
2. All geographic data, spatial analysis, geographic information system (GIS) mappings, drawings, exhibits, and/or figures for the project shall be completed using Environmental Systems Research Institute (ESRI) ArcGIS.
3. All 2-D and 3-D drawing and/or modeling files created via computer-aided design and drafting (CADD), building information modeling (BIM), and/or GIS for the project shall conform to the John Wayne Airport CADD/BIM/GIS standards and specifications.
4. In addition to the 2-D and 3-D drawing and/or modeling files indicated above, a PDF format (scaled to ARCH E1 format where applicable) of those drawings, exhibits, figures, etc. shall be generated and submitted digitally.

B. Documents and Reports:

1. All specifications, reports, and/or studies (e.g., geotechnical report, etc.), calculations, and other project information (e.g., construction submittals, operations, and maintenance (O&M) manuals, warranties, etc.) for the project shall be completed using MS Office suite applications and also generated and submitted digitally in a PDF format.

Note: "Record Documents," e.g., record drawings, specifications, calculations, etc., shall be prepared, stamped, and signed by the Architect and/or Engineer of Record for the project and shall reflect all updates and/or modifications that were approved during design and construction, i.e., separate from the as-built documents, which include contractor redlines, contract changes, etc. Refer to the "John Wayne Airport Construction Standards" for additional information.

In addition, two (2) sets of hard prints of the stamped and signed record drawings for the project, as described above, must be furnished by the CARRIER with the thumb drives containing the "As-Built Documents" and "Record Documents." Basic specifications, standards, and requirements for BIM, CAD, and/or GIS produced information at the Airport can be located on the www.ocair.com website or provided by the Airport upon request.

Furthermore, the CARRIER shall furnish the Airport Director with an itemized statement of the actual, direct construction costs of such improvement. The construction costs may include actual, direct fees paid to contractors, architects, engineers, surveyors, laborers, and suppliers or permit fees required by governmental agencies to allow construction. Construction costs shall not include indirect costs such as financing costs, holding costs, legal fees, interest, administrative and

overhead expenses, bond premiums, or developer fees. The statement of cost shall be sworn to and signed by the CARRIER or its responsible agent under penalty of perjury. The CARRIER must obtain the Airport Director's approval of acceptance of the "As-Built Documents" and "Record Documents" and the form and content of the itemized statement.

SECTION 7.06 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS

The CARRIER shall be responsible for any damage caused by the CARRIER, or the CARRIER's aircraft, equipment, employees, agents, visitors, or suppliers, to common use areas of the Terminal or Airport facilities, including but not limited to runways, taxiways, access roads, navigational aids, apron areas and loading bridges. Should such damage require immediate repairs or replacement, and the CARRIER is unable to respond immediately to complete said repairs or replacement, the Airport Director may cause to be made or make any necessary repairs or replacements, and the cost thereof shall be paid by the CARRIER. Said cost shall include all labor, materials, equipment costs, and an administrative fee equal to fifteen percent (15%) of the sum of those items. Said cost shall be paid by the CARRIER within fifteen (15) days of receipt of an invoice for costs from the Airport Director.

In the event of damage to or destruction of the CARRIER-owned or constructed buildings, facilities, or improvements located within the Leased Premises or in the event the CARRIER-owned or constructed buildings, facilities, or improvements located within the Leased Premises are declared unsafe or unfit for use or occupancy by the COUNTY or any other public entity with jurisdiction to make and enforce such a declaration, the CARRIER shall, within thirty (30) days, commence and diligently pursue completion of the repair, replacement or reconstruction of improvements to the same size and floor area as they existed immediately prior to the event causing the damage or destruction, as necessary to permit full use and occupancy of the Leased Premises for the purposes required by the LEASE. Repair, replacement, or reconstruction or improvements within the Leased Premises shall be accomplished in a manner and according to plans approved by the Airport Director. Except as otherwise provided herein, termination of this LEASE shall not reduce or nullify the CARRIER's obligation under this paragraph. With respect to damage or destruction to be repaired by the COUNTY or which the COUNTY elects to repair, the CARRIER waives and releases its rights under California Civil Code Sections 1932(2) and 1933(4).

SECTION 7.07 HEALTH AND SAFETY

The CARRIER shall comply with all applicable California Occupational Safety & Health Administration (Cal/OSHA) requirements and all federal, state, or local safety orders. The CARRIER shall post on the Lease Premises and at all construction sites a copy of "Construction Safety Orders" and "General Industry Safety Orders" issued by the California State Division of Industrial Safety.

The CARRIER shall, within thirty (30) days after the execution of this LEASE, submit to the COUNTY a comprehensive Safety Plan outlining the code of safe work practices and

procedures. The plan must include emergency response procedures, notification procedures, and personnel training procedures. The CARRIER shall convene safety meetings at regularly scheduled times as described in its Safety Plan and as required by Cal/OSHA. The CARRIER and/or the CARRIER's contractor shall submit, prior to the start of any tenant improvements, the CARRIER or CARRIER's contractor required Cal/OSHA Safety Plan for approval by the Airport.

The CARRIER shall submit to the COUNTY an annual report detailing the status of all permits required and issued to the CARRIER by Cal/OSHA or any other federal, state, or local government agency. Said report shall be due on or before January 31 of each calendar year.

ARTICLE VIII - ACCOMMODATION

SECTION 8.01 JOINT USE REQUIREMENT

The CARRIER and/or other CARRIERS may be provided the opportunity by the COUNTY to initiate or expand service at the Airport and may have a need or requirement for certain types of Airport space and facilities. Such initiation or expansion of service may be reasonably implemented by the Airport Director based upon provisions of the Access Plan.

The CARRIER agrees to make every reasonable effort to offer to any CARRIER initiating service at the Airport the opportunity to share use of its Exclusive Use Area. In determining whether the use of another incoming CARRIER initiating service at the Airport is reasonable and possible, the CARRIER will have the right to consider the compatibility of the proposed operations of those with whom the CARRIER has subleases or handling arrangements, the CARRIER's existing and future flight schedules, the need for labor cooperation, the adverse competitive impacts resulting from the presence of the other aircraft operator on the CARRIER's Leases Premises and the availability of other such space at the Airport. Should the CARRIER deny another CARRIER initiating service at the Airport the opportunity to use the CARRIER's Leased Premises, the COUNTY may review the CARRIER's space usage, and should it reasonably determine, considering all the factors noted herein (including the CARRIER's reasons for such refusal), that the CARRIER unreasonably refused usage by such other CARRIER, it may require the CARRIER to permit the other CARRIER to use the CARRIER's Leased Premises, subject to the initiating CARRIER executing an agreement with the CARRIER acceptable to the COUNTY that complies with the material terms and conditions of this LEASE, including the indemnification and insurance provisions.

The CARRIER shall, by separate agreement with such all-cargo air service CARRIERS as the COUNTY may designate, or by other arrangement as provided by the Airport Director, provide space and/or services within Leased Premises to accommodate said CARRIERS operation. Any said agreement for joint use shall be subject to the Airport Director's approval and subject to the terms and conditions of this LEASE. The CARRIER agrees that in the event, it subleases its Leased Premises to another the CARRIER, any sublease rental rate shall be calculated on a per square-foot basis.

Sublease per square foot rental rates for sublet space shall reflect a reasonable pro-rata allocation of the CARRIER's actual and direct costs related to said space and shall be based upon the following factors:

A. The square foot per annum rental rate currently paid by the CARRIER to the COUNTY for space to be sublet; and

B. A reasonable square foot charge to compensate the CARRIER for the pro-rata costs per square foot applicable to the CARRIER improvement costs, maintenance costs, and a reasonable administrative fee.

The annual sublease rental rate shall not exceed two times the square foot per annum rental rate currently paid by the CARRIER to the COUNTY unless the CARRIER can demonstrate to the satisfaction of the Airport Director that its costs for the subleased premises, exclusive of the administrative fee, justify a higher rate.

ARTICLE IX - ASSIGNMENT AND SUBLEASE

SECTION 9.01 ASSIGNING, SUBLETTING, AND TRANSFERRING

The provisions of this Section are subject to and subordinate to the limitations of Section 5.04 of this LEASE.

A. **Transfers**. The CARRIER shall not transfer, assign, sublet, or hypothecate (hereinafter referred to as "Transfer") any interest of the CARRIER in the Leased Premises without the prior written approval of the COUNTY. The CARRIER shall give the COUNTY thirty (30) days prior written notice of all proposed Transfers. The CARRIER shall not make any such Transfers for a period longer than the remaining term of the LEASE.

If the COUNTY approves such Transfers, such approval does not constitute a waiver of any of the terms of the LEASE. All Transfer documents shall be consistent with the terms, covenants, and conditions of the LEASE, and in the event of any inconsistency, the provisions of this LEASE shall govern.

If the CARRIER is a corporation, an unincorporated association, or a partnership, Transfers include the acquisition by any person other than the CARRIER of any stock or interest in said corporation, unincorporated association, or partnership in the aggregate amount of fifty-one percent (51%) or more.

The failure by the CARRIER to obtain the prior written approval by the COUNTY of any Transfer of the LEASE or any interest in the Leased Premises shall constitute a material breach of this LEASE and shall not confer any leasehold rights upon the transferee. Such

failure shall be grounds for termination of this LEASE for default pursuant to Section 10.02.

B. **Conditions of the COUNTY Approval**. The COUNTY agrees that it will not arbitrarily withhold consent to any Transfer, but the COUNTY may withhold consent at its sole discretion if any of the following conditions exist:

(1) The CARRIER, its successors, or assigns are in default of any term, covenant, or condition of this LEASE, whether notice of default has or has not been given by the COUNTY.

(2) The prospective subtenant, assignee, or transferee has not agreed in writing to keep, perform, and be bound by all the terms, covenants, and conditions of this LEASE.

(3) The prospective subtenant, assignee, or transferee is not financially capable or not experienced in performing the LEASE obligations, as determined by the Airport Director.

(4) Subtenant's use is in conflict with the terms of this LEASE.

(5) All the terms, covenants, and conditions of Transfer, including the consideration, therefore, of any and every kind, have not been revealed in writing to the Airport Director.

(6) Any construction required of the CARRIER as a condition of this LEASE has not been completed to the satisfaction of the COUNTY.

(7) The CARRIER has not provided the Airport Director with a copy of all documents relating to the Transfer, including, but not limited to, appraisals, notes, trust deeds, title reports, escrow instructions, *etc*.

(8) The CARRIER attempts to hypothecate the leasehold for an amount greater than the cost of new improvements to be constructed on the Leased Premises. Hypothecation of the leasehold shall not be permitted for any reason other than to obtain Loan Proceeds necessary to construct new improvements on the Leased Premises.

C. **Affiliate Transactions**. The COUNTY has adopted in the Access Plan policies and regulations regarding transactions and aircraft operations at the Airport involving affiliations of commercial CARRIERs operating, or desiring to operate, at the Airport ("the affiliate policy"). The CARRIER acknowledges that the COUNTY considers the affiliate policy to be an important and significant policy in support of the COUNTY's regulation of the Airport.

The CARRIER acknowledges that there is a rational basis for this policy under the operational and historical circumstances affecting the Airport, that under such circumstances this policy maintains appropriate equity between the rights and privileges of competing commercial operators using the Airport, and that the affiliate policy does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The CARRIER agrees to comply fully and completely with the affiliate policy and all related regulations that appear in the Access Plan and or this LEASE.

Any affiliate transaction described and defined in the Access Plan, and any affiliate transaction between the CARRIER and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, shall constitute a Transfer within the meaning of Paragraph A, above. In the event an affiliate transaction involving the CARRIER is initiated, then not later than the time when the affiliate transaction is publicly announced:

(1) The CARRIER shall notify the Airport Director of the fact of the initiation of the affiliate transaction.

(2) If the affiliate transaction is initiated by the CARRIER, the CARRIER shall promptly provide to the Airport Director copies of all agreements, or written offers or proposals, made with respect to the transaction, and copies of all documents filed with federal authorities with respect to the transaction. If the affiliate transaction is initiated by some other person in respect of the CARRIER, the CARRIER shall promptly and continuously provide such documentation or other information regarding the transaction as may be available to the CARRIER.

(3) In addition to all other obligations of the CARRIER, if the affiliate transaction involves the CARRIER and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, the CARRIER shall promptly arrange to negotiate with the Airport Director regarding the terms and conditions upon which the Director would recommend consent by the Board of Supervisors to a Transfer of this LEASE, or Transfer of the written agreement(s) between the other person or entity involved in the affiliate transaction and the COUNTY.

Notwithstanding any other provision of this LEASE, the LEASE may be terminated by the COUNTY on thirty (30) days' notice to the CARRIER without further obligation of the COUNTY, and without any liability of the COUNTY to the CARRIER whatsoever, if:

(1) The CARRIER fails to comply with Paragraph C of this Section; or if

(2) The Airport Director fails to make a favorable recommendation to the Board of Supervisors regarding the Transfer within sixty (60) days after initiation and public announcement of the affiliate transaction, which contains terms and conditions agreed to by the CARRIER and its affiliate(s); or if

(3) The Board of Supervisors fails to consent to the Transfer on terms and conditions which have been accepted by the CARRIER within thirty (30) days after receipt of the recommendations of the Airport Director.

D. **Bankruptcy Transaction**. If the CARRIER assumes this LEASE or proposes to assign the same pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, then notice of such proposed assignment shall be given to the COUNTY. The following information shall be provided to the COUNTY:

(1) The name and address of the proposed assignee;

(2) All of the terms and conditions of such offer; and

(3) Adequate assurance to the COUNTY of the proposed assignee's future performance under the LEASE, including, without limitation, the assurance referred to in the U.S. BANKRUPTCY CODE, 11 U.S.C. §365(b)(3).

Any person or entity to which this LEASE is assigned pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, shall be deemed without further act or deed to have assumed all of the obligations arising under this LEASE on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to the COUNTY an instrument confirming such assumption.

E. **Non-Transferable Privileges**. Aircraft operations and ADDs authorized by Section 5.05 in this LEASE and the Access Plan are not property interests of the CARRIER and are non-transferable in any form, and as such, are not subject to sale, assignment, hypothecation, and transfer by the CARRIER under the terms of this Section. Any such attempted hypothecation, assignment, encumbrance, sale, or other such attempted transfer of operations, privileges, or ADDs is in violation of the public policy of the COUNTY and shall be void and shall constitute a breach and default of this LEASE.

SECTION 9.02 SUCCESSORS IN INTEREST

Unless otherwise provided in this LEASE, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all Parties hereto, all of whom shall be jointly and severally liable hereunder.

ARTICLE X - TERMINATION AND DEFAULT

SECTION 10.01 TERMINATION OF PRIOR AGREEMENTS

It is mutually agreed that this LEASE shall terminate and supersede any prior leases or agreements between the Parties hereto for the purpose of commercial air transportation and all related activities of the CARRIER at the Airport.

SECTION 10.02 TERMINATION FOR DEFAULT

The COUNTY may terminate this LEASE and all of its obligations hereunder with prior written notice to the CARRIER and may exercise all rights of entry for default and breach if the CARRIER fails to perform any of its obligations under this LEASE, including, but not limited to:

A. Payment of rents, fees, and charges;

B. A general assignment for the benefit of creditors and any Transfer without the prior written approval by the COUNTY;

C. The issuance of any execution or attachment against the CARRIER at the Airport that is undischarged within sixty (60) days of levy or seizure or if the Leased Premises are occupied by someone other than the CARRIER;

D. The voluntary vacation or abandonment by the CARRIER of the conduct of air transportation business at the Airport;

E. The violation by the CARRIER of any of the terms of any insurance policy referred to in the LEASE;

F. If the CARRIER is found by the FAA, TSA, other government regulatory or successor agency to have violated specified safety standards in the conduct of the CARRIER's business;

G. The violation or breach of any provision of the Access Plan;

H. The violation of any written directions of the Airport Director;

I. The appointment of a receiver to take possession of all, or substantially all, the assets of the CARRIER located at the Leased Premises or of the CARRIER's leasehold interest in the Leased Premises.

Where applicable, and unless otherwise stated in this LEASE, or by written notice, the CARRIER shall have fifteen (15) calendar days to cure any default prior to termination of this LEASE or such

longer period as may be reasonably necessary to cure such default considering the nature thereof, at the Airport Director's discretion.

SECTION 10.03 CONDITION OF LEASED PREMISES UPON TERMINATION

Except as otherwise agreed to herein, upon termination of this LEASE, the CARRIER shall redeliver possession of said Leased Premises to the COUNTY in substantially the same condition that existed immediately prior to the CARRIER's entry thereon, reasonable wear and tear, flood, earthquakes, war and any act of war, excepted. References to the termination of the LEASE in this LEASE shall include termination by reason of expiration.

SECTION 10.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY

If the CARRIER abandons or quits the Leased Premises or is dispossessed thereof by process of law or otherwise, title to any personal property belonging to the CARRIER and left on the Leased Premises fifteen (15) days after such event shall be deemed to have been transferred to the COUNTY. The COUNTY shall have the right to remove and to dispose of such property without liability therefor to the CARRIER or to any person claiming under the CARRIER and shall have no need to account therefor. Personal property left on the Leased Premises after termination, expiration, or abandonment of the LEASE shall not be construed as giving the CARRIER possession of the Leased Premises during the fifteen (15) days after termination, expiration, or abandonment of the LEASE.

SECTION 10.05 THE COUNTY'S RIGHT TO RE-ENTER

The CARRIER agrees to yield and peaceably deliver possession of the Leased Premises to the COUNTY on the date of termination of this LEASE, whatsoever the reason for such termination.

Upon giving written notice of termination to the CARRIER, the COUNTY shall have the right to re-enter and take possession of the Leased Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the LEASE and re-entry of the Leased Premises by the COUNTY shall in no way alter or diminish any obligation of the CARRIER under the LEASE terms and shall not constitute an acceptance or surrender.

The CARRIER waives any and all rights of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Leased Premises for any lawful reason or in the event the COUNTY re-enters and takes possession of the Leased Premises in a lawful manner.



ARTICLE XI - SECURITY

SECTION 11.01 AIRPORT SECURITY

The CARRIER shall comply with all current and applicable Airport, FAA, TSA, CBP, security-related rules, regulations, plans, and procedures. The CARRIER is responsible for fines imposed by any regulatory agency as a result of the CARRIER's failure to comply with applicable rules, regulations, orders, plans, and procedures regarding airport security.

The CARRIER employees, subtenants/contractors shall be required to obtain airport security clearance in order to perform work at the Airport under this LEASE. The CARRIER must maintain a current, updated list of Authorized Signatories responsible for the Airport-Issued Identification Credential ("Airport ID/Security Credential") process, a list of current Airport ID/Security Credentialed CARRIER employees and subtenants/contractors and respond to scheduled and unscheduled audits at the request of the Airport. The CARRIER employees and subtenants/contractors applying for an Airport ID/Security Credential must successfully complete a Criminal History Records Check ("CHRC") and a Security Threat Assessment ("STA") in accordance with current regulations. The CARRIER employees and subtenants/contractors must also attend and successfully pass all related Security Identification Display Area ("SIDA") classes and tests for access to secure areas and a driver's permit with an appropriate and valid California Driver's License to drive on the airfield. The CARRIER must attend all mandatory security-related exercises, and monthly security consortium meetings hosted by the Airport.

A. **Local Security**. The CARRIER shall be responsible for the security of gates or doors that are located on the Leased Premises. Said gates and/or doors on the Leased Premises permitting entry to the restricted areas of the Airport shall be locked when not in use and/or under the CARRIER's constant surveillance. The CARRIER shall install such security equipment, including, but not limited to, video monitoring equipment, as may be required by the Airport Director to ensure compliance with all regulations of the FAA, TSA, or other governmental agencies having jurisdiction over Airport security. The CARRIER shall exercise control over any person or vehicle escorted by the CARRIER onto restricted or secure areas of the Airport or to whom an Airport ID/Security Credential was issued by or at the request of the CARRIER and ensure that such person or vehicle shall comply with all Airport security regulations.

B. **Federal Security**. As of the date of this LEASE, the TSA provides for all passenger and baggage screening conducted at the Airport. The CARRIER may be required to provide assistance to TSA in its efforts to carry out its federal mandates. At some point during the term of this LEASE, the Airport or another entity may be authorized to provide these security services in lieu of the TSA.

C. **Penalties and Fines.** The CARRIER shall promptly pay any penalties for which the CARRIER is responsible. These penalties include, but are not limited to, civil penalties or

fines assessed against the Airport or the CARRIER by the FAA, TSA, or any other governmental agency for the violation of any security-related laws, rules, policies, or regulations at the Airport.

D. **Airport ID/Security Credential Application and Lifecycle.** Prior to issuance of an Airport ID/Security Credential(s), designated CARRIER personnel who will be working onsite and engaged in the performance of work under this LEASE must pass Airport's background check requirements, which includes an F.B.I. Criminal History Records Check ("CHRC") and a TSA Security Threat Assessment ("STA") and shall pay applicable fees. Upon successful completion of the background checks, CARRIER-designated personnel will be required to attend a SIDA class and pass a written test. Those personnel who may be permitted by the Airport to drive on the Airport Operations Area ("AOA") perimeter road must also complete a Driver's Training class and written test. Airport ID/Security Credentials are not issued until designated CARRIER personnel have: 1) completed appropriate application forms and submitted proof of identity and employment eligibility, 2) passed both background checks, 3) completed and passed appropriate training, and 4) paid an Airport ID/Security credential fee for each applicant. The CARRIER should anticipate a minimum of fourteen (14) business days to complete the Airport ID/Security Credential process if all requirements listed above are fulfilled by individual Airport ID/Security Credential applicants in a timely manner but factors outside the Airport's control can contribute to longer durations. If an applicant is applying for a USCBP Seal due to their operational need to work international air service operations, this process may take longer. Authorized Signatories must be in constant contact with the Airport's ID/Access Control Office. The CARRIER's designated personnel must successfully complete the Airport ID/Security Credential acquisition process unless other arrangements have been approved by the Airport. The CARRIER shall be responsible for all applicable fees and costs associated with the background checks and badging process. The amount of such fees is subject to change without notice.

E. **Airport ID/Security Credential Applicant Requirements and Responsibilities.** The Airport Security Plan (ASP) requires that each person issued an Airport ID/Security Credential be made aware of their responsibilities regarding the privilege of access to restricted areas of the Airport.

The CARRIER and all CARRIER personnel within an access-controlled area (AOA, SIDA, secured area, or sterile area) are required to display on their person an Airport ID/Security Credential unless they are escorted by a properly Airport-credentialed individual with escort privileges. When working in a secure area, each Airport-credentialed person is responsible for challenging any individual who is not properly displaying an Airport-issued or approved and valid Airport ID/Security Credential. CARRIER personnel and their subtenants/contractors must also validate Airport ID/Security Credential employees as described in security training. Any person who is not properly displaying or who cannot produce a valid Airport ID/Security Credential, unless

they are being escorted, must immediately be referred to the Sheriff's Department – Airport Police Services Office for proper handling.

The Airport ID/Security Credential is the property of the County of Orange and must be returned upon termination of the CARRIER personnel employment and/or termination of the LEASE. The loss of an Airport ID/Security Credential shall be reported within 24 hours to the Sheriff's Department–Airport Police Services by calling (949) 252-5000. The CARRIER or CARRIER personnel who lose their Airport ID/Security Credential shall be required to pay a fee before receiving a replacement Airport ID/Security Credential. The charge for lost Airport ID/Security Credential replacement will be posted in the Airport Administration Office and is subject to change without notice. A report shall be made before a replacement Airport ID/Security Credential will be issued.

The Airport ID/Security Credential is nontransferable.

In the event that the CARRIER's Airport ID/Security Credential is not returned within three (3) business days to the Airport upon: 1) termination of the CARRIER personnel or contracted personnel, 2) Airport ID badge expiration, or 3) upon termination of the LEASE, the CARRIER shall be liable to the County of Orange for a fine in the amount of $250.00 per unreturned Airport ID/Security Credential. The amount of the fine is subject to change without notice. The CARRIER's Security Deposit may be applied to cover the cost of the fine.

ARTICLE XII - INSURANCE AND INDEMNITY

SECTION 12.01 INSURANCE

The CARRIER agrees to carry all required insurance at the CARRIER's expense and provide to the COUNTY current Certificates of Insurance, including all endorsements required herein, necessary to satisfy the COUNTY that the insurance provisions of this LEASE have been complied with. CARRIER shall keep such insurance coverage current, provide Certificates of Insurance, and endorsements to the COUNTY during the entire term of this LEASE.

The CARRIER agrees that the CARRIER shall not operate on the Airport Premises at any time the required insurance is not in full force and effect as evidenced by a Certificate of Insurance and necessary endorsements or, in the interim, an official binder being in the possession of Airport Director. In no cases shall assurances by the CARRIER, its employees, agents, including any insurance agent be construed as adequate evidence of insurance. Airport Director will only accept valid Certificates of Insurance and endorsements, or in the interim, insurance binder as adequate evidence of insurance. The CARRIER also agrees that upon cancellation, termination, or expiration of the CARRIER's insurance, the COUNTY may take whatever steps are necessary to interrupt any operation from or on the Airport Premises until such time as the Airport Director reinstates the LEASE.

If the CARRIER fails to provide Airport Director with a valid Certificate of Insurance and endorsements, or binder at any time during the term of the LEASE, the COUNTY and the CARRIER agree that this shall constitute a material breach of the LEASE. Whether or not a notice of default has or has not been sent to the CARRIER, said material breach shall permit the COUNTY to take whatever steps necessary to interrupt any operation from or on the Airport and to prevent any persons, including, but not limited to, members of the general public, and the CARRIER's employees and agents, from entering the Premises until such time as Airport Director is provided with adequate evidence of insurance required herein. The CARRIER further agrees to hold the COUNTY harmless for any damages resulting from such interruption of business and possession, including, but not limited to, damages resulting from any loss of income or business resulting from the COUNTY's action.

The CARRIER may occupy the Airport Premises only upon providing to COUNTY the required insurance stated herein and maintain such insurance for the entire term of this LEASE. COUNTY reserves the right to terminate this LEASE at any time the CARRIER's insurance is canceled or terminated and not reinstated within ten (10) days of said cancellation or termination. CARRIER shall pay COUNTY a fee of $300.00 for processing the reinstatement of the LEASE. CARRIER shall provide to COUNTY immediate notice of said insurance cancellation or termination.

All contractors performing work on behalf of the CARRIER pursuant to this LEASE shall obtain insurance subject to the same terms and conditions as set forth herein for the CARRIER, excluding General Aviation Liability. All contractors performing work on behalf of the CARRIER pursuant to this LEASE shall obtain insurance subject to the following required minimum limits: Commercial General Liability $1,000,000 per occurrence with a $2,000,000 aggregate; Commercial Auto Liability $1,000,000 combined single limit each accident for air operations area; and, $5,000,000 combined single limit each accident for air operations area (AOA). Pollution Liability will be required when hazardous materials or waste are involved with limits $1,000,000 per claims made or occurrence. The CARRIER shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by the COUNTY from the CARRIER under this LEASE. It is the obligation of the CARRIER to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Airport Premises. Such proof of insurance must be maintained by the CARRIER through the entirety of this LEASE and be available for inspection by a COUNTY representative at any reasonable time.

1) All self-insured retentions (SIR)'s shall be clearly stated on the Certificate of Insurance. Any SIR in excess of Fifty Thousand Dollars $50,000 shall specifically be approved by the County's Risk Manager, or designee. The County reserves the right to require current audited financial reports from CARRIER. If CARRIER is self-insured, CARRIER's will indemnify and defend County for any and all claims resulting or arising from CARRIER's

use of the premises, services, or other performance in accordance with the indemnity provision stated in this LEASE.

If CARRIER fails to maintain insurance acceptable to the COUNTY for the full term of this LEASE, the COUNTY may terminate this LEASE.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the Best's Key Rating Guide/Property-Casualty/United States or ambest.com).

If the insurance carrier does not have an A.M. Best Rating of A-/VIII, CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the CARRIER shall provide the minimum limits and coverage as set forth below:

Coverages	**Minimum Limits**
Aviation Commercial General Liability (Including but not limited to General Liability, Passenger Legal Liability, Personal Injury, Contractual Liability, War/Extended Perils Liability, Premises, Products and Completed Operations, Ground Hangarkeepers, and liability for vehicles and mobile equipment operated on restricted airport premises.)	$250,000,000 per occurrence $250,000,000 aggregate
Workers' Compensation	Statutory
Employers' Liability Insurance	$1,000,000 per accident or disease
Pollution Liability Insurance	$1,000,000 per claims-made or per occurrence
Commercial Property Insurance on an “All Risk” or “Special Causes of Loss” basis covering all contents and any tenant improvements, including	100% of the Replacement Cost Value and no coinsurance provision

Coverages	Minimum Limits
Business Interruption/Loss of Rents with a 12-month limit	

Increased insurance limits may be satisfied with Excess/Umbrella policies. Excess/Umbrella policies when required must provide Follow Form coverage.

Required Endorsements

The Aviation Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees, and agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the CARRIER's insurance is primary, and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

The Pollution Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the CARRIER's insurance is primary, and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

Pollution Liability insurance must include coverage for bodily injury and property damage, including coverage for loss of use and/or diminution in property value, and for clean-up costs arising out of, pertaining to, or in any way related to the actual or alleged discharge, dispersal, seepage, migration, release or escape of contaminants or pollutants resulting from any services or work performed by, or behalf of, Lessee, including the transportation of hazardous waste, hazardous materials, or contaminants.

If Lessee's Pollution Liability policy is a claims-made policy, Lessee shall agree to the following:

1) The retroactive date must be shown and must be before the date of the contract or the beginning of the LEASE.

2) Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after expiration or earlier termination of LEASE.

3) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the contract services, Lessee must purchase an extended reporting period for a minimum of three (3) years after expiration of earlier termination of the LEASE.

The Workers' Compensation policy shall contain a Waiver of Subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents, and employees. Blanket coverage may also be provided, which will state **– As Required by Written Agreement.**

All insurance policies required by this LEASE shall waive all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents, and employees when acting within the scope of their appointment or employment.

The Commercial Property policy shall contain a Loss Payee endorsement naming the County of Orange as respects the COUNTY's financial interest when applicable.

Insurance certificates should be forwarded to the COUNTY address provided in the Clause (NOTICES) below or to an address provided by Airport Director. The CARRIER has ten (10) business days to provide adequate evidence of insurance, or this LEASE may be cancelled.

The COUNTY expressly retains the right to require the CARRIER to increase or decrease insurance of any of the above insurance types throughout the term of this LEASE. Any increase or decrease in insurance will be deemed by the COUNTY Risk Manager as appropriate to protect adequately the COUNTY.

The COUNTY shall notify the CARRIER in writing of changes in the insurance requirements. If the CARRIER does not deposit copies of acceptable certificates of insurance and endorsements with the COUNTY incorporating such changes within thirty (30) days of receipt of such notice, this LEASE may be in breach without further notice to the CARRIER, and the COUNTY shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit the CARRIER's liability hereunder nor to fulfill the indemnification provisions and requirements of this LEASE, nor in any way to reduce the policy coverage and limits available from the insurer.

SECTION 12.02 INDEMNITY

The CARRIER agrees to indemnify, defend with counsel approved in writing by the COUNTY, and hold the COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies which the COUNTY'S Board of Supervisors acts as the governing

Board ("COUNTY INDEMNITEES") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by the CARRIER pursuant to this LEASE. If a judgment is entered against the CARRIER and the COUNTY by a court of competent jurisdiction because of the concurrent active negligence of the COUNTY or the COUNTY INDEMNITEES, the CARRIER, and the COUNTY agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

ARTICLE XIII - FEDERAL GRANT ASSURANCES AND REQUIREMENTS

SECTION 13.01 CIVIL RIGHTS AND NONDISCRIMINATION

A. In all its activities within the scope of its airport program, CARRIER 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 (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance

If CARRIER transfers its obligation to another, the transferee is obligated in the same manner as CARRIER.

B. During the performance of this LEASE, CARRIER, for itself, its assignees, and successors in interest, agrees as follows::

1) **Compliance with Regulations:** CARRIER 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 LEASE.

2) **Nondiscrimination:** CARRIER, with regard to the work performed by it during the LEASE, will not discriminate on the grounds of race, color, or national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The CARRIER 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.

3) **Solicitations for Subcontracts, including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding or negotiation made by CARRIER for work to be performed under a subcontract, including procurement

of materials or leases of equipment, each potential subcontractor or supplier will be notified by CARRIER of the CARRIER's obligations under this LEASE and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.

4) **Information and Reports:** CARRIER 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 COUNTY or the FAA to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, CARRIER will so certify to the COUNTY or the FAA, as appropriate, and will set forth what efforts it has made to obtain this information.

5) **Sanctions for Noncompliance:** In the event of the CARRIER's noncompliance with the non-discrimination provisions of this LEASE, the COUNTY will impose such sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

a. Withholding payments under the LEASE until the CARRIER complies, and/or

b. cancelling, terminating, or suspending the LEASE, in whole or in part.

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

C. CARRIER, for itself, 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 Leased Premises for a purpose for which an FAA activity, facility, or program is extended or for another purpose involving the provision of similar services or

benefits, CARRIER 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 said facilities.

2) 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.

3) In the construction of any improvements on, over, or under the Leased Premises 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.

4) CARRIER will use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title VI List of Pertinent Nondiscrimination Acts and Authorities.

D. CARRIER shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service.

E. CARRIER, for itself, its assignees, and successors in interest, agrees to comply with the following nondiscrimination 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);

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, subrecipients and contractors, 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) The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex)

10) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations); [rescinded January 21, 2025];

11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)][rescinded March 1, 2025]; and

12) 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).

F. In the event of a breach of any of the above nondiscrimination covenants, the COUNTY shall have the right to terminate the LEASE and to re-enter and repossess said land and the facilities thereon and hold the same as if said LEASE had never been made or issued.

SECTION 13.02 DEVELOPMENT/MAINTENANCE OF AIRPORT

The COUNTY reserves the right to develop further or improve the Airport as it sees fit, regardless of the desires or views of the CARRIER, and without interference or hindrance.

The COUNTY reserves the right, but shall not be obligated to the CARRIER, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of the CARRIER in this regard.

SECTION 13.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A.

This LEASE shall be subordinate to the provisions and requirements of any existing or future agreement between the COUNTY and the United States or any lawful requirement of the United States relative to the development, operation, or maintenance of the Airport.

SECTION 13.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS

The CARRIER agrees that the CARRIER's use of the Leased Premises, including all construction thereon, shall conform to applicable FEDERAL AVIATION REGULATIONS.

The CARRIER agrees to comply with the applicable notification and review requirements covered in Part 77 of the FEDERAL AVIATION REGULATIONS (as same may be amended from time to time or such other regulation replacing Part 77 as may be adopted by Federal authority) prior to the construction of the improvements described herein and prior to the construction of any future structure or building upon the Leased Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

SECTION 13.05 FEDERAL LAW PREEMPTION

Notwithstanding any provisions of this LEASE, to the contrary and notwithstanding any provision of any other agreements, laws, or ordinances to the contrary, any requirement that is imposed on the CARRIER in this LEASE, or any local authorities, shall not apply to the CARRIER to the extent that such requirement is or would otherwise be preempted by federal law, including but not limited to the CARRIER Deregulation Act (49 U.S.C. § 41713).

SECTION 13.06 NONEXCLUSIVE RIGHT

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to conduct aeronautical activities or provide aeronautical services

to the public as prohibited by 49 U.S.C. § 40103(e) and 47107(a)(4), as amended from time to time, and the COUNTY reserves the right to grant others the privilege and right of conducting any or all activities of an aeronautical nature.

SECTION 13.07 WAR OR NATIONAL EMERGENCY

This LEASE 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.

SECTION 13.08 RESERVED

SECTION 13.09 AMERICANS WITH DISABILITIES ACT

The CARRIER shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 ("ADA") in connection with: (a) the Leased Premises or any portion thereof and its operations thereon, the CARRIER's furnishings, trade fixtures, and equipment; (b) removing physical barriers; (c) providing auxiliary aids and services for use of the CARRIER's furnishings, trade fixtures and equipment, where necessary or required; and (d) modifying its policies, practices and procedures to comply with the ADA. The CARRIER shall develop a work plan to correct or avoid any violations or non-compliance with the ADA and to address the processing of disability complaints. The CARRIER shall deliver to the COUNTY, upon the COUNTY's request, a copy of each report and work plan. The COUNTY's approval of or acceptance of any aspect of the CARRIER's activities under this LEASE shall not be deemed or construed in any way as a representation that such item or activity of practice complies with the ADA. The CARRIER agrees to indemnify, defend, and hold the COUNTY harmless from and against any and all costs incurred by the COUNTY with respect to the CARRIER's failure to comply with the ADA.

SECTION 13.10 BOARDING ASSISTANCE FOR AIRCRAFT

In accordance with 49 C.F.R. § 27.72, the CARRIER shall ensure the provision of boarding equipment for passengers with mobility impairment, including, but not limited to, aircraft boarding chairs used to transfer passengers from their wheelchair or other apparatus to their seat in the aircraft cabin. The CARRIER shall provide all related passenger assistance with this equipment. The equipment shall be provided and maintained in accordance with 49 C.F.R. § 27.72 and the applicable FAA Advisory Circulars, including AC 150/5220-21C.

The COUNTY owns and maintains ramps for utilization by the CARRIER on the airport apron in the event a ramp is needed for boarding or deplaning of the aircraft. The CARRIER shall promptly notify the COUNTY if COUNTY-owned ramps require maintenance. If the CARRIER owns and

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operates additional ramps, the CARRIER shall maintain those ramps in proper working condition. The CARRIER shall provide assistance to passengers with mobility impairment when ramps are used for boarding or deplaning of the aircraft.

ARTICLE XIV - MISCELLANEOUS PROVISIONS

SECTION 14.01 TIME

Time is of the essence in this LEASE.

SECTION 14.02 LEASE ORGANIZATION

The various headings and numbers herein, the grouping of provisions of this LEASE into separate sections and paragraphs, and the organization thereof are for the purpose of convenience only and shall not be considered otherwise.

SECTION 14.03 AMENDMENTS

This LEASE sets forth all of the agreements and understandings of the Parties with regard to its subject matter, and any modification must be written and properly executed by both Parties.

SECTION 14.04 SIGNS

The CARRIER agrees not to construct, maintain, or allow any sign upon the Leased Premises except as approved by the COUNTY. Unapproved signs, banners, flags, etc., may be removed by the COUNTY without prior notice to the CARRIER. All requests for the approval of signs for the CARRIER shall be accompanied by illustrative drawings and design dimensions along with information about the type of signs proposed and proposed locations. All promotional signs shall be allowed to remain for ninety (90) days after approval. The COUNTY may, without notice, remove any unauthorized signs or advertising materials and may store them at the CARRIER's expense; the COUNTY may dispose of items if they are not promptly claimed by the CARRIER after notice from the COUNTY.

SECTION 14.05 PERMITS AND LICENSES

The CARRIER shall be required to obtain any and all approvals, permits, and/or licenses that may be required in connection with the operation of the Leased Premises as set out herein. No permit, approval, or consent given hereunder by the COUNTY in its governmental capacity shall affect or limit the CARRIER's obligations hereunder, nor shall any approvals or consents given by the COUNTY as a Party to this LEASE be deemed approval as to compliance or conformance with applicable governmental codes, laws, ordinances, rules, or regulations.

SECTION 14.06 RESERVED

SECTION 14.07 TAXES AND ASSESSMENTS

This LEASE may create a possessory interest that is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) that become due and payable upon the Leased Premises or fixtures, equipment, or other property installed or constructed thereon shall be the full responsibility of the CARRIER, and the CARRIER shall cause said taxes and assessments to be paid promptly.

SECTION 14.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If either Party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental laws or regulations, or other cause without fault and beyond the control of the Party obligated, financial inability excepted, the performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse the CARRIER from the prompt payment of any rental or other charge required of the CARRIER except as may be expressly provided elsewhere in this LEASE.

SECTION 14.09 PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this LEASE is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 14. 10 WAIVERS OF RIGHTS

The failure of the COUNTY or the CARRIER to insist upon strict performance of any of the terms, covenants, or conditions of this LEASE shall not be deemed a waiver of any right or remedy that the COUNTY or the CARRIER may have and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of the LEASE thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this LEASE. Any waiver, in order to be effective, must be signed by the Party whose right or remedy is being waived.

SECTION 14.11 RESERVATIONS TO THE COUNTY

The Leased Premises are accepted "AS IS," and the CARRIER is subject to any and all existing easements and encumbrances. The COUNTY reserves the right to install, lay, construct, maintain, repair, and operate sanitary sewers, drains, Stormwater sewers, pipelines, manholes and connections; water, oil and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through,

across, under and along the Leased Premises or any part thereof; and to enter the Leased Premises for any and all such purposes. The COUNTY also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, under, and along any and all portions of the Leased Premises. No right reserved by the COUNTY in this Section shall be so exercised as to interfere unreasonably with the CARRIER's operations hereunder or to impair the security of any secured creditor of the CARRIER.

The COUNTY agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The COUNTY further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Leased Premises by the CARRIER, the CARRIER shall only be entitled to a reduction in the rent payable to the COUNTY during the period of interference, which shall be reduced in proportion to the interference with the CARRIER's use of the Leased Premises. The CARRIER shall not be entitled to any other form of compensation.

SECTION 14.12 AUTHORITY OF THE CARRIER

If the CARRIER is a corporation, each individual executing this LEASE on behalf of said corporation represents and warrants that they are duly authorized to execute and deliver this LEASE on behalf of said corporation in accordance with the by-laws of said corporation and that this LEASE is binding upon said corporation.

SECTION 14.13 PUBLIC RECORDS

The CARRIER understands that written information submitted to and/or obtained by the COUNTY from the CARRIER related to this LEASE and/or the Leased Premises, either pursuant to this LEASE or otherwise, may be open to inspection by the public pursuant to the California Public Records Act (CAL. GOV. CODE §§7920.000 *et seq.*) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public.

SECTION 14.14 RELATIONSHIP OF PARTIES

The relationship of the Parties hereto is that of lessor and lessee, and it is expressly understood and agreed that the COUNTY does not in any way or for any purpose become a partner of the CARRIER in the conduct of the CARRIER's business or otherwise, or a joint venturer with the CARRIER, and the provisions of this LEASE and the agreements relating to rent payable hereunder are included solely for the purpose of providing a method by which rental payments are to be measured and ascertained. This LEASE is intended for the sole benefit of the Parties hereto and their successors, and unless otherwise provided herein or by law, no rights are created, or are intended to be created, for the benefit of, or enforceable by, any third parties.

SECTION 14.15 GOVERNING LAW AND VENUE

This LEASE has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this LEASE, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

SECTION 14.16 ATTORNEYS' FEES

In any action or proceeding to enforce or interpret any provision of this LEASE, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorneys' fees, costs, and expenses.

SECTION 14.17 EMERGENCY SERVICES

Airport Director has the right to request that the CARRIER's employees aid in and use CARRIER's inventory of goods in an emergency to assist in maintaining the welfare of persons at or near the Airport. The CARRIER shall be reimbursed by the COUNTY for the cost of goods as soon as practicable at a rate not to exceed costs as existed immediately prior to the emergency.

SECTION 14.18 NOTICES

All notices pursuant to this LEASE shall be addressed to either Party as set forth below and shall be sent through the United States mail in the State of California, duly registered or certified, return receipt requested with postage prepaid, or by an overnight carrier service. If any notice is sent by an overnight carrier service, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof. Notwithstanding the above, the COUNTY may also provide notices to the CARRIER by personal delivery or by regular mail postage prepaid, and any such

notice so given shall be deemed to have been given upon the date of personal delivery or three (3) days after the date of deposit in the United States Mail, respectively.

TO: COUNTY

John Wayne Airport
3160 Airway Avenue
Costa Mesa, CA 92626
Attention Airport Director

TO: CARRIER

Federal Express Corporation
3680 Hacks Cross Road
Building H, 3rd Floor
Memphis, TN 38125-7752

Either Party hereto may, from time to time, by written notice to the other in the method described above, designate a different address which shall be substituted for the one specified above.

[Signatures continue on following page]

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first written above.

CARRIER: Federal Express Corporation

By: _____

Name: Brandon Tolbert, Vice President

Approved Legal JPD 09.30.2025
FedEx #97-0772-038

APPROVED AS TO FORM:

County Counsel

By: _____

APPROVED AS TO AUDIT AND ACCOUNTING:

Auditor-Controller

By: _____

RECOMMENDED FOR APPROVAL:

John Wayne Airport

By: _____
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this
document has been delivered to the Chair
of the Board per G.C. Sec. 25103, Reso 79-1535
Attest:

COUNTY

COUNTY OF ORANGE

By: _____
Chairman, Board of Supervisors

_____
Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first written above.

CARRIER: Federal Express Corporation

By: _____

By: _____

APPROVED AS TO FORM:

County Counsel

By: _____
DocuSigned by:
Mark Sanchez
5EE66EC8DA7B48F...

APPROVED AS TO AUDIT AND ACCOUNTING:

Auditor-Controller

By: _____
Signed by:
Vivian Luz C. Grzeszczak
98187C051B2C443...

RECOMMENDED FOR APPROVAL:

John Wayne Airport

By: _____
Signed by:
Charlene Reynolds
A1A526A921AF49F...
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this
document has been delivered to the Chair
of the Board per G.C. Sec. 25103, Reso 79-1535
Attest:

COUNTY

COUNTY OF ORANGE

_____

By: _____
Chairman, Board of Supervisors

Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

EXHIBIT A
LEASED PREMISES DESCRIPTION

Project Management Number: PM 1121-330-0029, PM 1121-330-0029.1

Carrier: Federal Express Corporation

The Leased Premises referred to in this LEASE shall mean all the premises shown on maps marked as "Exhibit B" and "Exhibit C," attached hereto and made a part hereof, being those certain Exclusive Use Area and Cargo Operations Area designated as follows:

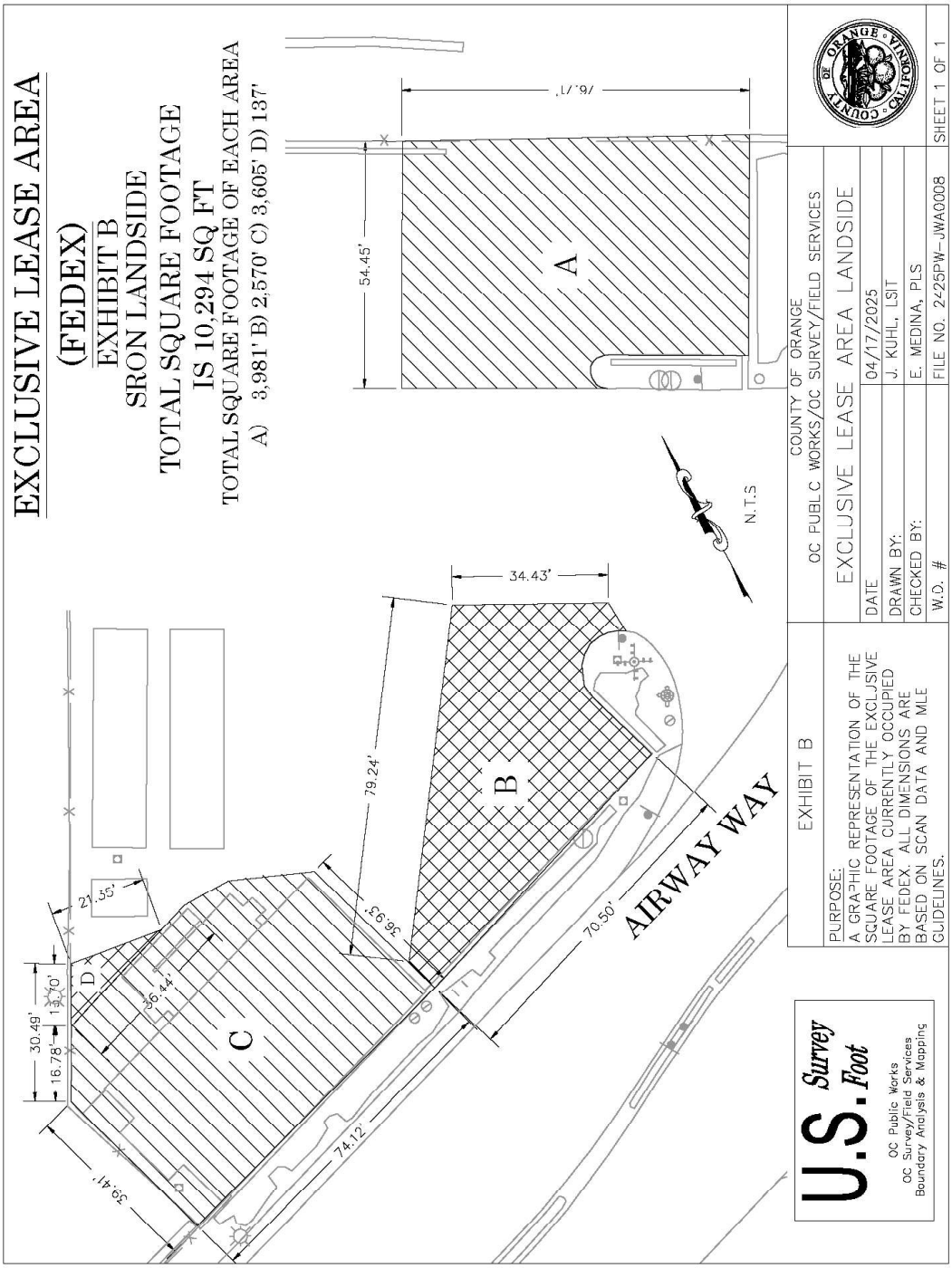
PM 1121-330-0029: Exclusive Use Area containing 10,294 square feet of offices and parking areas as show in Exhibit B.

PM 1121-330-0029.1: Cargo Operations Area containing 14,260 square feet located on the southernmost portion of south "remain over night" (RON) ramp as shown in Exhibit C.

Said Exclusive Use Area and Cargo Operations Area are situated at John Wayne Airport, 18601 Airport Way, in the City of Santa Ana, County of Orange, State of California, and located on Lot 135 of Block 7, of the Irvine Subdivision, per map recorded in Book 1, Page 88 of Miscellaneous Maps in the Office of the County Recorder of Orange County, together with the right of ingress and egress thereto.

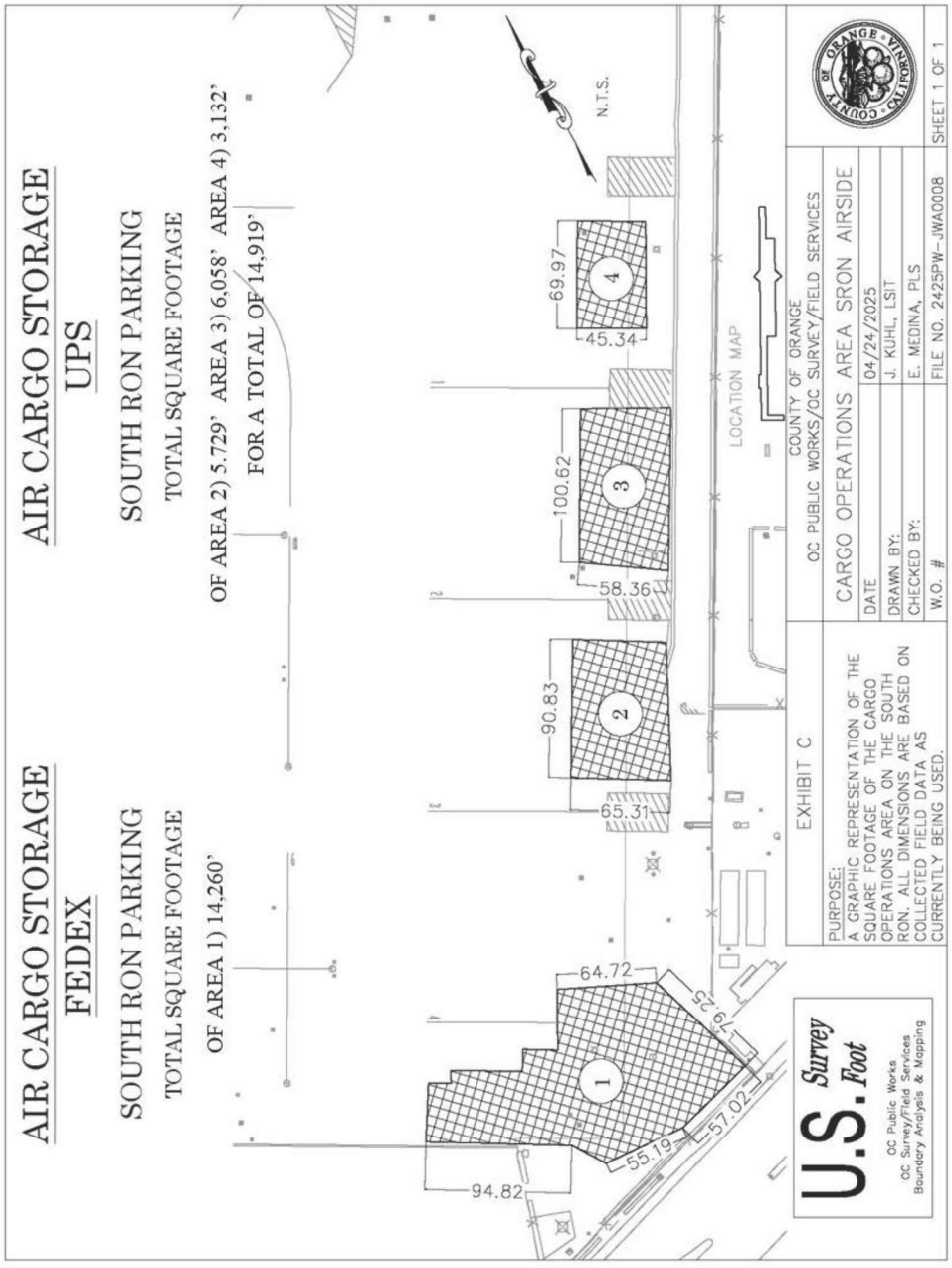
JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

EXHIBIT B
MAP OF LEASED PREMISES



JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

EXHIBIT C
MAP OF CARGO OPERATIONS AREA



Page 1 of 1

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JOHN WAYNE AIRPORT
ORANGE COUNTY

AMENDED AND RESTATED CARGO LEASE

Dated _____

Between

County of Orange

and

United Parcel Service Co.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

TABLE OF CONTENTS

Page

RECITALS 1
ARTICLE I - DEFINITIONS 2
SECTION 1.01 AAAC 2
SECTION 1.02 AAAC CHAIR 2
SECTION 1.03 ACCESS PLAN 2
SECTION 1.04 ADD 3
SECTION 1.05 AIRLINE RATES AND CHARGES 3
SECTION 1.06 AIRPORT 3
SECTION 1.07 AIRPORT DIRECTOR 3
SECTION 1.08 AUDITOR-CONTROLLER 3
SECTION 1.09 BOARD OF SUPERVISORS 3
SECTION 1.10 CARGO OPERATIONS AREA 3
SECTION 1.11 CERTIFICATED MAXIMUM LANDING WEIGHT 3
SECTION 1.12 COMMERCIAL CARGO 3
SECTION 1.13 COMMERCIAL CARGO CARRIER 4
SECTION 1.14 COUNTY 4
SECTION 1.15 DOT 4
SECTION 1.16 ENVIRONMENTAL LAWS 4
SECTION 1.17 EXCLUSIVE USE AREA 5
SECTION 1.18 FAA 5
SECTION 1.19 GSE 5
SECTION 1.20 HAZARDOUS SUBSTANCES 5
SECTION 1.21 NON-STORMWATER DISCHARGE 6
SECTION 1.22 POLLUTANT 6
SECTION 1.23 RON 6
SECTION 1.24 STORMWATER 7
SECTION 1.25 TENANT DESIGN AND CONSTRUCTION GUIDELINES 7
SECTION 1.26 TERMINAL 7
SECTION 1.27 TSA 7
ARTICLE II -TERM OF LEASE 7
SECTION 2.01 TERM OF LEASE 7
SECTION 2.02 HOLDING OVER 7
SECTION 2.03 TERMINATION FOR CONVENIENCE 7
ARTICLE III – LEASED PREMISES 8
SECTION 3.01 LEASED PREMISES 8
SECTION 3.02 NATURE OF CARRIER'S ESTATE 8
SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES 9
ARTICLE IV – RENT, FEES AND CHARGES 9

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

SECTION 4.01 RENT, FEES AND CHARGES 9
SECTION 4.02 PAYMENT PROCEDURE 10
SECTION 4.03 CHARGE FOR LATE PAYMENT 11
SECTION 4.04 PROVISION AGAINST SET-OFFS 12
SECTION 4.05 SECURITY DEPOSIT 12
ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES 13
SECTION 5.01 USE 13
SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES 14
SECTION 5.03 RULES AND REGULATIONS 14
SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE 15
SECTION 5.05 OPERATIONAL REQUIREMENTS 16
SECTION 5.06 RECORDS AND ACCOUNTS 17
SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES 19
SECTION 5.08 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON 21
SECTION 5.09 AIRCRAFT PARKING 21
SECTION 5.10 FUELING REQUIREMENTS 22
ARTICLE VI -ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION 22
SECTION 6.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE 22
SECTION 6.02 SPILL RESPONSE PLAN 23
SECTION 6.03 STORMWATER CONTROL AND CONTAMINATION 24
SECTION 6.04 ENVIRONMENTAL STEWARDSHIP 25
SECTION 6.05 GENERAL HEALTH AND SAFETY CONDITIONS 26
SECTION 6.06 ENVIRONMENTAL INDEMNIFICATION 26
SECTION 6.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS 28
SECTION 6.08 ANTI-IDLING POLICY 28
ARTICLE VII - CONSTRUCTION AND IMPROVEMENTS 28
SECTION 7.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY 28
SECTION 7.02 IMPROVEMENTS BY THE CARRIER 29
SECTION 7.03 CARRIER'S ASSURANCE OF CONSTRUCTION COMPLETION 30
SECTION 7.04 MECHANICS LIENS OR STOP-NOTICES 31
SECTION 7.05 RECORD DOCUMENTS, AS-BUILT DOCUMENTS AND CONSTRUCTION COSTS 31
SECTION 7.06 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS 33
SECTION 7.07 HEALTH AND SAFETY 33
ARTICLE VIII - ACCOMMODATION 34
SECTION 8.01 JOINT USE REQUIREMENT 34
ARTICLE IX - ASSIGNMENT AND SUBLEASE 35
SECTION 9.01 ASSIGNING, SUBLETTING, AND TRANSFERRING 35
SECTION 9.02 SUCCESSORS IN INTEREST 38
ARTICLE X - TERMINATION AND DEFAULT 38

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

SECTION 10.01 TERMINATION OF PRIOR AGREEMENTS 39
SECTION 10.02 TERMINATION FOR DEFAULT 39
SECTION 10.03 CONDITION OF LEASED PREMISES UPON TERMINATION 40
SECTION 10.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY 40
SECTION 10.05 THE COUNTY'S RIGHT TO RE-ENTER 40
ARTICLE XI - SECURITY 41
SECTION 11.01 AIRPORT SECURITY 41
ARTICLE XII - INSURANCE AND INDEMNITY 43
SECTION 12.01 INSURANCE 43
SECTION 12.02 INDEMNITY 47
ARTICLE XIII - FEDERAL GRANT ASSURANCES AND REQUIREMENTS 48
SECTION 13.01 CIVIL RIGHTS AND NONDISCRIMINATION 48
SECTION 13.02 DEVELOPMENT/MAINTENANCE OF Airport 52
SECTION 13.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A. 52
SECTION 13.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS 52
SECTION 13.05 FEDERAL LAW PREEMPTION 52
SECTION 13.06 NONEXCLUSIVE RIGHT 52
SECTION 13.07 WAR OR NATIONAL EMERGENCY 53
SECTION 13.08 RESERVED 53
SECTION 13.09 AMERICANS WITH DISABILITIES ACT 53
SECTION 13.10 BOARDING ASSISTANCE FOR AIRCRAFT 53
ARTICLE XIV - MISCELLANEOUS PROVISIONS 54
SECTION 14.01 TIME 54
SECTION 14.02 LEASE ORGANIZATION 54
SECTION 14.03 AMENDMENTS 54
SECTION 14.04 SIGNS 54
SECTION 14.05 PERMITS AND LICENSES 54
SECTION 14.06 RESERVED 54
SECTION 14.07 TAXES AND ASSESSMENTS 55
SECTION 14.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE 55
SECTION 14.09 PARTIAL INVALIDITY 55
SECTION 14. 10 WAIVERS OF RIGHTS 55
SECTION 14.11 RESERVATIONS TO THE COUNTY 55
SECTION 14.12 AUTHORITY OF THE CARRIER 56
SECTION 14.13 PUBLIC RECORDS 56
SECTION 14.14 RELATIONSHIP OF PARTIES 56
SECTION 14.15 GOVERNING LAW AND VENUE 57
SECTION 14.16 ATTORNEYs' FEES 57
SECTION 14.17 EMERGENCY SERVICES 57
SECTION 14.18 NOTICES 57

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

LIST OF EXHIBITS

EXHIBIT A LEASED PREMISES DESCRIPTION – EXCLUSIVE USE AREA

EXHIBIT B MAP OF LEASED PREMISES – EXCLUSIVE USE AREA

EXHIBIT C MAP OF CARGO OPERATIONS AREA

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

THIS AMENDED AND RESTATED CARGO LEASE ("LEASE") is made and entered into this ___ day of _____, 2025, by and between the COUNTY OF ORANGE, a political subdivision of the State of California ("COUNTY"), and United Parcel Service Co. ("CARRIER"), "), with COUNTY and CARRIER sometimes individually referred to as “Party” or collectively referred to as “Parties.”

RECITALS

WHEREAS, the COUNTY, through its Board of Supervisors, is the owner and proprietor of John Wayne Airport ("JWA" or "Airport"), located in the County of Orange, State of California, and operates and maintains the Airport as a governmental function for the primary purpose of providing air transportation to the public; and

WHEREAS, COUNTY and CARRIER entered into a Cargo Lease dated November 3, 2020, with a term effective January 1, 2021 through December 31, 2025 (“Existing Lease”); and

WHEREAS, the CARRIER is engaged in the business of commercial air transportation of property, cargo, freight, and mail as a scheduled air carrier and is certificated or otherwise authorized by the United States of America to engage in such business; and

WHEREAS, the CARRIER desires to enter into an agreement addressing certain premises, facilities, rights, licenses, services, and privileges at the Airport; and

WHEREAS, as part of its ongoing effort to operate the Airport in a manner sensitive to the residents who live under the Airport's approach and departure corridors, the COUNTY has developed one of the most stringent access and noise abatement programs in the country. The Airport monitors all aircraft operations, both commercial and private, for compliance with the program. These noise abatement and access restrictions derive from the 1985 Settlement Agreement between the COUNTY, the City of Newport Beach, and other parties and are implemented through ordinances, resolutions (including Resolutions No. 85-255, 85-256, 85-259, 85-1231, 85-1232, and 85-1233), regulations (including the Phase 2 Commercial Airline Access Plan and Regulation) and policies of the COUNTY, as they may be amended from time to time; and

WHEREAS, the 1985 Settlement Agreement has been periodically amended by its parties to, among other things, increase the number of cargo flights authorized to operate at the Airport; and

WHEREAS, the amendments to the 1985 Settlement Agreement preserve and continue to implement important restrictions on the use of JWA, "grandfathered" under the AIRPORT NOISE AND CAPACITY ACT OF 1990 ("ANCA"), which reflect and accommodate historical policy decisions of the Board of Supervisors regarding the appropriate point of balance between the competing interests of the air transportation and aviation community and local residents living in

the vicinity of the Airport. These policy decisions address, among other issues, nighttime operational restrictions and maximum permitted single-event noise levels; and

WHEREAS, the COUNTY and the CARRIER mutually desire to enter into this LEASE, which amends and restates the Existing Lease, in order to provide commercial air transportation of property, cargo, freight, and mail through December 31, 2030; and

WHEREAS, the COUNTY has the right to permit and grant the use of its property at the Airport to the CARRIER for the operation of the CARRIER's air transportation services; and

WHEREAS, the CARRIER acknowledges that this LEASE is being entered into under the provisions of CAL. PUBLIC UTIL. CODE §§21690.5 *et seq.*, and, in particular, §21690.9.

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained to be observed and performed by the respective Parties hereto.

THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I - DEFINITIONS

The following words, terms, and phrases, whenever used in this LEASE, shall have the meaning and significance attached to them in this Article unless otherwise apparent from context.

SECTION 1.01 AAAC

"AAAC" shall mean the JWA – Airport Airlines Affairs Committee. The AAAC is composed of the airline properties' representatives for the carriers serving John Wayne Airport.

SECTION 1.02 AAAC CHAIR

"AAAC Chair" shall mean the Chairperson elected by the AAAC to act as the spokesperson for carriers serving John Wayne Airport.

SECTION 1.03 ACCESS PLAN

"Access Plan" shall mean the Phase 2 Commercial Airline Access Plan and Regulation for John Wayne Airport, Orange County, as that plan existed when originally adopted and approved by the Orange County Board of Supervisors in 1990, as it has been amended by the Board of Supervisors from time to time, and as it may be amended by the Board of Supervisors at any time during the term of this LEASE.

SECTION 1.04 ADD

"ADD" shall mean Average Daily Departure, as defined in the Access Plan. Except as expressly provided in the Access Plan, all commercial air carrier departures at JWA are regulated departures and require an ADD allocation. ADD allocations are the exclusive property of the COUNTY.

SECTION 1.05 AIRLINE RATES AND CHARGES

"Airline Rates and Charges" shall mean all rates, fees, and charges payable to the COUNTY by the CARRIER as specified herein.

SECTION 1.06 AIRPORT

"Airport" shall mean the John Wayne Airport, Orange County, California.

SECTION 1.07 AIRPORT DIRECTOR

"Airport Director" shall mean the Director of JWA or his or her duly authorized designee.

SECTION 1.08 AUDITOR-CONTROLLER

"Auditor-Controller" shall mean the Auditor-Controller, County of Orange, or designee.

SECTION 1.09 BOARD OF SUPERVISORS

"Board of Supervisors" shall mean the COUNTY'S governing body.

SECTION 1.10 CARGO OPERATIONS AREA

"Cargo Operations Area" shall mean the area referred to as the Cargo Operations Area, as further described in Article III, Section 3.01 and shown in Exhibit C.

SECTION 1.11 CERTIFICATED MAXIMUM LANDING WEIGHT

"Certificated Maximum Landing Weight" shall mean the current maximum allowable gross landing weight of aircraft operated by the CARRIER and certificated by the Federal Aviation Administration (FAA) for operation at the Airport.

SECTION 1.12 COMMERCIAL CARGO

"Commercial Cargo" shall mean any cargo, freight, packages, or other similar items carried to or from JWA by any Air Carrier or Commuter Carrier.

SECTION 1.13 COMMERCIAL CARGO CARRIER

"Commercial Cargo Carrier" shall mean any entity that is an Air Carrier, but which conducts its operations at JWA solely for the purpose of carrying Commercial Cargo with aircraft regularly configured with zero (0) passenger seats available to the general public and which does not offer passenger service to the public in connection with its operations at JWA.

SECTION 1.14 COUNTY

"COUNTY" shall mean the County of Orange, a political subdivision of the State of California.

SECTION 1.15 DOT

"DOT" shall mean the U.S. Department of Transportation.

SECTION 1.16 ENVIRONMENTAL LAWS

“Environmental Laws” shall mean any federal, State, or local laws, statutes, ordinances, codes, judgments, orders, rules, or regulations pertaining to the environment and/or human health, Hazardous Substances, Pollutants, occupational safety and health, industrial hygiene, or the environmental conditions on, at, under or about the Airport, and includes, without limitation, the following: (i) the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; (ii) Clean Water Act, 33 U.S.C. § 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 C.F.R. Parts 173 and 175; (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 U.S.C. § 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 (“Proposition 65”); (ix) California Health and Safety Code §§25100, 25395.7, 25915 *et seq*.; (x) the Porter-Cologne Water Quality Control Act (California Water Code); (xi) California Civil Code § 3479 *et seq*.; (xii) Stormwater Discharge Rules, 40 C.F.R. §§ 122.26, 122.30-37; (xiii) the Carpenter-Presley-Tanner Hazardous Substances Account Act; (xiv) the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; (xv) the Safe Drinking Water Act, 24 U.S.C. § 300f, *et seq.*; xvi) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Industrial Activities, Order No. 2014-0057-DWQ (or most current); xvii) National Pollutant Discharge Elimination System General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, Order No. 2009-0009-DWQ amended by 2010-0014-DWQ & 2012-0006-DWQ; xviii) The County of Orange, Orange County Flood Control District, and The Incorporated Cities of Orange County within the Santa Ana Region Areawide Urban Stormwater Runoff Orange County Municipal Separate Storm Sewer System (MS4) Permit Order No. R8-2009-0030 (National Pollutant Discharge Elimination System No. CAS618030) as amended by

Order No. R8-2010-0062; xix) South Coast Air Quality Management District Regulations and Rules; and (xx) all other federal, State, and local laws, rules, orders, directives, and codes, regulations, judgments, and orders relating to (a) emissions, discharges, releases, and/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 (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Substances, as such laws are amended, and the regulations and administrative codes applicable thereto.

SECTION 1.17 EXCLUSIVE USE AREA

"Exclusive Use Area" shall mean the areas of the Airport and on the Airfield which the COUNTY has granted the CARRIER the right to use on an exclusive use basis, subject to the Joint Use Requirement, during the term of this LEASE. The CARRIER's Exclusive Use Area is described in Exhibit A and shown in Exhibits B and C.

SECTION 1.18 FAA

"FAA" shall mean the Federal Aviation Administration created under the FEDERAL AVIATION ACT OF 1958 or such successor agency as may have similar jurisdiction over the CARRIER or its business and the Airport.

SECTION 1.19 GSE

"GSE" shall mean Ground Service Equipment and include any auxiliary power unit, mobile stairs, aircraft support equipment, machinery, spare parts, or other equipment used or stored by any qualified air carrier or ground service provider in support of operations at JWA.

SECTION 1.20 HAZARDOUS SUBSTANCES

“Hazardous Substances” shall mean any pollutant, contaminant, chemical, compound, substance, hazardous or toxic substance, material, waste, and/or any other matter, which is or shall become regulated by any governmental entity, including, but not limited to COUNTY acting in its governmental capacity, the State of California, and/or the United States Government. 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, nuisance, and/or is controlled or governed under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos-containing materials; (iv) flammable or explosive substances; (v) mold-containing materials; poly-chlorinated biphenyl compounds; and/or (vi) substances designated by any governmental entity to cause cancer and/or reproductive toxicity.

SECTION 1.21 NON-STORMWATER DISCHARGE

"Non-Stormwater Discharge" shall mean any discharge to storm sewer systems that is not entirely composed of Stormwater. "Non-Stormwater Discharge" includes "Unauthorized Non-Stormwater Discharges" and "Authorized Non-Stormwater Discharges" as defined by the California Environmental Protection Agency State Water Resources Control Board's National Pollutant Discharge Elimination System General Permit for Discharges of Stormwater Associated with Industrial Activities and Construction Activities.

SECTION 1.22 POLLUTANT

“Pollutant” means any chemical, compound, substance, liquid, solid or semi-solid substance, or combination thereof, including but not limited to:

a. Artificial materials (such as floatable plastics, wood products or metal shavings);

b. Household waste (such as trash, paper, and plastics; cleaning chemicals, yard wastes, animal fecal materials, used oil and fluids from vehicles, lawnmowers, and other common household equipment);

c. Metals and nonmetals, including compounds of metals and nonmetals (such as cadmium, lead, zinc, copper, silver, nickel, chromium, cyanide, phosphorus, and arsenic) with characteristics that cause an adverse effect on living organisms;

d. Petroleum and related hydrocarbons (such as fuels, lubricants, surfactants, waste oils, solvents, coolants, and grease);

e. Substances having a pH less than 6.5 or greater than 8.6 or unusual coloration, turbidity, or odor;

f. Materials causing an increase in biochemical oxygen demand, chemical oxygen demand, or total organic carbon;

g. Materials that contain base/neutral or acid-extractable organic compounds;

h. Those pollutants defined in Section 1362(6) of the Federal Clean Water Act;

i. Any other constituent or material, including but not limited to pesticides, herbicides, fertilizers, fecal coliform, fecal streptococcus, or enterococcus, or eroded soils, sediment, and particulate materials in quantities that will interfere with or adversely affect the beneficial use of the receiving waters, flora or fauna of the State; and

j. Any substance listed under Health and Safety Code, §25316.

SECTION 1.23 RON

"RON" shall mean the remain overnight positions where the CARRIER's aircraft are required to park when they "remain overnight" at JWA.

SECTION 1.24 STORMWATER

"Stormwater" shall mean stormwater runoff, snowmelt runoff, and stormwater surface runoff and drainage.

SECTION 1.25 TENANT DESIGN AND CONSTRUCTION GUIDELINES

“Tenant Design and Construction Guidelines” shall mean the Tenant Criteria Manual, CAD Standards, BIM Standards Manual, and GIS Data Standard which can be found on the OCAIR.COM website.

SECTION 1.26 TERMINAL

"Terminal" shall mean the Thomas F. Riley commercial passenger terminal and concourses at John Wayne Airport, as may be modified at any time during the term of this LEASE.

SECTION 1.27 TSA

"TSA" shall mean the Transportation Security Administration of the U.S. Department of Homeland Security, the federal agency responsible for regulation of airport security, or any such successor agency.

ARTICLE II -TERM OF LEASE

SECTION 2.01 TERM OF LEASE

The term of this LEASE shall commence on January 1, 2021, and expire on December 31, 2030.

SECTION 2.02 HOLDING OVER

In the event the CARRIER continues in possession of the Leased Premises after the term of this LEASE, such possession shall not be considered an extension or renewal of this LEASE but a tenancy from month-to-month and shall be governed by the conditions and covenants contained in this LEASE.

SECTION 2.03 TERMINATION FOR CONVENIENCE

This LEASE may be terminated for convenience by either Party for any reason and without cause upon ninety (90) days' written notice.



ARTICLE III – LEASED PREMISES

SECTION 3.01 LEASED PREMISES

The COUNTY leases to the CARRIER that certain property hereinafter referred to as "Leased Premises." Said premises shall be leased to the CARRIER in "as-is" condition and shall consist of the following:

A. **Exclusive Use Area**. The COUNTY leases to the CARRIER certain property at the Airport, known as the Exclusive Use Area, which is described in Exhibit A and shown on Exhibit B, attached to this LEASE and incorporated herein.

B. **Cargo Operations Area**. The CARRIER shall also have access to a nonexclusive common use is referred to as the "Cargo Operations Area." The Cargo Operations Area shall be used for the purpose of parking the CARRIER's aircraft during loading and unloading operations. The Cargo Operations Area is described and shown on Exhibit C, attached to this LEASE, and incorporated herein.

The Airport Director may change the Leased Premises at any time. If there is reasonable space available on the Airport that is not used for other aviation purposes, the Airport Director will make reasonable efforts to provide replacement space that will furnish the CARRIER with essentially the same utility as the space replaced for the remainder of the term of this LEASE.

Any and all references to the Leased Premises in this LEASE, unless otherwise noted, shall include and apply to both the Exclusive Use Area and the Cargo Operations Area as designated by the Airport Director.

SECTION 3.02 NATURE OF CARRIER'S ESTATE

The CARRIER acknowledges and agrees:

A. That the COUNTY has granted to the CARRIER a leasehold interest in the Leased Premises only.

B. That the COUNTY retains a fee ownership for federal income tax purposes in and to the Leased Premises, as well as all other ownership burdens and benefits connected with such fee ownership.

C. That the CARRIER has not been granted any direct or indirect right or option to purchase the Leased Premises from the COUNTY at any time during or after the termination of this LEASE.

SECTION 3.03 INSTALLATION OF EQUIPMENT OUTSIDE THE LEASED PREMISES

The CARRIER shall not install equipment of any kind outside the Leased Premises unless authorized in writing by the Airport Director prior to installation.

ARTICLE IV – RENT, FEES AND CHARGES

SECTION 4.01 RENT, FEES AND CHARGES

The rents, fees, and charges contained in this LEASE are established in accordance with (i) Resolution 02-062 dated March 12, 2002 (or as subsequently amended), which reasserts and establishes the John Wayne Airport Revenue Planning Policy, and (ii) the Bond Indenture for the Airport Revenue Bonds, Series 1987, and the First Supplemental, Second Supplemental, Third Supplemental, Fourth Supplemental, Fifth Supplemental, and Sixth Supplemental Indenture Series 1993, 1997, 2003, 2009 and 2019, as well as any future bond indentures or supplemental indentures that may be issued or adopted from time to time. The Airport Director and the AAAC Chair shall present any modifications to the rents, fees, and charges to the AAAC prior to implementation.

A. The CARRIER shall make payment of the following rents, fees, and charges, which shall be due and payable monthly in advance on the first day of each month with a 15-day grace period, and the CARRIER agrees that the COUNTY will not invoice for such rents, fees, and charges.

Exclusive Use Area. Rent per square foot based on the latest schedule established by the COUNTY for exclusive use terminal apron space used for equipment storage and cargo operations. For purposes of calculating terminal apron rent, the Exclusive Use Area contains the square feet shown in Exhibits A, is B, and C.

In the event an obligation to pay rent, fees, and charges begins or terminates on a day other than the first or last day of the month, the fees shall be prorated to reflect the actual period of use based on a thirty (30) day month. The fees for any partial calendar month during which this LEASE becomes effective will be payable on such effective date.

B. The CARRIER shall pay the following fees and charges payable monthly in arrears on or before the twentieth (20th) day of each month with no grace period. The CARRIER agrees that the COUNTY will not invoice for the following fees and charges and may require the CARRIER to submit future monthly reports electronically via JWA' s portal and prescribed format. AIRPORT will make reasonable efforts to develop an electronic format that allows CARRIER to report efficiently the information requested.

(1) Landing fees based on the latest schedule established by the COUNTY covering the operation of scheduled CARRIER's and commercial operations at the Airport.

Landing fees shall be expressed in terms of a rate per one thousand (1,000) pounds of maximum gross landing weight of aircraft certified by the FAA.

(2) Aircraft RON parking fees based on the latest schedule established by the COUNTY. Aircraft parking fees shall be expressed in dollars per night.

(3) Cargo operations fees based on the schedule established by the COUNTY. Operations fees shall be expressed in dollars per daily departure and shall cover the use of the Cargo Operations Area, which includes aircraft parking fees and the use of the airport access roadways.

(4) **Additional fees.** Additional fees shall be established by the COUNTY for annual security expenses resulting from any security measures implemented after LEASE commencement. Such fees shall be established annually by the COUNTY and incorporated into the above-mentioned fees.

Upon thirty (30) days' written notice from the Airport Director, the COUNTY may modify the rents, fees, and charges described in Paragraphs A and B of section 4.01. Said modification of rates and charges may not occur more often than every 12 (12) months. Changes may include fee revisions, establishment of new fee classifications, or such other changes as needed to respond to the CARRIER's use of the Airport, the need for the COUNTY to receive fair and equitable rents, fees, and charges for all uses of the Airport, and to ensure the Airport is operated at no cost to the local taxpayer. With regard to any dispute as to what may constitute reasonable rents, fees, and charges, the CARRIER shall first exhaust all remedies provided by applicable federal law and FAA regulations. At the end of each modification period, the COUNTY shall establish monthly fees and apply any underpayments or overpayments by the CARRIER to the subsequent rates and charges period. At the discretion of the COUNTY, overpayments may be refunded via credit memo and underpayments may be invoiced.

Notwithstanding anything in this LEASE to the contrary, all amounts payable by the CARRIER to or on behalf of the COUNTY under this LEASE, whether or not expressly denominated as rent, shall constitute rent for the purposes of the U.S. BANKRUPTCY CODE, 11 U.S.C. §502(b)(6).

The CARRIER shall notify the Airport in writing within thirty (30) days of filing a petition for bankruptcy.

SECTION 4.02 PAYMENT PROCEDURE

A. **Place of Payment and Filing**. Payments and statements required by Sections 4.01 and 5.06 in this LEASE shall be delivered to the County of Orange, Office of the Auditor-Controller, John Wayne Airport Accounting Services, 3160 Airway Avenue, Costa Mesa, California 92626. The designated place of payment and filing may be changed at any time by the COUNTY upon ten (10) days' written notice to the CARRIER. Payments may be

remitted by automated clearing house (ACH) deposit to the Airport's designated bank account or made by check payable to the County of Orange. The CARRIER assumes all risk of loss if payments are made by mail.

B. **Form of Payment**. All sums due under this LEASE shall be paid in lawful money of the United States of America without offset, deduction, prior notice. or demand. No payment by the CARRIER or receipt by the COUNTY of a lesser amount than the payment due shall be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and the COUNTY shall accept such check or payment without prejudice to the COUNTY's right to recover the balance of the amount due or pursue any other remedy in this LEASE. All electronic payments must be remitted by Automated Clearing House (ACH) deposit to the Airport's designated bank account or any future mode prescribed by the COUNTY. Any fees assessed to the COUNTY's bank account due to the use of another form of payment (e.g., wire transfer) not prescribed or approved by the COUNTY shall be passed through to the CARRIER plus a twenty-five dollars $25 processing fee.

C. **Penalty for NSF Check** In the event a check submitted by the CARRIER is returned for non-sufficient funds ("NSF"), the CARRIER agrees to pay the COUNTY a service charge in the amount of twenty-five dollars ($25) for the first returned check, and thirty-five dollars ($35) for each subsequent check. The CARRIER may also be liable for treble damages pursuant to California Civil Code Section 1719.

SECTION 4.03 CHARGE FOR LATE PAYMENT

The CARRIER hereby acknowledges that the late payment of rent or any other sums due hereunder will cause the COUNTY to incur costs not contemplated by this LEASE, the exact amount of which will be extremely difficult to ascertain. Such costs include but are not limited to, administrative processing of delinquent notices, increased accounting costs, or lost interest income.

Accordingly, if any payment of rent as specified in Section 4.01 in this LEASE or of any other sum due the COUNTY is not received by the COUNTY by the due date, a late charge of one and one-half percent (1.5%) of the payment due shall be added to the payment, and the total sum shall become immediately due and payable to the COUNTY. An additional charge of one and one-half percent (1.5%) of said payment, excluding late charges, shall be added for each additional month that said payment remains unpaid.

The CARRIER and the COUNTY hereby agree that such late charges represent a fair and reasonable estimate of the costs that the COUNTY will incur by reason of the CARRIER's late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by the COUNTY shall in no event constitute a waiver of the CARRIER's default with respect to such

overdue payment or prevent the COUNTY from exercising any of the other rights and remedies granted hereunder.

SECTION 4.04 PROVISION AGAINST SET-OFFS

It is the obligation of the CARRIER to pay all fees and charges, free of any set-offs or claims, in the amount and at the times specified in this LEASE. In the event that the CARRIER desires to contest the validity or amount of any such fees and charges, the CARRIER shall first pay the same to the COUNTY and may then seek a refund in any appropriate forum.

SECTION 4.05 SECURITY DEPOSIT

The CARRIER, prior to the commencement of operations, shall deposit with the COUNTY a security deposit approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director.

Concurrently with each revision of the rent pursuant to Section 4.01 in this LEASE, the security deposit to be provided by the CARRIER shall be adjusted to approximately three (3) times the estimated monthly rent, fees, and charges as determined by the Airport Director to guarantee the faithful performance by the CARRIER of its obligations under this LEASE and the payment of all rents, fees, and charges due hereunder. In no event shall the amount of the security deposit be less than the existing security deposit. The amount of the security deposit will not be increased unless the adjusted security deposit is equal to or more than one hundred twenty percent (120%) of the prevailing security deposit.

The security deposit shall take one of the forms set out below and shall guarantee the CARRIER's full and faithful performance of all the terms, covenants, and conditions of this LEASE:

A. A Letter of Credit from one or more financial institutions, subject to regulation by the State of California or Federal government, pledging that funds necessary to secure performance of the terms, covenants, and conditions of this LEASE are on deposit and guaranteed for payment, and agreeing that said funds shall be trust funds securing CARRIER's performance and that all or any part shall be paid to COUNTY, or order upon demand by Airport Director. Both the financial institution(s) and the form of the instrument(s) must be approved by Airport Director or designee. The financial institution shall have a minimum long-term credit rating by two of the three Nationally Recognized Statistical Rating Organizations (NRSROs): Moody's (AA3), S&P Global (AA-), and Fitch (AA-).

B. A Faithful Performance Bond executed by a surety company or financial institution qualified and admitted to do business in the State of California and issued in a form approved by the COUNTY. The surety company must have a minimum A. M. Best rating of A-/VIII as determined by the most current edition of ambest.com. Under the bond, the surety company shall guarantee to COUNTY full and complete performance of all the

terms, conditions and covenants herein to be performed on the part of CARRIER, including the payment of use fees as well as any and all other payments. Said bond shall be maintained at the cost of CARRIER throughout the existence of this LEASE. Said Surety shall give Airport Director or designee a minimum of thirty (30) days' prior written notice of cancellation or material change in said bond. Such cancellation or material change without Airport Director's or designee's prior written consent shall constitute a default under this LEASE.

Regardless of the form in which the CARRIER elects to make said Security Deposit, all or any portion of the principal sum shall be available unconditionally to the COUNTY for correcting any default or breach of this LEASE by the CARRIER, its successors or assigns, or for payment of expenses incurred by the COUNTY as a result of the failure of the CARRIER, its successors or assigns, to faithfully perform all terms, covenants, and conditions of this LEASE.

Should the CARRIER elect to provide either a Letter of Credit or a Faithful Performance Bond to fulfill the Security Deposit requirements of this LEASE, said Letter of Credit or bond shall have the effect of releasing the depository or creditor therein from liability on account of the payment of any or all of the principal sum to the COUNTY, or order upon demand by the Airport Director.

In the event the Airport Director withdraws all or any portion of the Security Deposit as provided herein, the CARRIER shall, within ten (10) days of any withdrawal by the Airport Director, replenish the Security Deposit to maintain it at amounts herein required throughout the term of this LEASE. Failure to do so shall be deemed a default and shall be grounds for immediate termination of this LEASE as per Article XI of this LEASE.

The CARRIER shall be obligated to maintain the Security Deposit in effect until the expiration date or earlier termination of this LEASE.

The Security Deposit, after deduction of all amounts due the COUNTY, shall be rebated, reassigned, released or endorsed by the COUNTY to the CARRIER or order, as applicable, after one hundred twenty (120) days have elapsed, or at an earlier time to be determined by the Airport Director, following the expiration date of the term of this LEASE, provided the CARRIER has fully and faithfully performed each and every term, covenant, and condition of this LEASE.

ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF PREMISES

SECTION 5.01 USE

The CARRIER's use of the Leased Premises and its operations shall be limited to conducting a cargo air service operation. Subject to the limitations set forth in this Section and Sections 5.03, 5.04, 5.05, and 8.01 in this LEASE, CARRIER's operations are subject to the following authorized uses:

A. Loading and unloading of property, freight, cargo, and mail.

B. The CARRIER shall have the right to have its aircraft and other equipment serviced by suppliers of its choice. Such suppliers may provide materials and services, including, but not limited to, aviation fuel, ground vehicle fuel, lubricating oil, greases, parts, and all other materials and supplies and services required by the CARRIER in the conduct of its air transportation service.

C. Employee training incidental to the other uses permitted under this Section.

SECTION 5.02 USE OF PUBLIC AIRPORT FACILITIES

The COUNTY grants the CARRIER a LEASE for the nonexclusive use of all public Airport facilities including, but not limited to, taxiways, runways, navigational aids, and facilities relating thereto for purposes of landings, takeoffs, and taxiing of the CARRIER's aircraft. All such use shall be in accordance with the laws of the United States of America, State of California, and the rules and regulations promulgated by their authority with reference to aviation and air navigation, and in accordance with all reasonable and applicable rules, regulations, and ordinances of the COUNTY now in force or hereafter prescribed or promulgated by ordinance or by law, including the Access Plan. The use of these areas shall be subject to the control and regulation of the Airport Director.

This LEASE is for nonexclusive use and is subject to all rights reserved by the COUNTY to LEASE, permit, authorize, regulate, and relocate concessionaires and other Airport tenants, including but not limited to booths, counters, offices, lockers, and wall space.

SECTION 5.03 RULES AND REGULATIONS

The COUNTY may adopt and enforce “Airport Rules and Regulations” that the CARRIER agrees to observe and obey with respect to the use of the Airport and its appurtenances, facilities, improvements, equipment, and services, provided that such rules and regulations shall not be inconsistent with safety, with applicable rules, regulations and orders including those of the FAA and TSA with respect to all operations of the Airport, and with the terms of and the CARRIER’s rights under this LEASE. Except in the case of emergency, the COUNTY shall give the CARRIER written notice and opportunity to comment on any proposed changes or additions to the Airport Rules and Regulations that could impact the CARRIER's operations at the Airport before such proposed rules and regulations are adopted by the COUNTY. If requested, the COUNTY shall promptly provide a copy of such Airport Rules and Regulations to the CARRIER.

The CARRIER’s operations under this LEASE shall comply with all Airport Rules and Regulations and shall observe, obey, comply with, and not otherwise hinder or obstruct any and all rules, regulations, laws, ordinances, statutes, or orders of any governmental authority, whether

federal, state, or local, lawfully exercising authority over the Airport or the activities thereon, including compliance with FAA, TSA, and Airport security rules, regulations and plans.

To the fullest extent authorized by law, the CARRIER shall be liable to the COUNTY for any and all claims, demands, damages, fines, or penalties of any nature whatsoever that may be imposed upon the COUNTY due to the CARRIER's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to the CARRIER's operation under this LEASE, including, but not limited to, the payment of any fines or penalties for any breach of security, arising from the unauthorized entry of any person or vehicle onto the Airport or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the CARRIER, its employees, subtenants, agents or suppliers related to the CARRIER's operation under this LEASE.

The COUNTY shall not be liable to the CARRIER for any diminution or deprivation of possession, or of its rights hereunder, on account of the exercise of such right or authority provided in this LEASE, nor shall the CARRIER be entitled to terminate the whole or any portion of the leasehold estate herein created by reason of the exercise of such right or authority, unless the exercise thereof shall so interfere with the CARRIER's use and occupancy of the Leased Premises so as to constitute a termination in whole or in part of this LEASE by operation of law in accordance with the laws of the State of California.

SECTION 5.04 ACCESS PLAN LIMITATIONS ON USE

The CARRIER agrees that:

A. Notwithstanding any provision in this LEASE to the contrary, the CARRIER shall conduct all of its operations and activities at the Airport in strict conformity with the Access Plan and each of its regulations and limitations on the CARRIER's activities and operations at the Airport.

B. The ADD allocations and other operating privileges made to the CARRIER under the Access Plan are a privilege that may be revoked or modified by the COUNTY at any time during the terms of this LEASE, and such privileges do not constitute property rights of the CARRIER.

C. The ADD allocations and other operating privileges made to the CARRIER under the Access Plan are not transferable, assignable, or delegable by the CARRIER to any other person or entity by operation of law or otherwise, and such allocations and other operating privileges may not be pledged, hypothecated or encumbered by the CARRIER at any time for any purpose.

D. The remedies specified in the Access Plan for any Access Plan violation by the CARRIER are not the exclusive remedies of the COUNTY, but shall constitute additional

nonexclusive remedies that the COUNTY may enforce separately or cumulatively with other remedies under the enforcement provisions of this LEASE.

E. The CARRIER shall not at any time, or for any reason, make any assertion to any court, administrative agency, administrative tribunal, or other similar forum that is in any respect inconsistent with the terms and provisions of this Section, except that nothing in this Section shall prevent the CARRIER from making any argument or asserting any position to the COUNTY, as applicable, in connection with any action by the COUNTY to revoke or modify allocations of operating privileges or any amendments to the Access Plan.

F. All provisions of Section 5.01 and Article X in this LEASE are subject to the terms, provisions, and limitations of this Section.

SECTION 5.05 OPERATIONAL REQUIREMENTS

The CARRIER agrees to abide by the following operational conditions and requirements:

A. **Flight Operations and Reallocations**. The number of allocated ADDs, including "regularly scheduled," "charter," "maintenance," and "cargo," shall not exceed the number of departures authorized and allocated to the CARRIER under the Access Plan. In addition to any and all remedies available to the COUNTY under this LEASE and all provisions of the Access Plan, the COUNTY may reallocate ADDs or other operating privileges granted to the CARRIER under the provisions of the Access Plan. The CARRIER shall not operate at JWA unless it conducts its operations with ADDs, allocated seat capacity, or other Authorized Departures directly and formally allocated to the CARRIER by action of the Board of Supervisors; the CARRIER conducts all of its operations with aircraft that have been certified for operation at the Airport consistent with Access Plan requirements; and, the CARRIER has met all other applicable COUNTY requirements.

B. **Hours of Operation**. Except as expressly authorized, the CARRIER's aircraft shall not depart from the Airport between the hours of 10:00 p.m. and 7:00 a.m. (8:00 a.m. on Sundays) and shall not arrive at the Airport between the hours of 11:00 p.m. and 7:00 a.m. (8:00 a.m. Sundays), as measured at any JWA noise monitoring station. All times shown are Pacific Time.

The CARRIER acknowledges that the COUNTY may, by regulation, permit some operations by general aviation (nonscheduled, noncommercial) users of the Airport during the nighttime hours with certain specific aircraft types that have noise characteristics similar to the noise characteristics of aircraft that can operate as "Class E" aircraft, as that term is defined in the Access Plan. The CARRIER does now, or may during the term of this LEASE, operate Class E aircraft at the Airport; nevertheless, the CARRIER agrees that the limitations on hours of operations contained in this Section shall be applicable to all of its operations at the Airport, including its Class E operations.

The CARRIER further acknowledges that there is a rational basis for the COUNTY to distinguish between general aviation operations and regularly scheduled operations by Class E (or noise equivalent) aircraft during the nighttime hours and that this distinction does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The COUNTY agrees that this provision is, and during the term of this LEASE shall be, included in all leases, operating agreements, or other service operating agreements between the COUNTY and any person conducting regularly scheduled commercial operations at the Airport.

C. **Aircraft Types**. The CARRIER agrees that it will not operate any aircraft at the Airport unless and until that aircraft type has been certified and qualified for operation by the COUNTY in accordance with the provisions and procedures of the Access Plan. The CARRIER further agrees that it will abide by all aircraft-type restrictions and limitations contained in the Access Plan, as amended, or as it may hereafter be amended, and any other restrictions on aircraft types which may hereafter be adopted by the Board of Supervisors of the County of Orange.

D. **Noninterference**. The CARRIER shall cooperate with and not interfere with the COUNTY's and other airlines' use of and operations at the Airport. The CARRIER shall not place any ropes, barricades, and/or stanchions on the public or common use area without prior written approval of the Airport Director.

SECTION 5.06 RECORDS AND ACCOUNTS

A. **Records**. The CARRIER shall at all times keep true and complete records of all transactions in the operation of all business activities, of whatever nature, conducted in pursuance of the rights granted by this LEASE. The CARRIER shall maintain such records for a period of five (5) years beyond the expiration or earlier termination of this LEASE.

B. **Reports**. The CARRIER shall provide to the Auditor-Controller and the Airport Director at the end of each calendar month, on forms to be supplied by the COUNTY, statistical information respecting the CARRIER's operations at the Airport, including, but not limited to, the total number of all aircraft operations conducted by the CARRIER; the total combined certificated gross landing weight of all such aircraft operations; the weight and balance manifest from each flight; the total number of pounds of property, freight, cargo and mail enplaned and deplaned. Such reports shall be submitted to the Airport Director no later than fifteen (15) calendar days following the last day of each month. The CARRIER must attest that the list is an accurate representation of the CARRIER's activity for the month.

The CARRIER shall also provide to the Airport Director, for each day, a copy of the CARRIER's flight dispatch logs or a listing made from such logs, certified as correct by a responsible station manager or dispatcher, showing the type of equipment used for each flight and the actual takeoff and landing times and not gate times. Said copy of logs or listing shall be made available for each day's activities by noon (12:00 p.m., local time) of the following day.

C. **Audits**. All the CARRIER's records and supporting source documents related to rates and fees in this LEASE or business operations conducted within or from the Leased Premises shall be kept and made available to the COUNTY at one location within the geographical limits of the COUNTY or shall be made available at offices in the COUNTY within ten (10) working days after written notice to produce said records and source documents. The COUNTY shall, through its duly authorized agents or representatives, have the right to examine and audit said records and supporting source documents at any and all reasonable times, as set out herein, for the purpose of determining the accuracy thereof and of the monthly statements to the COUNTY.

The COUNTY, upon request of the CARRIER, may authorize the above-referenced records and supporting source documents to be kept in a single location outside the limits of the COUNTY provided the CARRIER shall agree to pay all expenses including, but not limited to transportation, food, and lodging necessary for the COUNTY to send a representative to audit said records. Said right shall not, unless determined necessary by the COUNTY, be exercised by the COUNTY more than once each accounting year.

The full cost of said audit, as determined by the COUNTY, shall be borne by the CARRIER if either or both of the following conditions exist:

(1) The audit reveals an underpayment of more than two percent (2%) between the rents and fees due as reported and paid by the CARRIER in accordance with this LEASE and the rent due as determined by said audit; and/or

(2) The CARRIER has failed to maintain true and complete records and supporting source documents in accordance with paragraph A. above. The adequacy of records shall be determined at the sole discretion of the COUNTY.

Otherwise, the COUNTY shall bear the cost of said audit, excluding the aforementioned expenses related to an audit of documents kept outside the limits of the COUNTY. The cost of said audit, if due from the CARRIER, shall be included as rent for the first month following an invoice to the CARRIER.

Upon the request of the County, the CARRIER shall promptly provide necessary data to enable the COUNTY to fully comply with the requirements of the State of California or

the United States of America for information or reports directly relating to this LEASE and to the CARRIER's use of the Leased Premises.

D. **Failure to Maintain Adequate Records**. In addition to any other remedies available to the COUNTY under this LEASE, at law or in equity, in the event that the CARRIER fails to maintain and keep records and accounts from business operations conducted on or from the Leased Premises and/or source documents relating thereto, or to make the same available to the COUNTY for examination and audit as required by this LEASE, the COUNTY, at the COUNTY's option, may:

(1) Perform such examinations, audits, and/or investigations itself or through agents or employees as the COUNTY and/or its auditors may deem appropriate to confirm the amount of rents, fees, and charges payable by the CARRIER under this LEASE; and any and all costs and/or expenses incurred by the COUNTY in connection therewith shall be promptly reimbursed to the COUNTY by the CARRIER upon demand.

(2) Require that the CARRIER pay rents and fees based on the COUNTY's best good faith estimate of the CARRIER's activities from business operations conducted on or from the Leased Premises and Airport; and any such determination made by the COUNTY shall be conclusive and binding upon the CARRIER.

Costs payable by the CARRIER pursuant to this Section shall include reimbursement to the COUNTY of the services provided at such rates as the COUNTY may, from time to time, in good faith, establish for such services. In the case of services provided by the COUNTY's employees, such rates shall be sufficient to reimburse the COUNTY for employees' salaries, including employee taxes and benefits and the COUNTY's overhead or, at the COUNTY's option, may be the rate for such services that would be charged by a qualified third party or parties, approved by the COUNTY, if engaged by the COUNTY to perform such services. Said costs payable by the CARRIER shall be included as rent for the first month following the invoice to the CARRIER.

SECTION 5.07 MAINTENANCE AND OPERATION OF LEASED PREMISES

The CARRIER agrees to maintain the Leased Premises in a safe, clean, sanitary condition and in compliance with all applicable laws. The CARRIER shall be responsible for making all necessary repairs required to maintain the Leased Premises and improvements in good condition. All repairs and improvements made by the CARRIER to the Leased Premises shall be in compliance with all current federal, state, local laws, regulations, ordinances, and building codes, and all Airport regulations (collectively “Codes”) adopted consistent with Section 5.03. The Codes encompass all fire, life, and structural safety aspects and apply to the construction, alteration, moving, demolition, repair, and use of the Leased Premises. Any additions, alterations, repairs, and changes of use or occupancy in the Leased Premises shall comply with the provisions for new

buildings and structures as set forth in the Codes. All devices or safeguards that are required by the Codes shall be maintained in conformance with the edition of the Codes under which it was installed.

The CARRIER shall immediately notify the Airport Director and the Airport Operations Center ("AOC") of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or other any Non Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings.

The CARRIER further agrees to provide approved containers for trash and recycling and to keep the Leased Premises free and clear of rubbish and litter. The Airport Director shall have the right to enter upon and inspect the CARRIER's Leased Premises and other Airport facilities at any time for cleanliness, safety, and maintenance inspections as set out herein. The Airport Director shall attempt to provide reasonable notice prior to entering the Leased Premises.

The CARRIER shall designate in writing to the Airport Director an on-site representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness, and general order.

If the CARRIER fails to maintain or make repairs or replacements as required herein, the Airport Director shall notify or attempt to notify the CARRIER in writing of said failure. Should the CARRIER fail to correct the failure within the time specified in the notice, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the CARRIER. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the CARRIER within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

If the CARRIER fails to maintain or make repairs or replacements, including removal of all its GSE and/or any CARRIER materials at its loading and unloading operations at the end of its approved hours of operation as required herein, the Airport Director may make the necessary correction or cause it to be made, and the cost thereof, including but not limited to the cost of labor, materials, and equipment shall be charged to the CARRIER. Thereafter, an administrative fee equal to fifteen percent (15%) of the sum of such items shall be paid by the CARRIER within ten (10) days of receipt of a statement of said cost from the Airport Director. The Airport Director may, at his or her option, choose other remedies available herein or as provided by law.

The CARRIER expressly waives any and all claims against the COUNTY for compensation for any and all loss or damage to the CARRIER's property sustained by reason of any defect, deficiency, or impairment of any water supply system, drainage or sewer system, gas supply

system, telephone system, electrical supply system or electrical apparatus or wires serving the Leased Premises, except to the extent caused by the COUNTY's negligence or willful misconduct.

SECTION 5.08 VEHICLES AND AUTOMOTIVE EQUIPMENT ON APRON

The COUNTY reserves the right to regulate, by the adoption of an ordinance, rules, or other means, adopted consistent with Section 5.03, the use of vehicles and automotive equipment upon, over, and across the apron and around the passenger terminal building. Vehicles and equipment used upon, over, and across the apron and around the passenger terminal building should be in good working order and free of leaks. In the event of an emergency not specifically provided for in said rules and regulations, the Airport Director shall have the power to take charge of the direction of such vehicle and automotive traffic in the area affected and regulate the same until the cause of such emergency has been removed. The existence of an emergency, other than an aircraft emergency, shall be determined by the Airport Director.

SECTION 5.09 AIRCRAFT PARKING

The CARRIER shall make arrangements with the Airport Director for each aircraft parking space that may be made available to the CARRIER subject to Section 4.01 in this LEASE.

If, in the judgment of the Airport Director, it becomes necessary to move the CARRIER's aircraft in order to ensure public safety and improve ramp area efficiency, or otherwise, then the CARRIER shall immediately move said aircraft to the location designated by the Airport Director.

Should any aircraft owned or operated by the CARRIER, through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the landing and field facilities at the Airport, the CARRIER shall:

A. Immediately remove said aircraft to such location as shall be designated by the Airport Director, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

B. In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by the Airport Director.

Should the CARRIER fail to remove said aircraft, or should aircraft owned or operated by the CARRIER be abandoned on the Airport, the COUNTY shall have the right to remove such aircraft by any means the Airport Director deems necessary under the circumstances, and the CARRIER shall keep and hold the COUNTY harmless from any and all costs, loss, liability, damage or

expense incurred by the COUNTY or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal as well as moving and storage costs therefor. The CARRIER agrees that the designation of any aircraft parking positions anywhere on the Airport, if any, made for the CARRIER's use is presently regulated by the Access Plan, and that nothing in this Section obligates the COUNTY to provide, make available, or consent to any aircraft parking spaces for the CARRIER's use. The CARRIER agrees that it may not independently make arrangements for aircraft parking space at the Airport without express written consent of the Airport Director, which may be withheld in their sole discretion.

SECTION 5.10 FUELING REQUIREMENTS

The CARRIER shall make separate arrangements with an approved on-Airport fuel provider for into-plane fueling on the Cargo Operations Area. A copy of the agreement entered into by the CARRIER shall be delivered to the Airport Director within ten (10) days of execution. No fueling at any other location on the Airport shall be permitted.

ARTICLE VI -ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

SECTION 6.01 HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE

The CARRIER agrees that it shall abide with all applicable Hazardous Substances laws, rules and regulations, relating to Hazardous Substances including, but not limited to, 49 C.F.R. Parts 171 *et seq*. The CARRIER shall not cause any Hazardous Substances to be brought upon, kept, used, stored, generated, treated, managed or disposed of in, on or about or transferred to or from the Airport, except to the extent that such Hazardous Substances are (i) necessary for or useful to the CARRIER's business and (ii) used, kept and stored in a manner that complies with all applicable Environmental Laws, the Airport Rules and Regulations, and all other applicable laws.

The CARRIER shall comply with all applicable Environmental Laws and shall not engage in any activity on or about the Airport that violates any applicable Environmental Law. In conducting its operations and maintenance on the Airport under this LEASE, the CARRIER shall comply with such regulations regarding the storage, distribution, processing, handling and/or disposal, including the Stormwater discharge requirements, of Hazardous Substances including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

The CARRIER shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental agency having jurisdiction or any applicable Environmental Law for clean-up and removal of any contamination involving any Hazardous Substances caused by the CARRIER. In conducting a clean-up of a Hazardous Substance release under this LEASE, the CARRIER shall comply with applicable Environmental Laws. Hazardous waste generated by the

CARRIER or its contractors shall be disposed properly and under the CARRIER's EPA ID number.

The CARRIER shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Stormwater drainage system unless authorized by applicable Environmental Law and the Airport's Stormwater Discharge Permit. The CARRIER shall not allow or cause the entry of any Unauthorized Non Stormwater Discharge that is under its control into the Stormwater drainage system of the Airport or into the Stormwater drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the COUNTY for that purpose, and the CARRIER complies with recommendations made by the state and/or federal Environmental Protection Agency and the Airport's Stormwater Discharge Permit requirements. The CARRIER shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by any applicable Environmental Law.

The CARRIER shall provide all notices required pursuant to the SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986, CAL. HEALTH & SAF. CODE § 25249 *et seq*. The CARRIER shall provide prompt written notice to the COUNTY within three (3) days of receipt of all written notices of violation of any applicable Environmental Law received by the CARRIER.

SECTION 6.02 SPILL RESPONSE PLAN

CARRIERs and fueling companies are required to provide (separately or collectively) a Local Spill Response Action Plan to address specific spill response management. CARRIERs are encouraged to coordinate response efforts between the CARRIERs and fueling contractors. At a minimum, the plan should address the following:

a) Response team organization, members, and responsibilities;
b) Spill response procedures (including notifications);
c) Personnel training;
d) Personal protective equipment; and
e) Spill kit inventory and management

The CARRIER shall immediately notify the Airport Director and the AOC of any emergency posing a threat to the safety or security of any persons or property at the Airport, including but not limited to any fire, accident, serious injury or property damage, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, or any Non-Stormwater Discharge. The AOC can be reached by calling (949) 252-5000 or picking up any white telephone located in the terminal buildings. The CARRIER is responsible to mitigate such spills and perform any remediation necessary to satisfy the applicable federal, state, or local oversight agencies. If the COUNTY personnel, equipment, or third party services are needed to support mitigation, the COUNTY will be reimbursed by the CARRIER for labor, equipment, and third party costs for all services provided. In addition to reimbursing the COUNTY for the costs of all services provided

by third parties to mitigate such spills, the CARRIER shall pay to County administrative costs in the amount of one thousand dollars ($1,000) per incident. Said costs shall be paid by the CARRIER within fifteen (15) days of receipt of an invoice for costs from the COUNTY.

To the fullest extent authorized by law, the CARRIER shall be liable to the COUNTY for any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon the COUNTY due to the CARRIER's violation of any governmental rules, environmental laws, regulations or standards as now or may hereafter be promulgated or enacted, related to CARRIER's operation under this LEASE, including, but not limited to, the payment of any fines or penalties arising from any breach of security, fire, emergency, accident, or spill or release of fuel, lubricants, solvents, sewage, Hazardous Substances, Non-Stormwater Discharge, or from any other violations caused directly or indirectly by the act, omission, negligence, abuse or carelessness on the part of the CARRIER, its employees, subtenants, agents or suppliers related to CARRIER's operation under this LEASE.

SECTION 6.03 STORMWATER CONTROL AND CONTAMINATION

Federal regulations for Stormwater discharges were issued by the U.S. Environmental Protection Agency (U.S. EPA) (40 CFR Parts 122, 123, and 124). The U.S. EPA, through the NPDES permitting program, regulates discharges of potentially contaminated wastewater and Stormwater into waters of the United States. California has been delegated NPDES general permitting authority by the U.S. EPA. California's State Water Board has issued NPDES permits to regulate municipal, industrial, and construction Stormwater discharges under the NPDES permitting program.

Section 402(p) of the Clean Water Act (CWA) requires NPDES permits for Stormwater discharges from municipal separate storm sewer systems (MS4s). The County of Orange is the principal permittee for Orange County's MS4 Permit Order No. R8-2009-0030 (or currently effective permit) No. CAS 618030 (MS4 Permit). As a facility owned and operated by the County of Orange, the Airport implements requirements in the MS4 permit and is responsible for discharges into the system. One of the MS4 Permit requirements is to establish the legal authority to control discharges. The County's Water Quality Ordinance (OCCO Title 4, Division 13, Sections 4-13-10 et. seq.) regulates non-stormwater discharges into the MS4 to reduce the discharge of pollutants into the waters of the State. The CWA and the resulting MS4 permit require the County to take steps to reduce pollutants leaving its systems to the maximum extent practicable. The MS4 permit requires the County to develop and implement a Local Implementation Plan (LIP) describing the programs and procedures required by the MS4 permit. The Airport will enforce these stormwater requirements on municipal areas of the Airport

CARRIER shall not have prohibited discharge to the MS4 system or on-site storm drains. Some non-stormwater discharges (i.e., fire sprinkler tests) require additional permits with the Regional Water Quality Control Board (RWQCB). CARRIER is responsible for obtaining and

implementing monitoring requirements associated with any non-stormwater discharge permits. CARRIER shall notify COUNTY prior to any non-stormwater discharge.

In the furtherance of these regulations and Section 402 of the Clean Water Act (CWA), the State of California has adopted a General Permit for discharges of Stormwater associated with industrial activities: "State Water Resources Control Board (State Water Board) Water Quality Order No. 2014-0057-DWQ, NPDES General Permit No. CAS 000001 (Industrial General Permit or IGP)." JWA has applied for and received coverage to discharge Stormwater and authorized non-stormwater discharges pursuant to the general permit for industrial activities and is subject to the permit's requirements, conditions, and penalties. The permit requires the development and implementation of an effective Industrial Stormwater Pollution Prevention Plan (SWPPP) and Monitoring Implementation Plan (MIP). This plan is developed by COUNTY and covers CARRIER. The airside portion of JWA where industrial activities take place is covered by the IGP. Industrial activities include maintenance, fueling, equipment cleaning, storage areas, and material handling activities. CARRIER shall comply with applicable Stormwater discharge requirements and Best Management Practices for industrial facilities described in the SWPPP. COUNTY will provide the required annual training for CARRIER as part of the SWPPP training requirements. CARRIER shall have all personnel working within the airside portion of John Wayne Airport to attend annual training or CARRIER shall provide annual training to personnel using JWA-approved training materials.

SECTION 6.04 ENVIRONMENTAL STEWARDSHIP

CARRIER shall support the COUNTY's Environmental Compliance and Stewardship program through participation in various efforts or implementation of Airport plans. COUNTY shall provide CARRIER advance notice of any proposed changes to the following plans that may affect CARRIER operations:

A. Air Quality Improvement Plan (AQIP) and Memorandum of Understanding (MOU) with the South Coast Air Quality Management District
B. Climate Action Plan.
C. Waste Management Plan.
D. Stormwater Pollution Prevention Plan.
E. Green Concessions Program.

CARRIER shall implement and support the following environmental policies and provide reports and documents as required:

A. Adopt and adhere to the following GSE requirement: GSE associated with commercial operations shall achieve fleet average oxides of nitrogen (NOx) emission factor of 1.7 grams per brake horsepower per hour (g/bhp-hr)upon lease initiation through 2030 and 0.9 g/bhp-hr by January 1, 2031, respectively, as calculated in accordance with the Airport's AQIP and MOU with SCAQMD. Within 30 days of lease execution the CARRIER shall

develop and provide to JWA a GSE improvement plan to demonstrate how the GSE requirement will be met. Annually CARRIER shall provide GSE data as required by the MOU by March 30.

B. CARRIER has been provided a copy of the COUNTY's Environmentally Preferable Purchasing Policy (2022) and shall consider developing a similar policy that addresses the CARRIER's procurement of goods and services as applicable.
C. CARRIER shall affirm its commitment to Environmental Sustainability at the Airport. The Policy commitment shall be submitted to the JWA within 30 days of LEASE execution.
D. Upon request, CARRIER shall provide reports necessary for environmental compliance, regulatory requirements and airport mitigation measure obligations including but not limited to GSE data, fuel usage, spills, and business emergency plans.

Conservation: All CARRIER facilities and improvements shall meet the Airport's Tenant Design and Construction Guidelines, as may be amended from time to time. All improvements shall meet the California Green Building Code (Title 24) CALGreen Tier 1. In particular, the CARRIER shall implement the following conservation measures and policies as applicable:

A. Use equipment and appliances that are ENERGY STAR rated or equivalent and EPA Water Sense or equivalent, as applicable, when replacing existing equipment and appliances.
B. Use high-efficiency light fixtures and bulbs (including compact fluorescents) when replacing or installing new fixtures and bulbs.
C. Install sensors in office areas to turn off lights when unoccupied when these areas are being renovated or updated.
D. Install energy-efficient heating and cooling equipment when replacing or upgrading.
E. Use energy-efficient computers and servers when replacing this equipment.
F. Select equipment with variable-speed motors and fan drives when possible.
G. Use paperless receipt technology when possible.

Waste Minimization and Diversion: CARRIER is expected to meet all recycling and organics (food waste) reduction requirements to facilitate JWA's solid waste reduction program per the requirements of California Public Resources Code Section 42648. To the fullest extent possible, CARRIER shall cooperate with COUNTY to reduce and divert waste from landfills. CARRIER shall participate in COUNTY's waste diversion program, which may include waste reduction practices, including recycling, compostable containers (no Styrofoam), composting of food waste, and reuse/recycling of fats, oils, and grease.

SECTION 6.05 RESERVED

SECTION 6.06 ENVIRONMENTAL INDEMNIFICATION

To the fullest extent authorized by law, the AIRLINE shall indemnify, defend, and hold the COUNTY, its officers, and employees harmless from and against any and all applicable Environmental Law claims, judgments, damages, penalties, fines, costs, liabilities, losses, orders,

and lawsuits arising out of any actions or inaction by the AIRLINE, the AIRLINE's operations at the Airport or any action arising from and which involve the AIRLINE's officers, agents, subcontractors, and employees, including the cost of defense arising therefrom, including but not limited to the following:

(1) The AIRLINE'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 the AIRLINE's release of Hazardous Substances on the Airport since the time the AIRLINE first occupied the Airport.

(2) The AIRLINE's release of Hazardous Substances upon or within the Airport.

(3) The AIRLINE's violation of any applicable Environmental Law, except that the AIRLINE's obligations under this paragraph shall not extend to known and pre-existing conditions that are, as of the date of this LEASE, the subject of investigation and remediation by the COUNTY or others, or remediation conditions that arise from operations of third parties that are not affiliated with the AIRLINE that take place off of the Airport. For purposes of this provision, a party shall be deemed to be affiliated with the AIRLINE if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of the AIRLINE or if it is controlled by or under common control with the AIRLINE.

(4) The AIRLINE's causing or allowing any discharge into the Airport Drainage System that is prohibited by Section 7.01 of this LEASE.

This indemnification includes, without limitation, reasonable attorney's fees/costs and other costs incurred by the COUNTY in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental entity because of any Hazardous Substances being present in the soil or groundwater under the Airport. However, the AIRLINE'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 the COUNTY or its agents, servants or independent contractors who are directly responsible to the COUNTY.

In the event the indemnitees described hereinabove are named as defendants or respondents in any lawsuit or administrative proceeding, the AIRLINE shall, at the request of the COUNTY, represent the indemnitee with qualified counsel approved in writing by the COUNTY.

In the event that a monetary judgment is awarded against the COUNTY and the AIRLINE because of the concurrent negligence of the COUNTY and the AIRLINE or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Both the COUNTY and the AIRLINE agree that neither party shall request a jury apportionment. Nothing stated in this LEASE and in this indemnity obligation

shall be construed as authorizing any award of attorney's fees/costs in any action to enforce the terms of this LEASE.

The rights and obligations set forth in this indemnification shall survive the termination of this LEASE.

SECTION 6.07 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS

In the event that any of the terms of the environmental requirements codified in this Article conflict with any other terms of this LEASE, the environmental requirements contained in this Article shall apply.

SECTION 6.08 ANTI-IDLING POLICY

Within six months of LEASE execution, CARRIER must develop, implement, and submit to the Airport Director or designee for approval a fleet-wide anti-idling policy. At a minimum, the anti-idling policy shall include the requirement that vehicle engines shall be turned off when vehicles are not occupied and that occupied vehicles be turned off after no more than a five-minute idling period. CARRIER's policy shall also include all sublicensee and third-party vehicles that enter Airport property at the direction of the CARRIER.

ARTICLE VII - CONSTRUCTION AND IMPROVEMENTS

SECTION 7.01 CONSTRUCTION AND/OR ALTERATION BY THE COUNTY

The COUNTY may alter, repair, maintain, remodel, expand, remove, or improve any of the facilities at the Airport or any of its appurtenances.

In addition, the COUNTY may reassign or relocate the CARRIER's Exclusive Use Area. The COUNTY shall provide the CARRIER advance notice of such action and shall make every reasonable effort to provide the CARRIER alternative space that is reasonably comparable to the CARRIER's operations at the same rates and charges that the CARRIER would have paid for the space being surrendered. In the event no alternative space is available, the CARRIER shall surrender its space promptly to the COUNTY, provided that the CARRIER shall be reimbursed for the reasonable cost of any such reassignment, reallocation, or relocation and the cost of the CARRIER's unamortized investment, if any, as documented by the CARRIER to the satisfaction of the COUNTY and mutually agreed to by the Airport Director and the CARRIER. All of such costs, as well as the COUNTY's cost of providing the aforementioned alternative space, shall be included in the cost of the particular project requiring such reassignment, reallocation, or relocation.

SECTION 7.02 IMPROVEMENTS BY THE CARRIER

The CARRIER shall not perform any construction upon the Leased Premises, nor shall the CARRIER modify, alter, or remove any permanent improvements lying within the Leased Premises without prior written approval of the COUNTY. Any construction, modifications, alterations, or removal of any permanent improvements by the CARRIER shall be at the CARRIER's expense.

A. **Consent Required From the COUNTY**. No structures, improvements, or facilities shall be constructed, erected, altered, removed, or made within the Leased Premises without prior written consent of the COUNTY, which consent may be withheld or conditioned at the COUNTY's discretion. Minor repairs, replacement, and maintenance proposed for the Leased Premises, the cost of which does not exceed one hundred twenty-five thousand dollars ($125,000) annually, shall be approved by the Airport Director. All other structures, improvements, facilities, repairs, replacement, removal, and maintenance items shall be approved by the Board of Supervisors.

B. **Compliance with Plans and Construction Standards**. All improvements constructed by the CARRIER within the Leased Premises shall be constructed in strict compliance with detailed plans and specifications approved by the Airport Director. All construction shall be conducted in a good and workmanlike manner and shall conform to applicable building codes, rules, regulations, and the Airport's architectural standards as contained in the reference document "John Wayne Airport, Architect and Engineer Guide," which can be provided by Airport upon request. All work shall be done in conformity with Airport-approved plans, valid building, and other necessary permits and shall be acceptable to the COUNTY and the appropriate governmental entity inspecting such work. The CARRIER shall be responsible for filing Form 7460 for any construction and/or height of construction equipment with the FAA if required.

All improvements constructed by the CARRIER, including the plans and specifications therefor, shall conform in all respects to the applicable statutes, ordinances, building codes, rules, and regulations of the COUNTY and such other governmental authority as may have jurisdiction. The Airport Director's approval shall not constitute a representation or warranty as to such conformity, which shall remain the CARRIER's responsibility. The CARRIER, at its own cost and expense, shall procure all permits necessary for such construction.

C. **Insurance Requirements**. The CARRIER shall obtain aviation commercial general liability insurance during construction. If the construction is done by an independent contractor, insurance shall be procured by the contractor in the name of the CARRIER and the COUNTY. All insurance shall be in the limits and coverages acceptable to the COUNTY's Risk Management Services.

D. **Noninterference**. The CARRIER warrants that it or its contractor shall in no way delay, cause delays to, or interfere with any Airport operations or other contractors working in the terminal or on the Airport, except with the prior written approval of the Airport director, as set out herein. The CARRIER agrees to hold the COUNTY harmless from the cost of any time lost by the COUNTY or any damages to the COUNTY due to the actions or failure to act of the CARRIER or its contractor.

E. **Trailers and Modular Structures**. All improvements constructed by the CARRIER shall be of a permanent nature. Trailers and modular buildings are prohibited on the Leased Premises. This provision shall not apply to the use of the COUNTY-approved temporary modular or trailers during construction. Upon completion of construction, all trailers or modulars must be immediately removed from the Leased Premises.

F. **The CARRIER's Cost and Expense**. All renovation or construction by the CARRIER pursuant to this Section shall be at the CARRIER's sole cost and expense. The CARRIER shall keep the Leased Premises and the improvements constructed thereon free and clear of all liens, and shall pay all costs for labor and material arising out of such construction, and shall hold the COUNTY harmless from any liability in respect thereto. The CARRIER shall have the right to contest any and all liens filed against its existing or future Leased Premises. The CARRIER further agrees that the COUNTY shall have the right to post notices of non-responsibility as provided by Sections 3094 and 3129 of the California Civil Code.

G. **Ownership of Improvements**. All improvements and facilities, exclusive of trade fixtures, constructed or placed within the Leased Premises by the CARRIER must, upon completion, be free and clear of all liens, claims, or liability for labor or material and at the COUNTY's option shall become the property of the COUNTY at the expiration of this LEASE or upon earlier termination hereof. The COUNTY retains the right to require the CARRIER, at the CARRIER's cost, to remove any or all improvements located within the Leased Premises at the expiration or termination hereof.

SECTION 7.03 CARRIER'S ASSURANCE OF CONSTRUCTION COMPLETION

Prior to commencement of construction of approved facilities, the CARRIER shall furnish to the COUNTY evidence that assures the COUNTY that sufficient monies will be available to the CARRIER and the COUNTY to complete the proposed construction. The amount of money available shall be at least the total estimated construction cost. Such evidence may take one of the following forms:

A. Completion Bond issued to the COUNTY as obligee.

B. Irrevocable letter of credit issued to the COUNTY that will remain in effect until the COUNTY acknowledges satisfactory completion of construction.

C. Any combination of the above.

All bonds and letters of credit must be issued by a surety company, financial institution or advising bank qualified and admitted conducting business in the State of California and issued in an approved form approved by the COUNTY. All bonds and letters of credit shall ensure faithful and full observance and performance by the CARRIER of all terms, conditions, covenants, and agreements relating to the construction of improvements within the Leased Premises.

It is not the intent of the contracting Parties herein to create a third-party beneficiary, and nothing in this Section shall be construed to do so.

SECTION 7.04 MECHANICS LIENS OR STOP-NOTICES

The CARRIER shall at all times indemnify and hold the COUNTY harmless from all Mechanics Liens, Stop-Notices, claims, losses, demands, damages, costs, expenses or liability costs for labor or materials in connection with construction, repair, alteration, or installation of structures, improvements, equipment, or facilities within the Leased Premises undertaken by the CARRIER, and from the cost of defending against such claims, including attorneys' fees and costs.

In the event a mechanics lien or stop-notice is imposed upon the Leased Premises, the CARRIER shall either:

A. Record a valid Release of Lien; or

B. Procure and record a bond in accordance with Section 8424 of the California Civil Code, which frees the Leased Premises from the claim of the lien or stop notice and from any action brought to foreclose the lien.

Should the CARRIER fail to accomplish either of the two optional actions above within fifteen (15) days after the filing of such a lien or stop notice, the LEASE shall be in default and shall be subject to immediate termination.

SECTION 7.05 RECORD DOCUMENTS, AS-BUILT DOCUMENTS AND CONSTRUCTION COSTS

Within sixty (60) days following the completion of any improvement within the Leased Premises, the CARRIER shall furnish the Airport Director a complete package of “As-Built Documents” and "Record Documents," which include but are not limited to construction documents, specifications, cost estimates, engineering studies, and calculations. The aforementioned information shall be submitted on two (2) thumb drives containing digital copies of the “As-Built Documents” and "Record Documents," organized in a detailed, logical, and comprehensible folder structure, which is in a form that is usable and accepted by the COUNTY, to the COUNTY's satisfaction, as described below, unless otherwise allowed by the Airport Director.

A. Drawings and Models:

1. All 2-D and 3-D architectural, engineering, design, and/or construction drawing and/or modeling files for the project shall be completed using AutoCAD 2019 and REVIT 2019 or a newer version of either software if approved by John Wayne Airport.
2. All geographic data, spatial analysis, geographic information system (GIS) mappings, drawings, exhibits, and/or figures for the project shall be completed using Environmental Systems Research Institute (ESRI) ArcGIS.
3. All 2-D and 3-D drawing and/or modeling files created via computer-aided design and drafting (CADD), building information modeling (BIM), and/or GIS for the project shall conform to the John Wayne Airport CADD/BIM/GIS standards and specifications.
4. In addition to the 2-D and 3-D drawing and/or modeling files indicated above, a PDF format (scaled to ARCH E1 format where applicable) of those drawings, exhibits, figures, etc. shall be generated and submitted digitally.

B. Documents and Reports:

1. All specifications, reports, and/or studies (e.g., geotechnical report, etc.), calculations, and other project information (e.g., construction submittals, operations, and maintenance (O&M) manuals, warranties, etc.) for the project shall be completed using MS Office suite applications and also generated and submitted digitally in a PDF format.

Note: "Record Documents," e.g., record drawings, specifications, calculations, etc., shall be prepared, stamped, and signed by the Architect and/or Engineer of Record for the project and shall reflect all updates and/or modifications that were approved during design and construction, i.e., separate from the as-built documents, which include contractor redlines, contract changes, etc. Refer to the "John Wayne Airport Construction Standards" for additional information.

In addition, two (2) sets of hard prints of the stamped and signed record drawings for the project, as described above, must be furnished by the CARRIER with the thumb drives containing the "As-Built Documents" and "Record Documents." Basic specifications, standards, and requirements for BIM, CAD, and/or GIS produced information at the Airport can be located on the www.ocair.com website or provided by the Airport upon request.

Furthermore, the CARRIER shall furnish the Airport Director with an itemized statement of the actual, direct construction costs of such improvement. The construction costs may include actual, direct fees paid to contractors, architects, engineers, surveyors, laborers, and suppliers or permit fees required by governmental agencies to allow construction. Construction costs shall not include indirect costs such as financing costs, holding costs, legal fees, interest, administrative and

overhead expenses, bond premiums, or developer fees. The statement of cost shall be sworn to and signed by the CARRIER or its responsible agent under penalty of perjury. The CARRIER must obtain the Airport Director's approval of acceptance of the "As-Built Documents" and "Record Documents" and the form and content of the itemized statement.

SECTION 7.06 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS

The CARRIER shall be responsible for any damage caused by the CARRIER, or the CARRIER's aircraft, equipment, employees, agents, visitors, or suppliers, to common use areas of the Terminal or Airport facilities, including but not limited to runways, taxiways, access roads, navigational aids, apron areas and loading bridges. Should such damage require immediate repairs or replacement, and the CARRIER is unable to respond immediately to complete said repairs or replacement, the Airport Director may cause to be made or make any necessary repairs or replacements, and the cost thereof shall be paid by the CARRIER. Said cost shall include all labor, materials, equipment costs, and an administrative fee equal to fifteen percent (15%) of the sum of those items. Said cost shall be paid by the CARRIER within fifteen (15) days of receipt of an invoice for costs from the Airport Director.

In the event of damage to or destruction of the CARRIER-owned or constructed buildings, facilities, or improvements located within the Leased Premises or in the event the CARRIER-owned or constructed buildings, facilities, or improvements located within the Leased Premises are declared unsafe or unfit for use or occupancy by the COUNTY or any other public entity with jurisdiction to make and enforce such a declaration, the CARRIER shall, within thirty (30) days, commence and diligently pursue completion of the repair, replacement or reconstruction of improvements to the same size and floor area as they existed immediately prior to the event causing the damage or destruction, as necessary to permit full use and occupancy of the Leased Premises for the purposes required by the LEASE. Repair, replacement, or reconstruction or improvements within the Leased Premises shall be accomplished in a manner and according to plans approved by the Airport Director. Except as otherwise provided herein, termination of this LEASE shall not reduce or nullify the CARRIER's obligation under this paragraph. With respect to damage or destruction to be repaired by the COUNTY or which the COUNTY elects to repair, the CARRIER waives and releases its rights under California Civil Code Sections 1932(2) and 1933(4).

SECTION 7.07 HEALTH AND SAFETY

The CARRIER shall comply with all applicable California Occupational Safety & Health Administration (Cal/OSHA) requirements and all federal, state, or local safety orders. The CARRIER shall post on the Lease Premises and at all construction sites a copy of "Construction Safety Orders" and "General Industry Safety Orders" issued by the California State Division of Industrial Safety.

The CARRIER shall, within thirty (30) days after the execution of this LEASE, submit to the COUNTY a comprehensive Safety Plan outlining the code of safe work practices and

procedures. The plan must include emergency response procedures, notification procedures, and personnel training procedures. The CARRIER shall convene safety meetings at regularly scheduled times as described in its Safety Plan and as required by Cal/OSHA. The CARRIER and/or the CARRIER's contractor shall submit, prior to the start of any tenant improvements, the CARRIER or CARRIER's contractor required Cal/OSHA Safety Plan for approval by the Airport.

The CARRIER shall submit to the COUNTY an annual report detailing the status of all permits required and issued to the CARRIER by Cal/OSHA or any other federal, state, or local government agency. Said report shall be due on or before January 31 of each calendar year.

ARTICLE VIII - ACCOMMODATION

SECTION 8.01 JOINT USE REQUIREMENT

The CARRIER and/or other CARRIERS may be provided the opportunity by the COUNTY to initiate or expand service at the Airport and may have a need or requirement for certain types of Airport space and facilities. Such initiation or expansion of service may be reasonably implemented by the Airport Director based upon provisions of the Access Plan.

The CARRIER agrees to make every reasonable effort to offer to any CARRIER initiating service at the Airport the opportunity to share use of its Exclusive Use Area. In determining whether the use of another incoming CARRIER initiating service at the Airport is reasonable and possible, the CARRIER will have the right to consider the compatibility of the proposed operations of those with whom the CARRIER has subleases or handling arrangements, the CARRIER's existing and future flight schedules, the need for labor cooperation, the adverse competitive impacts resulting from the presence of the other aircraft operator on the CARRIER's Leases Premises and the availability of other such space at the Airport. Should the CARRIER deny another CARRIER initiating service at the Airport the opportunity to use the CARRIER's Leased Premises, the COUNTY may review the CARRIER's space usage, and should it reasonably determine, considering all the factors noted herein (including the CARRIER's reasons for such refusal), that the CARRIER unreasonably refused usage by such other CARRIER, it may require the CARRIER to permit the other CARRIER to use the CARRIER's Leased Premises, subject to the initiating CARRIER executing an agreement with the CARRIER acceptable to the COUNTY that complies with the material terms and conditions of this LEASE, including the indemnification and insurance provisions.

The CARRIER shall, by separate agreement with such all-cargo air service CARRIERS as the COUNTY may designate, or by other arrangement as provided by the Airport Director, provide space and/or services within Leased Premises to accommodate said CARRIERS operation. Any said agreement for joint use shall be subject to the Airport Director's approval and subject to the terms and conditions of this LEASE. The CARRIER agrees that in the event, it subleases its Leased Premises to another the CARRIER, any sublease rental rate shall be calculated on a per square-foot basis.

Sublease per square foot rental rates for sublet space shall reflect a reasonable pro-rata allocation of the CARRIER's actual and direct costs related to said space and shall be based upon the following factors:

A. The square foot per annum rental rate currently paid by the CARRIER to the COUNTY for space to be sublet; and

B. A reasonable square foot charge to compensate the CARRIER for the pro-rata costs per square foot applicable to the CARRIER improvement costs, maintenance costs, and a reasonable administrative fee.

The annual sublease rental rate shall not exceed two times the square foot per annum rental rate currently paid by the CARRIER to the COUNTY unless the CARRIER can demonstrate to the satisfaction of the Airport Director that its costs for the subleased premises, exclusive of the administrative fee, justify a higher rate.

ARTICLE IX - ASSIGNMENT AND SUBLEASE

SECTION 9.01 ASSIGNING, SUBLETTING, AND TRANSFERRING

The provisions of this Section are subject to and subordinate to the limitations of Section 5.04 of this LEASE.

A. **Transfers**. The CARRIER shall not transfer, assign, sublet, or hypothecate (hereinafter referred to as "Transfer") any interest of the CARRIER in the Leased Premises without the prior written approval of the COUNTY. The CARRIER shall give the COUNTY thirty (30) days prior written notice of all proposed Transfers. The CARRIER shall not make any such Transfers for a period longer than the remaining term of the LEASE.

If the COUNTY approves such Transfers, such approval does not constitute a waiver of any of the terms of the LEASE. All Transfer documents shall be consistent with the terms, covenants, and conditions of the LEASE, and in the event of any inconsistency, the provisions of this LEASE shall govern.

If the CARRIER is a corporation, an unincorporated association, or a partnership, Transfers include the acquisition by any person other than the CARRIER of any stock or interest in said corporation, unincorporated association, or partnership in the aggregate amount of fifty-one percent (51%) or more.

The failure by the CARRIER to obtain the prior written approval by the COUNTY of any Transfer of the LEASE or any interest in the Leased Premises shall constitute a material breach of this LEASE and shall not confer any leasehold rights upon the transferee. Such

failure shall be grounds for termination of this LEASE for default pursuant to Section 10.02.

B. **Conditions of the COUNTY Approval**. The COUNTY agrees that it will not arbitrarily withhold consent to any Transfer, but the COUNTY may withhold consent at its sole discretion if any of the following conditions exist:

(1) The CARRIER, its successors, or assigns are in default of any term, covenant, or condition of this LEASE, whether notice of default has or has not been given by the COUNTY.

(2) The prospective subtenant, assignee, or transferee has not agreed in writing to keep, perform, and be bound by all the terms, covenants, and conditions of this LEASE.

(3) The prospective subtenant, assignee, or transferee is not financially capable or not experienced in performing the LEASE obligations, as determined by the Airport Director.

(4) Subtenant's use is in conflict with the terms of this LEASE.

(5) All the terms, covenants, and conditions of Transfer, including the consideration, therefore, of any and every kind, have not been revealed in writing to the Airport Director.

(6) Any construction required of the CARRIER as a condition of this LEASE has not been completed to the satisfaction of the COUNTY.

(7) The CARRIER has not provided the Airport Director with a copy of all documents relating to the Transfer, including, but not limited to, appraisals, notes, trust deeds, title reports, escrow instructions, *etc*.

(8) The CARRIER attempts to hypothecate the leasehold for an amount greater than the cost of new improvements to be constructed on the Leased Premises. Hypothecation of the leasehold shall not be permitted for any reason other than to obtain Loan Proceeds necessary to construct new improvements on the Leased Premises.

C. **Affiliate Transactions**. The COUNTY has adopted in the Access Plan policies and regulations regarding transactions and aircraft operations at the Airport involving affiliations of commercial CARRIERs operating, or desiring to operate, at the Airport ("the affiliate policy"). The CARRIER acknowledges that the COUNTY considers the affiliate policy to be an important and significant policy in support of the COUNTY's regulation of the Airport.

The CARRIER acknowledges that there is a rational basis for this policy under the operational and historical circumstances affecting the Airport, that under such circumstances this policy maintains appropriate equity between the rights and privileges of competing commercial operators using the Airport, and that the affiliate policy does not constitute unlawful or unjustly discriminatory action by the COUNTY in its operation and management of the Airport. The CARRIER agrees to comply fully and completely with the affiliate policy and all related regulations that appear in the Access Plan and or this LEASE.

Any affiliate transaction described and defined in the Access Plan, and any affiliate transaction between the CARRIER and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, shall constitute a Transfer within the meaning of Paragraph A, above. In the event an affiliate transaction involving the CARRIER is initiated, then not later than the time when the affiliate transaction is publicly announced:

(1) The CARRIER shall notify the Airport Director of the fact of the initiation of the affiliate transaction.

(2) If the affiliate transaction is initiated by the CARRIER, the CARRIER shall promptly provide to the Airport Director copies of all agreements, or written offers or proposals, made with respect to the transaction, and copies of all documents filed with federal authorities with respect to the transaction. If the affiliate transaction is initiated by some other person in respect of the CARRIER, the CARRIER shall promptly and continuously provide such documentation or other information regarding the transaction as may be available to the CARRIER.

(3) In addition to all other obligations of the CARRIER, if the affiliate transaction involves the CARRIER and any other person who then has a written agreement with the COUNTY to conduct regularly scheduled air service operations at the Airport, the CARRIER shall promptly arrange to negotiate with the Airport Director regarding the terms and conditions upon which the Director would recommend consent by the Board of Supervisors to a Transfer of this LEASE, or Transfer of the written agreement(s) between the other person or entity involved in the affiliate transaction and the COUNTY.

Notwithstanding any other provision of this LEASE, the LEASE may be terminated by the COUNTY on thirty (30) days' notice to the CARRIER without further obligation of the COUNTY, and without any liability of the COUNTY to the CARRIER whatsoever, if:

(1) The CARRIER fails to comply with Paragraph C of this Section; or if

(2) The Airport Director fails to make a favorable recommendation to the Board of Supervisors regarding the Transfer within sixty (60) days after initiation and public announcement of the affiliate transaction, which contains terms and conditions agreed to by the CARRIER and its affiliate(s); or if

(3) The Board of Supervisors fails to consent to the Transfer on terms and conditions which have been accepted by the CARRIER within thirty (30) days after receipt of the recommendations of the Airport Director.

D. **Bankruptcy Transaction**. If the CARRIER assumes this LEASE or proposes to assign the same pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, then notice of such proposed assignment shall be given to the COUNTY. The following information shall be provided to the COUNTY:

(1) The name and address of the proposed assignee;

(2) All of the terms and conditions of such offer; and

(3) Adequate assurance to the COUNTY of the proposed assignee's future performance under the LEASE, including, without limitation, the assurance referred to in the U.S. BANKRUPTCY CODE, 11 U.S.C. §365(b)(3).

Any person or entity to which this LEASE is assigned pursuant to the provisions of the U.S. BANKRUPTCY CODE, 11 U.S.C. §101 *et seq.*, shall be deemed without further act or deed to have assumed all of the obligations arising under this LEASE on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to the COUNTY an instrument confirming such assumption.

E. **Non-Transferable Privileges**. Aircraft operations and ADDs authorized by Section 5.05 in this LEASE and the Access Plan are not property interests of the CARRIER and are non-transferable in any form, and as such, are not subject to sale, assignment, hypothecation, and transfer by the CARRIER under the terms of this Section. Any such attempted hypothecation, assignment, encumbrance, sale, or other such attempted transfer of operations, privileges, or ADDs is in violation of the public policy of the COUNTY and shall be void and shall constitute a breach and default of this LEASE.

SECTION 9.02 SUCCESSORS IN INTEREST

Unless otherwise provided in this LEASE, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all Parties hereto, all of whom shall be jointly and severally liable hereunder.

ARTICLE X - TERMINATION AND DEFAULT

SECTION 10.01 TERMINATION OF PRIOR AGREEMENTS

It is mutually agreed that this LEASE shall terminate and supersede any prior leases or agreements between the Parties hereto for the purpose of commercial air transportation and all related activities of the CARRIER at the Airport.

SECTION 10.02 TERMINATION FOR DEFAULT

The COUNTY may terminate this LEASE and all of its obligations hereunder with prior written notice to the CARRIER and may exercise all rights of entry for default and breach if the CARRIER fails to perform any of its obligations under this LEASE, including, but not limited to:

A. Payment of rents, fees, and charges;

B. A general assignment for the benefit of creditors and any Transfer without the prior written approval by the COUNTY;

C. The issuance of any execution or attachment against the CARRIER at the Airport that is undischarged within sixty (60) days of levy or seizure or if the Leased Premises are occupied by someone other than the CARRIER;

D. The voluntary vacation or abandonment by the CARRIER of the conduct of air transportation business at the Airport;

E. The violation by the CARRIER of any of the terms of any insurance policy referred to in the LEASE;

F. If the CARRIER is found by the FAA, TSA, other government regulatory or successor agency to have violated specified safety standards in the conduct of the CARRIER's business;

G. The violation or breach of any provision of the Access Plan;

H. The violation of any written directions of the Airport Director;

I. The appointment of a receiver to take possession of all, or substantially all, the assets of the CARRIER located at the Leased Premises or of the CARRIER's leasehold interest in the Leased Premises.

Where applicable, and unless otherwise stated in this LEASE, or by written notice, the CARRIER shall have fifteen (15) calendar days to cure any default prior to termination of this LEASE or such

longer period as may be reasonably necessary to cure such default considering the nature thereof, at the Airport Director's discretion.

SECTION 10.03 CONDITION OF LEASED PREMISES UPON TERMINATION

Except as otherwise agreed to herein, upon termination of this LEASE, the CARRIER shall redeliver possession of said Leased Premises to the COUNTY in substantially the same condition that existed immediately prior to the CARRIER's entry thereon, reasonable wear and tear, flood, earthquakes, war and any act of war, excepted. References to the termination of the LEASE in this LEASE shall include termination by reason of expiration.

SECTION 10.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY

If the CARRIER abandons or quits the Leased Premises or is dispossessed thereof by process of law or otherwise, title to any personal property belonging to the CARRIER and left on the Leased Premises fifteen (15) days after such event shall be deemed to have been transferred to the COUNTY. The COUNTY shall have the right to remove and to dispose of such property without liability therefor to the CARRIER or to any person claiming under the CARRIER and shall have no need to account therefor. Personal property left on the Leased Premises after termination, expiration, or abandonment of the LEASE shall not be construed as giving the CARRIER possession of the Leased Premises during the fifteen (15) days after termination, expiration, or abandonment of the LEASE.

SECTION 10.05 THE COUNTY'S RIGHT TO RE-ENTER

The CARRIER agrees to yield and peaceably deliver possession of the Leased Premises to the COUNTY on the date of termination of this LEASE, whatsoever the reason for such termination.

Upon giving written notice of termination to the CARRIER, the COUNTY shall have the right to re-enter and take possession of the Leased Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the LEASE and re-entry of the Leased Premises by the COUNTY shall in no way alter or diminish any obligation of the CARRIER under the LEASE terms and shall not constitute an acceptance or surrender.

The CARRIER waives any and all rights of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Leased Premises for any lawful reason or in the event the COUNTY re-enters and takes possession of the Leased Premises in a lawful manner.



ARTICLE XI - SECURITY

SECTION 11.01 AIRPORT SECURITY

The CARRIER shall comply with all current and applicable Airport, FAA, TSA, CBP, security-related rules, regulations, plans, and procedures. The CARRIER is responsible for fines imposed by any regulatory agency as a result of the CARRIER's failure to comply with applicable rules, regulations, orders, plans, and procedures regarding airport security.

The CARRIER employees, subtenants/contractors shall be required to obtain airport security clearance in order to perform work at the Airport under this LEASE. The CARRIER must maintain a current, updated list of Authorized Signatories responsible for the Airport-Issued Identification Credential ("Airport ID/Security Credential") process, a list of current Airport ID/Security Credentialed CARRIER employees and subtenants/contractors and respond to scheduled and unscheduled audits at the request of the Airport. The CARRIER employees and subtenants/contractors applying for an Airport ID/Security Credential must successfully complete a Criminal History Records Check ("CHRC") and a Security Threat Assessment ("STA") in accordance with current regulations. The CARRIER employees and subtenants/contractors must also attend and successfully pass all related Security Identification Display Area ("SIDA") classes and tests for access to secure areas and a driver's permit with an appropriate and valid California Driver's License to drive on the airfield. The CARRIER must attend all mandatory security-related exercises, and monthly security consortium meetings hosted by the Airport.

A. **Local Security**. The CARRIER shall be responsible for the security of gates or doors that are located on the Leased Premises. Said gates and/or doors on the Leased Premises permitting entry to the restricted areas of the Airport shall be locked when not in use and/or under the CARRIER's constant surveillance. The CARRIER shall install such security equipment, including, but not limited to, video monitoring equipment, as may be required by the Airport Director to ensure compliance with all regulations of the FAA, TSA, or other governmental agencies having jurisdiction over Airport security. The CARRIER shall exercise control over any person or vehicle escorted by the CARRIER onto restricted or secure areas of the Airport or to whom an Airport ID/Security Credential was issued by or at the request of the CARRIER and ensure that such person or vehicle shall comply with all Airport security regulations.

B. **Federal Security**. As of the date of this LEASE, the TSA provides for all passenger and baggage screening conducted at the Airport. The CARRIER may be required to provide assistance to TSA in its efforts to carry out its federal mandates. At some point during the term of this LEASE, the Airport or another entity may be authorized to provide these security services in lieu of the TSA.

C. **Penalties and Fines.** The CARRIER shall promptly pay any penalties for which the CARRIER is responsible. These penalties include, but are not limited to, civil penalties or

fines assessed against the Airport or the CARRIER by the FAA, TSA, or any other governmental agency for the violation of any security-related laws, rules, policies, or regulations at the Airport.

D. **Airport ID/Security Credential Application and Lifecycle.** Prior to issuance of an Airport ID/Security Credential(s), designated CARRIER personnel who will be working onsite and engaged in the performance of work under this LEASE must pass Airport's background check requirements, which includes an F.B.I. Criminal History Records Check ("CHRC") and a TSA Security Threat Assessment ("STA") and shall pay applicable fees. Upon successful completion of the background checks, CARRIER-designated personnel will be required to attend a SIDA class and pass a written test. Those personnel who may be permitted by the Airport to drive on the Airport Operations Area ("AOA") perimeter road must also complete a Driver's Training class and written test. Airport ID/Security Credentials are not issued until designated CARRIER personnel have: 1) completed appropriate application forms and submitted proof of identity and employment eligibility, 2) passed both background checks, 3) completed and passed appropriate training, and 4) paid an Airport ID/Security credential fee for each applicant. The CARRIER should anticipate a minimum of fourteen (14) business days to complete the Airport ID/Security Credential process if all requirements listed above are fulfilled by individual Airport ID/Security Credential applicants in a timely manner but factors outside the Airport's control can contribute to longer durations. If an applicant is applying for a USCBP Seal due to their operational need to work international air service operations, this process may take longer. Authorized Signatories must be in constant contact with the Airport's ID/Access Control Office. The CARRIER's designated personnel must successfully complete the Airport ID/Security Credential acquisition process unless other arrangements have been approved by the Airport. The CARRIER shall be responsible for all applicable fees and costs associated with the background checks and badging process. The amount of such fees is subject to change without notice.

E. **Airport ID/Security Credential Applicant Requirements and Responsibilities.** The Airport Security Plan (ASP) requires that each person issued an Airport ID/Security Credential be made aware of their responsibilities regarding the privilege of access to restricted areas of the Airport.

The CARRIER and all CARRIER personnel within an access-controlled area (AOA, SIDA, secured area, or sterile area) are required to display on their person an Airport ID/Security Credential unless they are escorted by a properly Airport-credentialed individual with escort privileges. When working in a secure area, each Airport-credentialed person is responsible for challenging any individual who is not properly displaying an Airport-issued or approved and valid Airport ID/Security Credential. CARRIER personnel and their subtenants/contractors must also validate Airport ID/Security Credential employees as described in security training. Any person who is not properly displaying or who cannot produce a valid Airport ID/Security Credential, unless

they are being escorted, must immediately be referred to the Sheriff's Department – Airport Police Services Office for proper handling.

The Airport ID/Security Credential is the property of the County of Orange and must be returned upon termination of the CARRIER personnel employment and/or termination of the LEASE. The loss of an Airport ID/Security Credential shall be reported within 24 hours to the Sheriff's Department–Airport Police Services by calling (949) 252-5000. The CARRIER or CARRIER personnel who lose their Airport ID/Security Credential shall be required to pay a fee before receiving a replacement Airport ID/Security Credential. The charge for lost Airport ID/Security Credential replacement will be posted in the Airport Administration Office and is subject to change without notice. A report shall be made before a replacement Airport ID/Security Credential will be issued.

The Airport ID/Security Credential is nontransferable.

In the event that the CARRIER's Airport ID/Security Credential is not returned within three (3) business days to the Airport upon: 1) termination of the CARRIER personnel or contracted personnel, 2) Airport ID badge expiration, or 3) upon termination of the LEASE, the CARRIER shall be liable to the County of Orange for a fine in the amount of $250.00 per unreturned Airport ID/Security Credential. The amount of the fine is subject to change without notice. The CARRIER's Security Deposit may be applied to cover the cost of the fine.

ARTICLE XII - INSURANCE AND INDEMNITY

SECTION 12.01 INSURANCE

The CARRIER agrees to carry all required insurance at the CARRIER's expense and provide to the COUNTY current Certificates of Insurance, including all endorsements required herein, necessary to satisfy the COUNTY that the insurance provisions of this LEASE have been complied with. CARRIER shall keep such insurance coverage current, provide Certificates of Insurance, and endorsements to the COUNTY during the entire term of this LEASE.

The CARRIER agrees that the CARRIER shall not operate on the Airport Premises at any time the required insurance is not in full force and effect as evidenced by a Certificate of Insurance and necessary endorsements or, in the interim, an official binder being in the possession of Airport Director. In no cases shall assurances by the CARRIER, its employees, agents, including any insurance agent be construed as adequate evidence of insurance. Airport Director will only accept valid Certificates of Insurance and endorsements, or in the interim, insurance binder as adequate evidence of insurance. The CARRIER also agrees that upon cancellation, termination, or expiration of the CARRIER's insurance, the COUNTY may take whatever steps are necessary to interrupt any operation from or on the Airport Premises until such time as the Airport Director reinstates the LEASE.

If the CARRIER fails to provide Airport Director with a valid Certificate of Insurance and endorsements, or binder at any time during the term of the LEASE, the COUNTY and the CARRIER agree that this shall constitute a material breach of the LEASE. Whether or not a notice of default has or has not been sent to the CARRIER, said material breach shall permit the COUNTY to take whatever steps necessary to interrupt any operation from or on the Airport and to prevent any persons, including, but not limited to, members of the general public, and the CARRIER's employees and agents, from entering the Premises until such time as Airport Director is provided with adequate evidence of insurance required herein. The CARRIER further agrees to hold the COUNTY harmless for any damages resulting from such interruption of business and possession, including, but not limited to, damages resulting from any loss of income or business resulting from the COUNTY's action.

The CARRIER may occupy the Airport Premises only upon providing to COUNTY the required insurance stated herein and maintain such insurance for the entire term of this LEASE. COUNTY reserves the right to terminate this LEASE at any time the CARRIER's insurance is canceled or terminated and not reinstated within ten (10) days of said cancellation or termination. CARRIER shall pay COUNTY a fee of $300.00 for processing the reinstatement of the LEASE. CARRIER shall provide to COUNTY immediate notice of said insurance cancellation or termination.

All contractors performing work on behalf of the CARRIER pursuant to this LEASE shall obtain insurance subject to the same terms and conditions as set forth herein for the CARRIER, excluding General Aviation Liability. All contractors performing work on behalf of the CARRIER pursuant to this LEASE shall obtain insurance subject to the following required minimum limits: Commercial General Liability $1,000,000 per occurrence with a $2,000,000 aggregate; Commercial Auto Liability $1,000,000 combined single limit each accident for air operations area; and, $5,000,000 combined single limit each accident for air operations area (AOA). Pollution Liability will be required when hazardous materials or waste are involved with limits $1,000,000 per claims made or occurrence. The CARRIER shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by the COUNTY from the CARRIER under this LEASE. It is the obligation of the CARRIER to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the Airport Premises. Such proof of insurance must be maintained by the CARRIER through the entirety of this LEASE and be available for inspection by a COUNTY representative at any reasonable time.

1) All self-insured retentions (SIR)'s shall be clearly stated on the Certificate of Insurance. Any SIR in excess of Fifty Thousand Dollars $50,000 shall specifically be approved by the County's Risk Manager, or designee. The County reserves the right to require current audited financial reports from CARRIER. If CARRIER is self-insured, CARRIER's will indemnify and defend County for any and all claims resulting or arising from CARRIER's

use of the premises, services, or other performance in accordance with the indemnity provision stated in this LEASE.

If CARRIER fails to maintain insurance acceptable to the COUNTY for the full term of this LEASE, the COUNTY may terminate this LEASE.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the Best's Key Rating Guide/Property-Casualty/United States or ambest.com).

If the insurance carrier does not have an A.M. Best Rating of A-/VIII, CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the CARRIER shall provide the minimum limits and coverage as set forth below:

Coverages	**Minimum Limits**
Aviation Commercial General Liability (Including but not limited to General Liability, Passenger Legal Liability, Personal Injury, Contractual Liability, War/Extended Perils Liability, Premises, Products and Completed Operations, Ground Hangarkeepers, and liability for vehicles and mobile equipment operated on restricted airport premises.)	$250,000,000 per occurrence $250,000,000 aggregate
Workers' Compensation	Statutory
Employers' Liability Insurance	$1,000,000 per accident or disease
Pollution Liability Insurance	$1,000,000 per claims-made or per occurrence
Commercial Property Insurance on an “All Risk” or “Special Causes of Loss” basis covering all contents and any tenant improvements, including	100% of the Replacement Cost Value and no coinsurance provision

Coverages	Minimum Limits
Business Interruption/Loss of Rents with a 12-month limit	

Increased insurance limits may be satisfied with Excess/Umbrella policies. Excess/Umbrella policies when required must provide Follow Form coverage.

Required Endorsements

The Aviation Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees, and agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the CARRIER's insurance is primary, and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

The Pollution Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds.

2. A primary and non-contributing endorsement evidencing that the CARRIER's insurance is primary, and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

Pollution Liability insurance must include coverage for bodily injury and property damage, including coverage for loss of use and/or diminution in property value, and for clean-up costs arising out of, pertaining to, or in any way related to the actual or alleged discharge, dispersal, seepage, migration, release or escape of contaminants or pollutants resulting from any services or work performed by, or behalf of, Lessee, including the transportation of hazardous waste, hazardous materials, or contaminants.

If Lessee's Pollution Liability policy is a claims-made policy, Lessee shall agree to the following:

1) The retroactive date must be shown and must be before the date of the contract or the beginning of the LEASE.

2) Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after expiration or earlier termination of LEASE.

3) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the contract services, Lessee must purchase an extended reporting period for a minimum of three (3) years after expiration of earlier termination of the LEASE.

The Workers' Compensation policy shall contain a Waiver of Subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents, and employees. Blanket coverage may also be provided, which will state **– As Required by Written Agreement.**

All insurance policies required by this LEASE shall waive all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents, and employees when acting within the scope of their appointment or employment.

The Commercial Property policy shall contain a Loss Payee endorsement naming the County of Orange as respects the COUNTY's financial interest when applicable.

Insurance certificates should be forwarded to the COUNTY address provided in the Clause (NOTICES) below or to an address provided by Airport Director. The CARRIER has ten (10) business days to provide adequate evidence of insurance, or this LEASE may be cancelled.

The COUNTY expressly retains the right to require the CARRIER to increase or decrease insurance of any of the above insurance types throughout the term of this LEASE. Any increase or decrease in insurance will be deemed by the COUNTY Risk Manager as appropriate to protect adequately the COUNTY.

The COUNTY shall notify the CARRIER in writing of changes in the insurance requirements. If the CARRIER does not deposit copies of acceptable certificates of insurance and endorsements with the COUNTY incorporating such changes within thirty (30) days of receipt of such notice, this LEASE may be in breach without further notice to the CARRIER, and the COUNTY shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit the CARRIER's liability hereunder nor to fulfill the indemnification provisions and requirements of this LEASE, nor in any way to reduce the policy coverage and limits available from the insurer.

SECTION 12.02 INDEMNITY

The CARRIER agrees to indemnify, defend with counsel approved in writing by the COUNTY, and hold the COUNTY, its elected and appointed officials, officers, employees, agents and those special districts and agencies which the COUNTY'S Board of Supervisors acts as the governing

Board ("COUNTY INDEMNITEES") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by the CARRIER pursuant to this LEASE. If a judgment is entered against the CARRIER and the COUNTY by a court of competent jurisdiction because of the concurrent active negligence of the COUNTY or the COUNTY INDEMNITEES, the CARRIER, and the COUNTY agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

ARTICLE XIII - FEDERAL GRANT ASSURANCES AND REQUIREMENTS

SECTION 13.01 CIVIL RIGHTS AND NONDISCRIMINATION

A. In all its activities within the scope of its airport program, CARRIER 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 (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance

If CARRIER transfers its obligation to another, the transferee is obligated in the same manner as CARRIER.

B. During the performance of this LEASE, CARRIER, for itself, its assignees, and successors in interest, agrees as follows::

1) **Compliance with Regulations:** CARRIER 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 LEASE.

2) **Nondiscrimination:** CARRIER, with regard to the work performed by it during the LEASE, will not discriminate on the grounds of race, color, or national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The CARRIER 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.

3) **Solicitations for Subcontracts, including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding or negotiation made by CARRIER for work to be performed under a subcontract, including procurement

of materials or leases of equipment, each potential subcontractor or supplier will be notified by CARRIER of the CARRIER's obligations under this LEASE and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.

4) **Information and Reports:** CARRIER 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 COUNTY or the FAA to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, CARRIER will so certify to the COUNTY or the FAA, as appropriate, and will set forth what efforts it has made to obtain this information.

5) **Sanctions for Noncompliance:** In the event of the CARRIER's noncompliance with the non-discrimination provisions of this LEASE, the COUNTY will impose such sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

a. Withholding payments under the LEASE until the CARRIER complies, and/or

b. cancelling, terminating, or suspending the LEASE, in whole or in part.

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

C. CARRIER, for itself, 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 Leased Premises for a purpose for which an FAA activity, facility, or program is extended or for another purpose involving the provision of similar services or

benefits, CARRIER 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 said facilities.

2) 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.

3) In the construction of any improvements on, over, or under the Leased Premises 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.

4) CARRIER will use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title VI List of Pertinent Nondiscrimination Acts and Authorities.

D. CARRIER shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service.

E. CARRIER, for itself, its assignees, and successors in interest, agrees to comply with the following nondiscrimination 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);

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, subrecipients and contractors, 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) The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex)

10) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations); [rescinded January 21, 2025];

11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)][rescinded March 1, 2025]; and

12) 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).

F. In the event of a breach of any of the above nondiscrimination covenants, the COUNTY shall have the right to terminate the LEASE and to re-enter and repossess said land and the facilities thereon and hold the same as if said LEASE had never been made or issued.

SECTION 13.02 DEVELOPMENT/MAINTENANCE OF AIRPORT

The COUNTY reserves the right to develop further or improve the Airport as it sees fit, regardless of the desires or views of the CARRIER, and without interference or hindrance.

The COUNTY reserves the right, but shall not be obligated to the CARRIER, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of the CARRIER in this regard.

SECTION 13.03 LEASE SUBORDINATE TO AGREEMENT WITH U.S.A.

This LEASE shall be subordinate to the provisions and requirements of any existing or future agreement between the COUNTY and the United States or any lawful requirement of the United States relative to the development, operation, or maintenance of the Airport.

SECTION 13.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS

The CARRIER agrees that the CARRIER's use of the Leased Premises, including all construction thereon, shall conform to applicable FEDERAL AVIATION REGULATIONS.

The CARRIER agrees to comply with the applicable notification and review requirements covered in Part 77 of the FEDERAL AVIATION REGULATIONS (as same may be amended from time to time or such other regulation replacing Part 77 as may be adopted by Federal authority) prior to the construction of the improvements described herein and prior to the construction of any future structure or building upon the Leased Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

SECTION 13.05 FEDERAL LAW PREEMPTION

Notwithstanding any provisions of this LEASE, to the contrary and notwithstanding any provision of any other agreements, laws, or ordinances to the contrary, any requirement that is imposed on the CARRIER in this LEASE, or any local authorities, shall not apply to the CARRIER to the extent that such requirement is or would otherwise be preempted by federal law, including but not limited to the CARRIER Deregulation Act (49 U.S.C. § 41713).

SECTION 13.06 NONEXCLUSIVE RIGHT

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to conduct aeronautical activities or provide aeronautical services

to the public as prohibited by 49 U.S.C. § 40103(e) and 47107(a)(4), as amended from time to time, and the COUNTY reserves the right to grant others the privilege and right of conducting any or all activities of an aeronautical nature.

SECTION 13.07 WAR OR NATIONAL EMERGENCY

This LEASE 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.

SECTION 13.08 RESERVED

SECTION 13.09 AMERICANS WITH DISABILITIES ACT

The CARRIER shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 ("ADA") in connection with: (a) the Leased Premises or any portion thereof and its operations thereon, the CARRIER's furnishings, trade fixtures, and equipment; (b) removing physical barriers; (c) providing auxiliary aids and services for use of the CARRIER's furnishings, trade fixtures and equipment, where necessary or required; and (d) modifying its policies, practices and procedures to comply with the ADA. The CARRIER shall develop a work plan to correct or avoid any violations or non-compliance with the ADA and to address the processing of disability complaints. The CARRIER shall deliver to the COUNTY, upon the COUNTY's request, a copy of each report and work plan. The COUNTY's approval of or acceptance of any aspect of the CARRIER's activities under this LEASE shall not be deemed or construed in any way as a representation that such item or activity of practice complies with the ADA. The CARRIER agrees to indemnify, defend, and hold the COUNTY harmless from and against any and all costs incurred by the COUNTY with respect to the CARRIER's failure to comply with the ADA.

SECTION 13.10 BOARDING ASSISTANCE FOR AIRCRAFT

In accordance with 49 C.F.R. § 27.72, the CARRIER shall ensure the provision of boarding equipment for passengers with mobility impairment, including, but not limited to, aircraft boarding chairs used to transfer passengers from their wheelchair or other apparatus to their seat in the aircraft cabin. The CARRIER shall provide all related passenger assistance with this equipment. The equipment shall be provided and maintained in accordance with 49 C.F.R. § 27.72 and the applicable FAA Advisory Circulars, including AC 150/5220-21C.

The COUNTY owns and maintains ramps for utilization by the CARRIER on the airport apron in the event a ramp is needed for boarding or deplaning of the aircraft. The CARRIER shall promptly notify the COUNTY if COUNTY-owned ramps require maintenance. If the CARRIER owns and

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operates additional ramps, the CARRIER shall maintain those ramps in proper working condition. The CARRIER shall provide assistance to passengers with mobility impairment when ramps are used for boarding or deplaning of the aircraft.

ARTICLE XIV - MISCELLANEOUS PROVISIONS

SECTION 14.01 TIME

Time is of the essence in this LEASE.

SECTION 14.02 LEASE ORGANIZATION

The various headings and numbers herein, the grouping of provisions of this LEASE into separate sections and paragraphs, and the organization thereof are for the purpose of convenience only and shall not be considered otherwise.

SECTION 14.03 AMENDMENTS

This LEASE sets forth all of the agreements and understandings of the Parties with regard to its subject matter, and any modification must be written and properly executed by both Parties.

SECTION 14.04 SIGNS

The CARRIER agrees not to construct, maintain, or allow any sign upon the Leased Premises except as approved by the COUNTY. Unapproved signs, banners, flags, etc., may be removed by the COUNTY without prior notice to the CARRIER. All requests for the approval of signs for the CARRIER shall be accompanied by illustrative drawings and design dimensions along with information about the type of signs proposed and proposed locations. All promotional signs shall be allowed to remain for ninety (90) days after approval. The COUNTY may, without notice, remove any unauthorized signs or advertising materials and may store them at the CARRIER's expense; the COUNTY may dispose of items if they are not promptly claimed by the CARRIER after notice from the COUNTY.

SECTION 14.05 PERMITS AND LICENSES

The CARRIER shall be required to obtain any and all approvals, permits, and/or licenses that may be required in connection with the operation of the Leased Premises as set out herein. No permit, approval, or consent given hereunder by the COUNTY in its governmental capacity shall affect or limit the CARRIER's obligations hereunder, nor shall any approvals or consents given by the COUNTY as a Party to this LEASE be deemed approval as to compliance or conformance with applicable governmental codes, laws, ordinances, rules, or regulations.

SECTION 14.06 RESERVED

SECTION 14.07 TAXES AND ASSESSMENTS

This LEASE may create a possessory interest that is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) that become due and payable upon the Leased Premises or fixtures, equipment, or other property installed or constructed thereon shall be the full responsibility of the CARRIER, and the CARRIER shall cause said taxes and assessments to be paid promptly.

SECTION 14.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If either Party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental laws or regulations, or other cause without fault and beyond the control of the Party obligated, financial inability excepted, the performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse the CARRIER from the prompt payment of any rental or other charge required of the CARRIER except as may be expressly provided elsewhere in this LEASE.

SECTION 14.09 PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this LEASE is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 14. 10 WAIVERS OF RIGHTS

The failure of the COUNTY or the CARRIER to insist upon strict performance of any of the terms, covenants, or conditions of this LEASE shall not be deemed a waiver of any right or remedy that the COUNTY or the CARRIER may have and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of the LEASE thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this LEASE. Any waiver, in order to be effective, must be signed by the Party whose right or remedy is being waived.

SECTION 14.11 RESERVATIONS TO THE COUNTY

The Leased Premises are accepted "AS IS," and the CARRIER is subject to any and all existing easements and encumbrances. The COUNTY reserves the right to install, lay, construct, maintain, repair, and operate sanitary sewers, drains, Stormwater sewers, pipelines, manholes and connections; water, oil and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through,

across, under and along the Leased Premises or any part thereof; and to enter the Leased Premises for any and all such purposes. The COUNTY also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, under, and along any and all portions of the Leased Premises. No right reserved by the COUNTY in this Section shall be so exercised as to interfere unreasonably with the CARRIER's operations hereunder or to impair the security of any secured creditor of the CARRIER.

The COUNTY agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The COUNTY further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Leased Premises by the CARRIER, the CARRIER shall only be entitled to a reduction in the rent payable to the COUNTY during the period of interference, which shall be reduced in proportion to the interference with the CARRIER's use of the Leased Premises. The CARRIER shall not be entitled to any other form of compensation.

SECTION 14.12 AUTHORITY OF THE CARRIER

If the CARRIER is a corporation, each individual executing this LEASE on behalf of said corporation represents and warrants that they are duly authorized to execute and deliver this LEASE on behalf of said corporation in accordance with the by-laws of said corporation and that this LEASE is binding upon said corporation.

SECTION 14.13 PUBLIC RECORDS

The CARRIER understands that written information submitted to and/or obtained by the COUNTY from the CARRIER related to this LEASE and/or the Leased Premises, either pursuant to this LEASE or otherwise, may be open to inspection by the public pursuant to the California Public Records Act (CAL. GOV. CODE §§7920.000 *et seq.*) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public.

SECTION 14.14 RELATIONSHIP OF PARTIES

The relationship of the Parties hereto is that of lessor and lessee, and it is expressly understood and agreed that the COUNTY does not in any way or for any purpose become a partner of the CARRIER in the conduct of the CARRIER's business or otherwise, or a joint venturer with the CARRIER, and the provisions of this LEASE and the agreements relating to rent payable hereunder are included solely for the purpose of providing a method by which rental payments are to be measured and ascertained. This LEASE is intended for the sole benefit of the Parties hereto and their successors, and unless otherwise provided herein or by law, no rights are created, or are intended to be created, for the benefit of, or enforceable by, any third parties.

SECTION 14.15 GOVERNING LAW AND VENUE

This LEASE has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this LEASE, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

SECTION 14.16 ATTORNEYS' FEES

In any action or proceeding to enforce or interpret any provision of this LEASE, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorneys' fees, costs, and expenses.

SECTION 14.17 EMERGENCY SERVICES

Airport Director has the right to request that the CARRIER's employees aid in and use CARRIER's inventory of goods in an emergency to assist in maintaining the welfare of persons at or near the Airport. The CARRIER shall be reimbursed by the COUNTY for the cost of goods as soon as practicable at a rate not to exceed costs as existed immediately prior to the emergency.

SECTION 14.18 NOTICES

All notices pursuant to this LEASE shall be addressed to either Party as set forth below and shall be sent through the United States mail in the State of California, duly registered or certified, return receipt requested with postage prepaid, or by an overnight carrier service. If any notice is sent by an overnight carrier service, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof. Notwithstanding the above, the COUNTY may also provide notices to the CARRIER by personal delivery or by regular mail postage prepaid, and any such

notice so given shall be deemed to have been given upon the date of personal delivery or three (3) days after the date of deposit in the United States Mail, respectively.

TO: COUNTY

John Wayne Airport
3160 Airway Avenue
Costa Mesa, CA 92626
Attention Airport Director

TO: CARRIER

United Parcel Service Co.
1400 H Hurstbourne Pkwy
Louisville, KY 40223
Memphis, TN 38125-7752

Either Party hereto may, from time to time, by written notice to the other in the method described above, designate a different address which shall be substituted for the one specified above.

[Signatures continue on following page]

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first written above.

CARRIER: United Parcel Service Co.

By: _____

By: _____

APPROVED AS TO FORM:

County Counsel

By: _____

APPROVED AS TO AUDIT AND ACCOUNTING:

Auditor-Controller

By: _____

RECOMMENDED FOR APPROVAL:

John Wayne Airport

By: _____
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this
document has been delivered to the Chair
of the Board per G.C. Sec. 25103, Reso 79-1535
Attest:

COUNTY

COUNTY OF ORANGE

_____
Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

By: _____
Chairman, Board of Supervisors

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

IN WITNESS WHEREOF, the Parties have executed this LEASE the day and year first written above.

CARRIER: United Parcel Service Co.

By: _____

By: _____

APPROVED AS TO FORM:

County Counsel

By: DocuSigned by: Mark Sanchez 5EE66EC8DA7B48F...

APPROVED AS TO AUDIT AND ACCOUNTING:

Auditor-Controller

By: Signed by: Vivian Luz C. Grzeszczak 98187C051B2C443...

RECOMMENDED FOR APPROVAL:

John Wayne Airport

By: Signed by: Charlene Reynolds A1A526A921AF49F...
Charlene V. Reynolds
Airport Director

Signed and certified that a copy of this document has been delivered to the Chair of the Board per G.C. Sec. 25103, Reso 79-1535
Attest:

COUNTY

COUNTY OF ORANGE

_____
Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

By: _____
Chairman, Board of Supervisors

EXHIBIT A

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

LEASED PREMISES DESCRIPTION

Project Management Number: PM 1121-330-0030

Carrier: United Parcel Service Co.

The Leased Premises referred to in this LEASE shall mean all the premises shown on maps marked as "Exhibit B" and "Exhibit C," attached hereto and made a part hereof, being those certain Exclusive Use Area and Cargo Operations Area designated as follows:

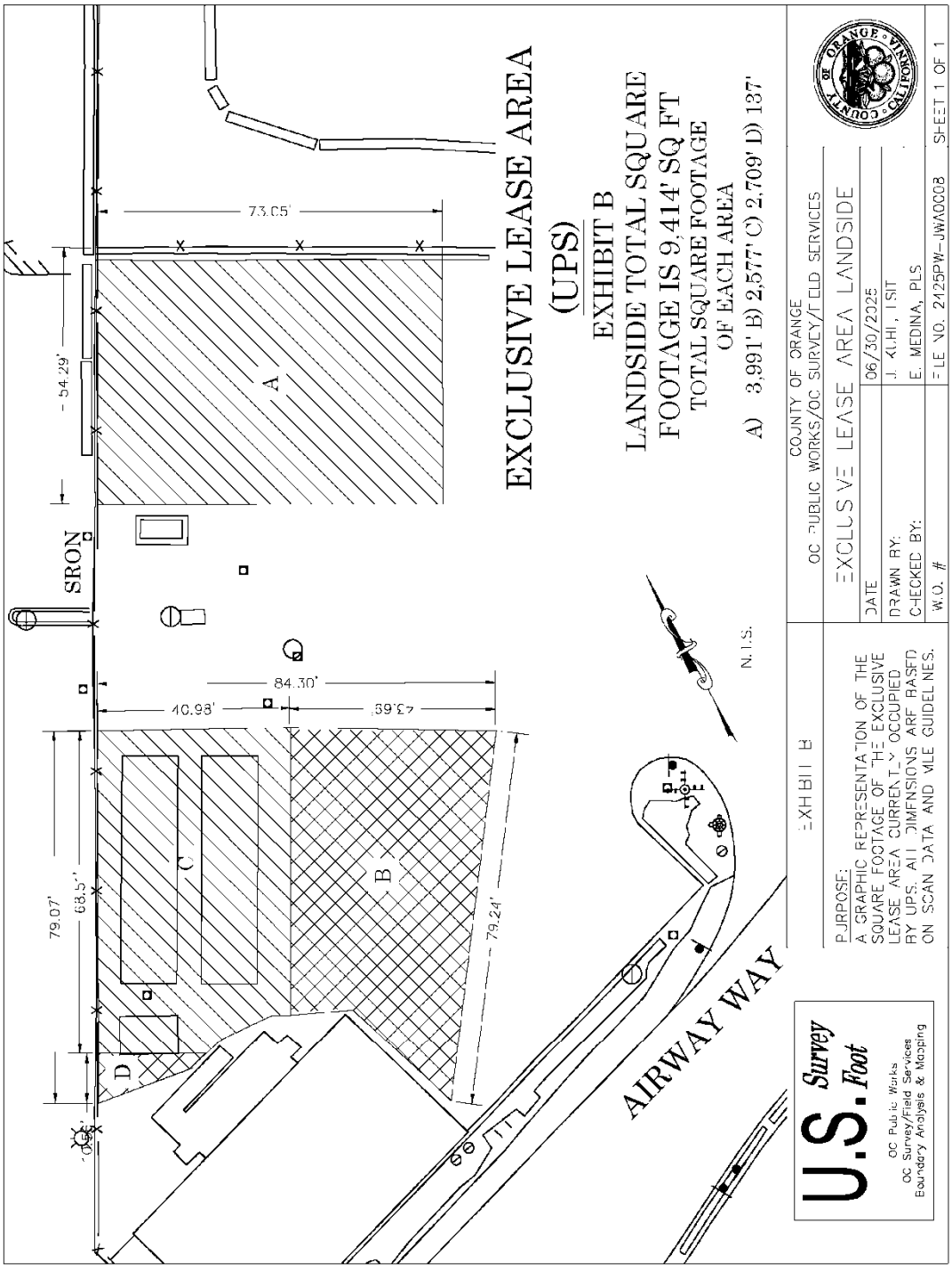
PM 1121-330-0030: Exclusive Use Area containing 9,414 square feet of offices and parking areas as show in Exhibit B.

PM 1121-330-0030.1: Cargo Operations Area containing 14,919 square feet located on the southernmost portion of south "remain over night" (RON) ramp as shown in Exhibit C.

Said Exclusive Use Area and Cargo Operations Area are situated at John Wayne Airport, 18601 Airport Way, in the City of Santa Ana, County of Orange, State of California, and located on Lot 135 of Block 7, of the Irvine Subdivision, per map recorded in Book 1, Page 88 of Miscellaneous Maps in the Office of the County Recorder of Orange County, together with the right of ingress and egress thereto.

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

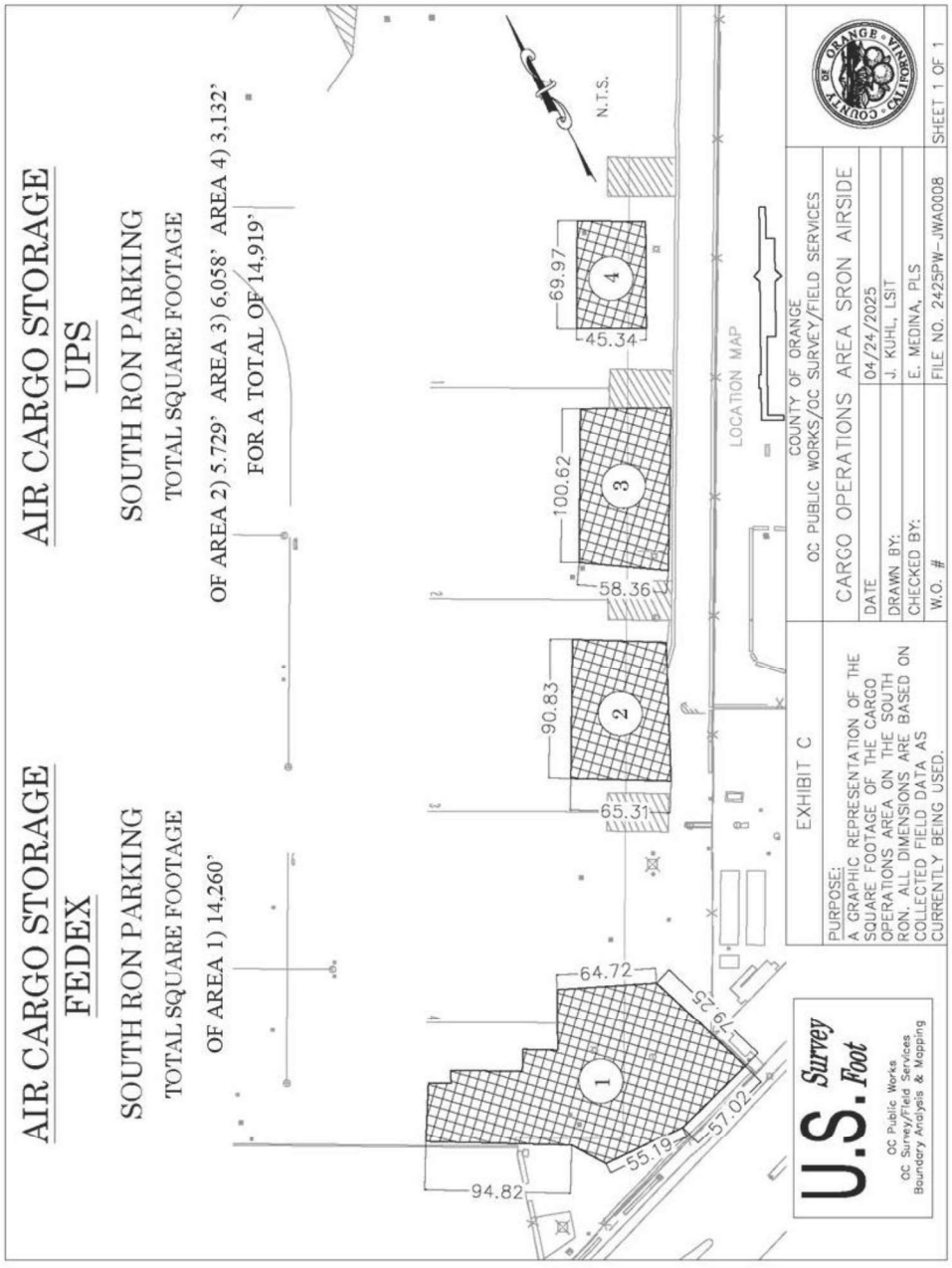
EXHIBIT B
MAP OF LEASED PREMISES



Page 1 of 1

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

EXHIBIT C
MAP OF CARGO OPERATIONS AREA



Page 1 of 1

JOHN WAYNE AIRPORT
AMENDED AND RESTATED CARGO LEASE

BOARD OF SUPERVISORS
MEMORANDUM

TO: Chairman Doug Chaffee, Fourth District

FROM: Vicente Sarmiento, Supervisor Second District

DATE: October 8, 2025

Subject: Addition of Supplemental Item to the October 14, 2025, Board of Supervisors Meeting

S25F

Supervisor Sarmiento requests Clerk of the Board to add a supplemental agenda item be placed on the October 14, 2025, Board of Supervisors meeting, to adopt and recognize October 19-25, 2025 as "Hunter Syndrome Awareness Week 2025", and adding this recognition to the list of Recurring Resolutions.

RECEIVED
2025 OCT -9 PM 12:59
CLERK OF THE BOARD
COUNTY OF ORANGE
BOARD OF SUPERVISORS

Hunter Syndrome Awareness Week 2025

By the authority of the Orange County Board of Supervisors, the following resolution is hereby issued:

WHEREAS, Hunter syndrome, also known as Mucopolysaccharidosis Type II (MPS II), is a rare genetic disorder affecting approximately 1 in 100,000 to 170,000 live male births worldwide; and

WHEREAS, Hunter syndrome is caused by a deficiency of the enzyme iduronate-2-sulfatase (I2S), resulting in the harmful accumulation of complex sugars in the body's cells and leading to progressive damage to organs and systems, including the brain; and

WHEREAS, symptoms often appear in early childhood and may include developmental delays, physical impairments, and a significantly shortened lifespan; and

WHEREAS, early diagnosis and intervention are critical to improving quality of life and outcomes for individuals affected by Hunter syndrome; and

WHEREAS, increased public and medical awareness can lead to earlier diagnoses, better treatment options, and expanded research efforts toward potential therapies and a cure; and

WHEREAS, families affected by Hunter syndrome face extraordinary emotional, financial, and medical challenges, and deserve greater support, understanding, and advocacy; and

WHEREAS, recognizing the third week of October as National Hunter Syndrome Awareness Week will honor the strength and resilience of individuals and families living with the disease, promote public education, and advance critical research efforts; and

NOW, THEREFORE BE IT RESOLVED THAT THE ORANGE COUNTY BOARD OF SUPERVISORS does hereby proclaim October 19-25, 2025, as National Hunter Syndrome Awareness Week, encouraging expanded efforts in research, education, and treatment development, continued Congressional support for rare disease funding, and public participation through awareness and advocacy activities.

Board of Supervisors

Memorandum

Doug Chaffee
NA for KF

Date: 10/08/2025

To: Robin Stieler, Clerk of the Board

From: Vice Chair Katrina Foley, Fifth District

Re: Supplemental Item for the 10/14/2025 Meeting of the Board of Supervisors

S25G

Please add a supplemental item to the October 14, 2025 meeting of the Board of Supervisors to appoint James Lawson to the Campaign Finance and Ethics Commission for the term ending on October 13, 2028. Mr. Lawson will replace David A. Thompson, who resigned due to other commitments.

RECEIVED
2025 OCT -9 PM 1:20
CLERK OF THE BOARD
COUNTY OF ORANGE
BOARD OF SUPERVISORS

APPLICATION FOR COUNTY OF ORANGE BOARD, COMMISSION OR COMMITTEE

(FOR COUNTY USE ONLY)

Return to: Clerk of the Board of Supervisors
400 W. Civic Center Dr., 6th Floor
Santa Ana, California 92701
Email: response@ocgov.com
Website: https://cob.ocgov.com/

Instructions: Please complete each section below. Be sure to enter the title of the Board, Commission or Committee for which you desire consideration and attach a resume. For information or assistance, please contact the Clerk of the Board of Supervisor's Office at (714) 834-2206. Please print in ink or type.

NAME OF BOARD, COMMISSION, OR COMMITTEE TO WHICH YOU ARE APPLYING FOR MEMBERSHIP. SEE LIST AT https://cob.ocgov.com/boards-commissions-committees/bcc-name-list-and-contact-information

Ethics Commission

SUPERVISORIAL DISTRICT IN WHICH YOU RESIDE: ☐ First ☐ Second ☐ Third ☐ Fourth ■ Fifth

APPLICANT NAME AND RESIDENCE ADDRESS:

James (First Name) Murray (Middle Name) Lawson (Last Name)

[redacted] (Street Address) Newport Beach (City) CA (State) [redacted] (Zip Code)

[redacted] (Home Phone Number) [redacted] (Cell Phone Number)

[redacted] (Email Address)

CURRENT EMPLOYER: [redacted]

OCCUPATION/JOB TITLE [redacted]

BUSINESS ADDRESS: [redacted]

BUSINESS PHONE NUMBER: [redacted]

☑ **EMPLOYMENT HISTORY:** Please attach a resume to this application and provide any information that would be helpful in evaluating your application. **A RESUME MUST BE ATTACHED TO YOUR APPLICATION.**

ARE YOU A CITIZEN OF THE UNITED STATES: ■ **YES** ☐ **NO**

IF NO, NAME OF COUNTRY OF CITIZENSHIP: [redacted]

ARE YOU A REGISTERED VOTER? ■ **YES** ☐ **NO**

IF YES, NAME COUNTY YOU ARE REGISTERED IN: Orange

LIST ALL CURRENT PROFESSIONAL OR COMMUNITY ORGANIZATIONS AND SOCIETIES OF WHICH YOU ARE A MEMBER.

ORGANIZATION/SOCIETY	FROM (MO./YR.)	TO (MO./YR.)
American Planning Association	07/1998	Present
American Institute of Certified Planners	07/2002	Present

WITHIN THE LAST FIVE YEARS, HAVE YOU BEEN AFFILIATED WITH ANY BUSINESS OR NONPROFIT AGENCY(IES)? ☐YES ■ NO

DO YOU OWN REAL OR PERSONAL PROPERTY OR HAVE FINANCIAL HOLDING WHICH MIGHT PRESENT A POTENTIAL CONFLICT OF INTEREST? ☐YES ■ NO

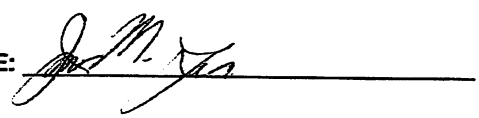
HAVE YOU BEEN CONVICTED OF A FELONY OR MISDEMEANOR CRIME SINCE YOUR 18TH BIRTHDAY? YOU ARE NOT REQUIRED TO DISCLOSE ANY OF THE FOLLOWING: ARRESTS OR DETENTIONS THAT DID NOT RESULT IN A CONVICTION; CONVICTIONS THAT HAVE BEEN JUDICIALLY DISMISSED, EXPUNGED OR ORDERED SEALED; INFORMATION CONCERNING REFERRAL TO AND PARTICIPATION IN ANY PRETRIAL OR POSTRIAL DIVERSION PROGRAM; AND CERTAIN DRUG RELATED CONVICTIONS THAT ARE OLDER THAN TWO YEARS, AS LISTED IN CALIFORNIA LABOR CODE § 432.8 (INCLUDING VIOLATIONS OF CALIFORNIA HEALTH AND SAFETY CODE SECTIONS 11357(B) AND (C), 11360(C) 11364, 11365 AND 11550 – AS THEY RELATE TO MARIJUANA)?

☐YES ■ NO

IF YES, PLEASE EXPLAIN AND ATTACH ADDITIONAL SHEETS, IF NECESSARY.

PLEASE BRIEFLY EXPLAIN WHY YOU WISH TO SERVE ON THIS BOARD, COMMITTEE, OR COMMISSION. ATTACH ADDITIONAL SHEETS, IF NECESSARY.

Desire to contribute to good government in the district I was born in and lived my entire life.

DATE: 2-22-2025 **APPLICANTS SIGNATURE:** 

CLERK OF THE BOARD OF SUPERVISORS USE ONLY – DO NOT WRITE BELOW THIS LINE

Date Received: _____ Received by: _____
Deputy Clerk of the Board of Supervisors

Date referred: _____

To: ☐ BOS District 1 ☐ BOS District 2 ☐ BOS District 3 ☐ BOS District 4 ☐ BOS District 5

☐ All BOS ☐ BCC Contact Person Name _____

County of Orange

OC Ethics Commission

Office of Campaign Finance and Ethics Commission
1300 S. Grand Avenue, Building B, Third Floor, Room 390
Santa Ana, CA 92705
Office line: 714-645-3844
Facsimile: 714-645-5739
Toll free: 844-623-8442

Addendum to Commissioner Application

1. Each Commissioner shall be a registered voter of the County.
2. During his or her tenure, a member of the Commission may not hold an elected or appointed public office, including, without limitation, any elective office in any jurisdiction and shall not be an employee of any holder of an elected or appointed public office, any member of a public body whose members are appointed by an elected official, or any employee of such public body.
3. If a Commissioner, during their term of office, desires to participate in the campaign of, or publicly support or oppose, a County Candidate or Elective County Officer, such Commissioner shall first resign from the Commission. Failure to resign before such participation or support shall be grounds for removal from the Commission.
4. No Commissioner shall during their term as Commissioner or during the previous ten (10) years prior to their commencement of their term employ or be employed by a person who is acting as a County Lobbyist, as that term is defined in the County Lobbyist Registration and Reporting Ordinance or have been a registered State Lobbyist or Federal Lobbyist.
5. No Commissioner shall have been, during the previous ten (10) years, an Elective County Officer, a County Agency/Department Head, or a County Executive Manager.
6. No Commissioners shall have been, during the previous ten (10) years, an elected or appointed official of a national, state or local partisan political (central) committee.
7. A person who has been convicted of a felony or misdemeanor involving dishonesty, untruthfulness, or any crime involving an election law violation is disqualified from serving as a Commissioner.
8. No person may serve as a Commissioner whose profession, occupation, or employment consist of (i) providing services to candidates for public office or to elected officials within the County of Orange; (ii) engaging in public affairs or legislative liaison services for an employer doing business with the County of Orange, or with any Joint Powers Authority or with any Special District operating within the County of Orange; and (iii) employment within the past ten (10) years with the County of Orange, or with any Joint Powers Authority or with any Special District operating within Orange County, or with any employee representative organization whose members are employees of the County of Orange.
9. No Commissioner who has served on the Orange County Grand Jury may serve on the Commission for ten (10) years from the date of this article's enactment.
10. No person who proposed, sponsored or co-sponsored the measure establishing the Commission may serve on the Commission for ten (10) years from the date of this article's enactment.

I, James M. Lawson, have read the above ten (10) requirements, understand them and qualify to be a Commissioner on the Campaign Finance and Ethics Commission.

I certify under penalty of perjury under the laws of the State of California that the above statement is true and correct.

Executed: Sept. 29, 2025 (Date) at Newport Beach (City) CA (State)

James M. Lawson
(Sign Your Name)

James M. Lawson, AICP

Seasoned professional with experience in acquisitions, land use planning and entitlement, due diligence and project management. Extensive knowledge of and experience with CEQA and California housing and entitlement laws, e.g. Permit Streamlining Act, Housing Accountability Act, Housing Crisis Act, Density Bonus Law, SB 330, AB 2011 and SB 713. Communicate effectively with local agency staff, neighborhood groups, and elected and appointed officials. Strong technical fluency with site engineering, architecture and related design disciplines.

Recent Experience as entitlement consultant

The Lodge on Novato Creek
Secured entitlements for 86-unit senior living community in Marin County. Entitlements included SB 330 application, density bonus, and waivers for height and landscape setback. Approved by Planning Commission in October, 2024.

The Lodge at Soquel
Completed entitlements on 82-unit senior living community in Santa Cruz County, including securing water rights to 9.257 acre feet. Negotiated land purchase and lot line adjustment with adjacent land owner. Expected opening early 2025.

Past Experience

Director of Land Entitlement
Oakmont Management Group
September 2021 to May 2022

Identified and performed due diligence on sites for senior housing communities throughout California for Ivy Living, an Oakmont-affiliated operator.

Director of Development
Oakmont Senior Living
August 2015 to April 2020

Responsible for due diligence, acquisitions, and entitlement of senior housing communities throughout Southern California. Managed in-house architects, consultants, conducted neighborhood outreach, prepared and submitted applications, worked with City staff towards presentations to Planning Commissions and City Councils. 100% approval rate entitling 492 units across six jurisdictions with no reduction in density from application. Projects included

Oakmont of Riverpark (Oxnard, CA)
Planned Development Permit, approved March 2016
85 units

Oakmont of Riverside
Conditional Use Permit and Design Review, approved May 2016
85 units

Oakmont of Fullerton
Major Site Plan Review, Conditional Use Permit, Minor Exception, and Easement Abandonment, approved December 2017
95 units

Oakmont of Agoura Hills
Conditional Use Permit, Sign Permit and Oak Tree Permit, U.S. Army Corps of Engineers Clean Water Act Section 404 Nationwide Permit, California Department of Fish and Wildlife Fish and Game Code Section 1602 Streambed Alteration Agreement, and Regional Water Quality Control Board Clean Water Act Section 401 Water Quality Certification, approved February 2018.
20% density bonus under California Density Bonus Law
75 units

Oakmont of Moorpark
Commercial Planned Development, approved August 2018
77 units

Oakmont of Covina
Zoning Code Amendment, Planned Community Development Amendment, Conditional Use Permit and Site Plan Review, approved January 2019
75 units

Land Use & Entitlement Consultant
January 2013 to August 2015

Represented clients' property interests at the local government and State agency levels; advised clients of entitlement opportunities under applicable General Plans, Local Coastal Programs, zoning ordinances and environmental regulations; prepared development feasibility analyses; managed project applications and government relations.

Project Manager/Asset Manager
Laguna Isla Vista LLC
January 2009 to October 2012

Managed subdivision of 157-space mobilehome community on 46 acres in Laguna Beach, CA towards eventual conversion to resident-owned community, including entitlement applications and presentations with City of Laguna Beach and California Coastal Commission. Managed subdivision-related litigation with California Coastal Commission and California Coastal Conservancy (dismissed after successful negotiation of after-the-fact coastal development permit). Managed surveying, geotechnical, biological and legal consultants. Supervised office and maintenance staff. Managed capital improvement projects (home installation, utility replacement, slope stabilization).

Senior Planner
EDAW/AECOM - Irvine, CA
April 2007 to December 2008

Managed preparation and entitlement of specific plans for hospital campuses and upgrades required under SB1953; managed preparation and entitlement of specific plans for planned residential communities; conducted due diligence and site analyses for solar energy facilities and assisted living facilities.

Education

B. A. in Environmental Analysis & Design

University of California - Irvine, CA

Certifications / Licenses

American Institute of Certified Planners

California Real Estate Broker license #01212001

Volunteer

Member, Housing Element Update Committee

City of Anaheim, 2021

County Executive Office

Memorandum

RECEIVED
2025 OCT -9 PM 2:01
CLERK OF THE BOARD
COUNTY OF ORANGE
BOARD OF SUPERVISORS

October 9, 2025

To: Clerk of the Board of Supervisors

From: Michelle Aguirre, County Executive Officer

Digitally signed by Michelle Aguirre
Date: 2025.10.09 11:25:09 -07'00'

Subject: Supplemental Request According to Board Rule 21

S25H

The County Executive Office is requesting a Supplemental Agenda Staff Report for the October 14, 2025, Board Hearing.

Agency: County Executive Office
Subject: Acknowledge Receipt of Responses to the 17th Street Request for Proposal
Districts: 2

Reason Item is Supplemental: CEO Real Estate released the 17th Street Request for Proposals on May 22, 2025, with a submission deadline of September 25, 2025. Pursuant to Government Code Section 25515.2(h) all proposals submitted in response to the RFP must be formally received by the Board of Supervisors at a public meeting before any evaluation or negotiation can proceed. In alignment with this statutory requirement, the Board adopted a resolution on May 20, 2025, directing staff to return on October 14, 2025, or as soon thereafter as reasonably practicable, to receive all submitted proposals, consider them as submitted or as revised by the Board, and provide direction to incorporate the approved proposal into a ground lease and negotiate terms acceptable to the Board. Given the timing of the RFP deadline, there is insufficient time to meet the regular submission schedule to the CEO without delaying the process. Therefore, this supplemental item is necessary to comply with the statutory timeline and avoid project delays.

Justification: Receiving and filing the 17th Street proposal responses is essential to comply with Government Code Section 25515.2(h) and the Board's May 20, 2025, resolution, which requires formal receipt of all proposals at a public Board meeting before any evaluation or negotiation can proceed. This process ensures adherence to legal and procedural requirements without disrupting the RFP process. Additionally, this will provide crucial time for CEO Real Estate to

facilitate the panel and carefully select the top two developers, ensuring a seamless progression of the 17th Street project.

Concur: Doug Chaffee

Doug Chaffee, Chair of the Board of Supervisors

cc: Board of Supervisors
County Executive Office
County Counsel

Docusign Envelope ID: 46691B3D-618C-47D4-BE1C-B6408A1FD843

Agenda Item *Clerk's Use Only* S25H

SUPPLEMENTAL AGENDA ITEM
AGENDA STAFF REPORT

MEETING DATE:	10/14/25
LEGAL ENTITY TAKING ACTION:	Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S):	2
SUBMITTING AGENCY/DEPARTMENT:	County Executive Office
DEPARTMENT HEAD REVIEW:	*Department Head Signature*
DEPARTMENT CONTACT PERSON(S):	Thomas A. Miller (714) 834-6019 Brian Bauer (714) 834-5663

RECEIVED
2025 OCT -9 PM 2:01
CLERK OF THE BOARD
COUNTY OF ORANGE
BOARD OF SUPERVISORS

SUBJECT: Acknowledge Receipt of Responses to the 17th Street Request for Proposal

CEO CONCUR	COUNTY COUNSEL REVIEW	CLERK OF THE BOARD
Digitally signed by Michelle Aguirre Date: 2025.10.09 11:24:18 -07'00'	Approved as to Form	Discussion
CEO Signature	*County Counsel Signature*	3 Votes Board Majority

Budgeted: N/A **Current Year Cost:** N/A **Annual Cost:** N/A

Staffing Impact: N/A **# of Positions:** N/A **Sole Source:** N/A

Current Fiscal Year Revenue: N/A

Funding Source: N/A **County Audit in last 3 years** No

Levine Act Review Completed: N/A

Prior Board Action: 5/20/2025 #92

RECOMMENDED ACTION(S)

Acknowledge receipt of responses to the Request for Proposal, on behalf of the County, for the redevelopment of County-owned property located at 1725 West 17th Street, Santa Ana, pursuant to Government Code Section 25515.

SUMMARY:

Acknowledging receipt, on behalf of the County, of responses to the 17th Street Request for Proposals, which are on file with CEO Real Estate, as required pursuant to Government Code Section 25515.2(h), is a necessary step in advancing a competitive public-private partnership process to plan, finance, develop, lease, construct, manage, and operate a mixed-use project with an affordable housing component on County-owned property at 1725 West 17th Street, Santa Ana.

BACKGROUND INFORMATION:

On May 20, 2025, the Board authorized the County Executive Office – Real Estate (CEO Real Estate) to issue a Request for Proposals (RFP) pursuant to Government Code 25515, *et seq.* for the development of approximately 9.3 acres of County owned property located at 1725 West 17th Street, Santa Ana. Through this RFP, the County of Orange ("County") is seeking a qualified development team to enter into a public-private partnership (P3) to finance, design, lease, construct, manage, and operate a mixed-use project that includes an affordable housing component on the site. The RFP was released on May 22, 2025, and closed September 25, 2025. A total of 5 proposals were received in response to the RFP, and are on file with CEO Real Estate:

A. Cesar Chavez Foundation
B. 1725 W 17th Street LLC
C. Jamboree Housing Corporation and Bayspring Real Estate
D. Storm Properties, Inc.
E. TAP BFR Acquisitions LLC

Pursuant to Government Code Section 25515.2(h) and Resolution 25-066 (Resolution) receipt of proposals was required on September 23, 2025, or as soon thereafter as practicable. The proposals were due on September 25, 2025, and the Board is officially acknowledging the receipts of the proposals on behalf of the County at this time as required by Government Code Section 25515.2(h), the Resolution, and the RFP process approved by the Board. CEO Real Estate staff will continue to follow the RFP process and will return to the Board for further action required under the RFP.

CEQA COMPLIANCE:

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines Section 15378 and is therefore not subject to CEQA, since it does not have the potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. The approval of this agenda item does not commit the County to a definite course of action, in regard to a project, since it includes receipt of responses to an RFP for the selection of a Development Team for the site development project. This proposed activity is therefore not subject to CEQA. Any future action connected to this approval that constitutes a project, will be reviewed for compliance with CEQA.

FINANCIAL IMPACT:

N/A

STAFFING IMPACT:

N/A

ATTACHMENT(S):

Attachment A – Resolution – 25-066
Attachment B – Government Code Section 25515

RESOLUTION OF THE BOARD OF SUPERVISORS OF
ORANGE COUNTY, CALIFORNIA
DECLARATION OF DEVELOPMENT OF PUBLIC PROPERTY
THROUGH PUBLIC-PRIVATE PARTNERSHIP
May 20, 2025

WHEREAS, Government Code Sections 25515, *et seq.*, authorize counties to develop county-owned property through a joint venture with private entities for certain enumerated uses, including revenue generation; and

WHEREAS, pursuant to Government Code Section 25515.1, the County of Orange ("**County**") may, *inter alia*, sell, lease, participate as a principal party in the development, or contract for the management, marketing, operation, or leasing of "any of its real property to any person, partnership, corporation or government entity the [Board of Supervisors] selects for purposes of cultural, residential, commercial, or industrial use or development;" and

WHEREAS, joint ventures authorized pursuant to Government Code Section 25515, *et seq.*, resulting in residential, commercial, industrial, and cultural development of public property owned by counties constitutes a valid public purpose; and

WHEREAS, pursuant to Government Code Section 25515.2, the Orange County Board of Supervisors ("**Board**"), by a 4/5 vote, may approve a request for proposals process authorizing the County to enter into a sale, lease, development, or contract agreement with a private partnership or corporation for cultural, residential, commercial, or industrial use or development; and

WHEREAS, the County is fee owner of certain real property located at1725 West 17th Street, Santa Ana, California, which can be made available for development ("Property"); and

WHEREAS, the County has determined that the development of the Property by a private entity through a partnership with the County will result in an economic and public benefit to the County and its population including the creation of affordable housing, job opportunities, community integration, economic resilience, and long-term fiscal growth, as outlined in the RFP objectives; and

WHEREAS, the public benefit of the proposed long-term ground lease is expected to be greater than the public benefit which would result from the sale of the property because the proposed ground lease will generate greater economic benefits for the community over a longer period of time than a sale of the property would provide; and

WHEREAS, future public need justifies retention of the fee ownership of the Property because it guarantees the continued availability of affordable housing for low income households within Orange County; and

WHEREAS, the County, will issue a Request for Proposals (**"RFP"**) seeking a long-term ground lease of the Property to qualified entities interested and capable of entering into a public-private partnership (**"P3"**) with the County to assist in funding, designing, entitling, constructing, operating, and maintaining a mixed-use development with a residential and commercial component at the Property (**"Project"**); and

WHEREAS, the Project's intended use of the Property will result in not less than 300 residential units that restricts at least 25 percent of the residential units to lower income households, as defined in Section 50079.5 of the Health and Safety Code, with an affordable rent, as defined in Sections 50053 of the Health and Safety Code, for 55 years for rental housing, unless a local ordinance or a federal, state, or local grant, tax credit, or other project financing requires a longer period of affordability (**"Affordability Requirements"**); and

WHEREAS, the Project and Affordability Requirements constitutes a valid public purpose.

NOW, THEREFORE, BE IT RESOLVED that this Board does hereby:

1. Find that the development of the Property and the Affordability Requirements for the Project will result in a public and economic benefit to the County that is expected to be greater than the public benefit which would result from the sale of the Property and there is a reasonable expectation that future public need justifies retention of the fee ownership of the Property.

2. The intended Project and development of the Property constitutes a valid public purpose which will include residential, and commercial uses and development, and may also include cultural, and/or industrial uses or development.

3. Authorize and direct the Chief Real Estate Officer or designee to issue an RFP consistent with the intentions set forth in this resolution to ground lease the Property to qualified entities to enter into a P3 partnership with the County to develop the Property for the development of a mixed-use project, including residential units that meet that Affordability Requirements, and to return to the Board on September 23, 2025, or as soon thereafter as reasonably practicable, for the Board to receive all proposals submitted in response to the RFP, to consider all proposals as submitted or as revised by the Board, and to direct the Chief Real Estate Officer or designee to incorporate the approved proposal into the ground lease and to negotiate in furtherance of a ground lease acceptable to the Board.

4. Reserves the right to reject any and all proposals or plans received in response to the RFP.

The foregoing was passed and adopted by the following vote of the Orange County Board of Supervisors, on May 20, 2025, to wit:

AYES:	Supervisors:	VICENTE SARMIENTO, KATRINA FOLEY, JANET NGUYEN DONALD P. WAGNER, DOUG CHAFFEE
NOES:	Supervisor(s):	
EXCUSED:	Supervisor(s):	
ABSTAINED:	Supervisor(s):	

Doug Chaffee
CHAIR

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

I, ROBIN STIELER, Clerk of the Board of Orange County, California, hereby certify that a copy of this document has been delivered to the Chairman of the Board and that the above and foregoing Resolution was duly and regularly adopted by the Orange County Board of Supervisors

IN WITNESS WHEREOF, I have hereto set my hand and seal.

Robin Stieler
ROBIN STIELER
Clerk of the Board
County of Orange, State of California

Resolution No: 25-066

Agenda Date: 05/20/2025

Item No: 92

I certify that the foregoing is a true and correct copy of the Resolution adopted by the Board of Supervisors, Orange County, State of California

Robin Stieler, Clerk of the Board of Supervisors

By: DocuSigned by: Alessandra Esquivel
Deputy B3412D28E08E475...

West's Ann.Cal.Gov.Code § 25515

§ 25515. Legislative findings and declarations; public purpose

Currentness

The Legislature finds that counties are faced with critical revenue shortages and a need for additional revenue sources to provide basic and essential public services.

The Legislature finds that counties own property which, if permitted to be developed by a joint venture agreement between private enterprise and commercial, industrial, and cultural uses, would provide a means to produce additional revenue sources for the benefit of the counties owning such property, and aid the economic well-being of the state generally.

The Legislature further finds that due to reductions in personnel or programs counties own or lease properties which are totally or partially vacant but which could be used by compatible private persons, firms or corporations through lease arrangements or joint venture developments which would generate revenue.

Therefore, the Legislature finds that the provisions for residential, commercial, industrial, and cultural development of public property owned by counties constitutes a valid public purpose.

Credits

(Added by Stats.1983, c. 1136, § 2.)

West's Ann. Cal. Gov. Code § 25515, CA GOVT § 25515
Current with urgency legislation through Ch. 1 of 2025 Reg.Sess. Some statute sections may be more current, see credits for details.

End of Document

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West's Annotated California Codes
Government Code (Refs & Annos)
Title 3. Government of Counties (Refs & Annos)
Division 2. Officers (Refs & Annos)
Part 2. Board of Supervisors (Refs & Annos)
Chapter 5. County Property (Refs & Annos)
Article 7.5. Development of Public Property (Refs & Annos)

West's Ann.Cal.Gov.Code § 25515.1

§ 25515.1. Management of real property acquired prior to January 1, 1984; sale, lease, development, or other contract; property acquired after January 1, 1984

Currentness

(a) After complying with Section 65402 and Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5, in managing its real property acquired prior to January 1, 1984, a county may do any of the following:

(1) Sell, lease for a term not to exceed 99 years, or lease with an option to purchase for a term not to exceed 99 years, any of its real property to any person, partnership, corporation, or governmental entity the governing body selects for purposes of cultural, residential, commercial, or industrial use or development, subject to periodic review by the county, upon the terms and conditions determined by the board of supervisors.

(2) Participate as a principal party in the development of cultural, residential, commercial, or industrial uses or development thereof as a public works project.

(3) Contract for the management, marketing, operation, or leasing of its real property for purposes of cultural, residential, commercial, or industrial use or development.

(b) Prior to entering into any agreement pursuant to subdivision (a), the board of supervisors shall determine that the sale, lease, lease with option to purchase, development, or other contract will result in economic benefits to the county. If the proposed agreement is a lease, the board of supervisors shall also make both of the following determinations:

(1) That the public benefit of the proposed lease agreement is expected to be greater than the public benefit which would result from the sale of the property.

(2) That a reasonable expectation exists that future public need justifies retention of the fee ownership of the property.

If the property to be used or developed is adjacent to, or a portion of, real property which is, or will be, used for other governmental activities, the board of supervisors shall also determine that the agreement will not interfere with the use or development of the remaining public property.

(c) In managing any of its property acquired after January 1, 1984, and after complying with Section 65402 and Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5, a county may sell, lease, lease with option to purchase, develop, or otherwise dispose of that property in the manner set forth in this section. This subdivision is not applicable to any county property acquired through eminent domain proceedings.

Credits

(Added by Stats.1983, c. 1136, § 2. Amended by Stats.1984, c. 516, § 2; Stats.1985, c. 153, § 1; Stats.1994, c. 939 (S.B.1393), § 4, eff. Sept. 28, 1994, operative Jan. 1, 1995.)

West's Ann. Cal. Gov. Code § 25515.1, CA GOVT § 25515.1
Current with urgency legislation through Ch. 1 of 2025 Reg.Sess. Some statute sections may be more current, see credits for details.

End of Document

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West's Ann.Cal.Gov.Code § 25515.2

§ 25515.2. Ordinance authorizing sale lease, lease with option to purchase, development or other contract; hearing; competitive bid; procedure

Currentness

(a) Any sale, lease, lease with option to purchase, development, or contract agreement entered into pursuant to this article shall be authorized by an ordinance adopted by the board of supervisors. The ordinance shall be subject to referendum in the manner prescribed by law for ordinances of counties.

(b) Prior to adopting an ordinance authorizing a sale, lease, lease with option to purchase, development, or contract agreement the board of supervisors shall hold a public hearing. Notice of the time and place of the hearing shall be published pursuant to Section 6066 in one or more newspapers of general circulation within the county and shall be mailed to any person requesting special notice, to any present tenant of the public property, and to all owners of land adjoining the property.

(c) Any sale, lease, lease with option to purchase, development, or contract agreement shall be awarded after competitive bidding in the manner determined by the board of supervisors, or, if approved by a four-fifths vote of the board of supervisors, after a request for proposals.

(d) Any sale, lease, lease with option to purchase, development, or contract agreement awarded pursuant to competitive bidding shall be determined by the board of supervisors to meet all of the following criteria:

(1) Offers the greatest economic return to the county.

(2) Meets the residential, commercial, industrial, or cultural development needs of the county.

(e) Notice inviting the bids shall be published in the same manner as set forth in subdivision (g).

(f) For the purpose of receiving proposals, the board of supervisors shall, in a regular open meeting, adopt a resolution declaring its intention to consider the proposals. The resolution shall identify the site, shall specify whether the site is intended to be used for residential, commercial, industrial or cultural development or both, and shall fix a time not less than 60 days thereafter for a public meeting of the board of supervisors to be held at its regular place of meeting, at which meeting the board of supervisors shall receive all plans or proposals submitted.

(g) Notice of adoption of the resolution and the time and place of holding the meeting shall be given by publishing the resolution at least once a week for three weeks in a newspaper of general circulation published in the county in which the property is located. In addition, the board of supervisors may authorize the purchase of advertising space and may advertise the proposed transaction in those newspapers, magazines, and other periodicals that, in its judgment, will publicize the proposed transaction to those most likely to submit a proposal or bid.

(h) At the time and place fixed in the resolution the board of supervisors shall meet and open the bids or receive the plans and proposal. The plan or proposal as submitted or as revised by the board of supervisors shall be incorporated into the lease, lease with option to purchase, development, or contract agreement. The board of supervisors may reject any and all bids or plans and proposals submitted.

Credits

(Added by Stats.1983, c. 1136, § 2. Amended by Stats.1984, c. 516, § 3; Stats.1994, c. 939 (S.B.1393), § 5, eff. Sept. 28, 1994, operative Jan. 1, 1995.)

West's Ann. Cal. Gov. Code § 25515.2, CA GOVT § 25515.2
Current with urgency legislation through Ch. 1 of 2025 Reg.Sess. Some statute sections may be more current, see credits for details.

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County of Orange

Memorandum

RECEIVED
2025 OCT 10 AM 9:35
CLERK OF THE BOARD
COUNTY OF ORANGE
BOARD OF SUPERVISORS

Doug Chaffee

October 10, 2025

To: Robin Stieler, Clerk of the Board

From: Supervisor Doug Chaffee, Fourth District

Subject: Add Supplemental Item to the October 14, 2025, Board of Supervisors Meeting

S25I

RECOMMENDED ACTIONS:

1. Approve and adopt the revised Bylaws of the Orange County Commission on the Status of Women and Girls to include alternate appointments to at-large commission members.

SUMMARY:

Approval and adoption of the revised Bylaws of the Orange County Commission on the Status of Women and Girls (OC SWAG) will extend alternate appointments to at-large commissioners.

BACKGROUND INFORMATION:

The Orange County Board of Supervisors (Board) created the Commission on the Status of Women by Resolution No. 75-1342 as an advisory commission to assist the Board in creating an environment in which all women can pursue their goals unhampered by any discrimination based upon sex. The Commission was created to serve as an advisory body to the Board and will be tasked with conducting comprehensive research and analysis on the areas of concern impacting women's and girls' lives and needs throughout Orange County.

Prior board action on March 12, 2024, included adoption of the Resolution establishing the Orange County Commission on the Status of Women and Girls (OC SWAG), approval of the Bylaws, and approval of the use of $100,000 from Fourth District discretionary funds to be used towards the establishment of the Commission's creation of its first report.

On March 11, 2025, the Board approved a revision of the bylaws which included:

1. Minor administrative corrections throughout the bylaws
2. Addition of Mission and Vision Statements and Mandates (Article III.)
3. Changes to the Appointment and Membership (Article IV.)
   - An addition of alternate members for each five Supervisorial appointees.
4. Additions to Staffing Support (Article XV.)

The proposed amendment will add two alternates for the at-large commissioners, so each commissioner position includes an alternate.

A redline version of all revisions is referenced in Attachment A.

FINANCIAL IMPACT:
N/A

STAFFING IMPACT:
N/A

ATTACHMENTS(S):
Attachment A – OC SWAG Bylaws Amendment (redline)

Attachment B – OC SWAG Bylaws Amendment (Clean Copy)

BYLAWS OF THE ORANGE COUNTY COMMISSION ON THE STATUS OF WOMEN AND GIRLS

ARTICLE I. Name of Organization

A. The name of this organization shall be the Orange County Commission on the Status of Women and Girls, hereinafter referred to as "Commission."

B. The official location and mailing address of the Commission shall be:

County Administration North
Attn: Clerk of the Board
400 W. Civic Center Drive, 6th Floor
Santa Ana, California 92701

ARTICLE II. Establishment of Commission

The members of the Commission are appointed by the Orange County ("County") Board of Supervisors ("Board") pursuant to Board Resolution No. 24-028 dated March 12, 2024.

ARTICLE III. Mission and Vision Statements and Mandate

MISSION STATEMENT

Orange County Commission on the Status of Women and Girls acts in an advisory capacity to the Board of Supervisors to foster the advancement and improve the lives of women and girls in Orange County.

VISION STATEMENT

The Orange County Commission on the Status of Women and Girls will advocate for the lives and wellbeing of women and girls through building strong collaboration with Orange County stakeholders, identifying needs/gaps, sharing and utilizing resources, as well as engaging, educating and empowering the community on key issues affecting the wellbeing of women and girls in Orange County.

MANDATE

Monitor and identify critical areas affecting women and girls, especially those in priority populations, including but not limited to areas such as:

- Discrimination
- Affordable Housing
- Child and Dependent Care
- Mental Health
- Healthcare
- Violence and Domestic Abuse
- Economic Equity and Financial Security
- Education
- Leadership and Representation

The Commission will prepare reports and recommendations to the Board of Supervisors on these areas.

In accordance with Board Resolution No. 24-028 the functions of the Commission are as follows:

1. Conduct comprehensive research and analysis into the status of women and girls in the County, and present findings in an annual report to the Board and public in March of each year.

2. Provide ongoing advisory support to the Board by presenting regular reports and updates on the progress and outcomes of initiatives undertaken by the Commission.

ARTICLE IV. Appointment and Membership

A. Membership of the Commission is to be composed as follows:

1. There shall be seven (7) members that comprise the Commission.

a. Five (5) members of the Commission shall be appointed by the Board with each Supervisorial District nominating two members.

b. Two (2) members of the Commission are designated "at-large members" and shall be appointed by the Board.

2. All seven (7) members are voting members.

3. The Board may appoint~~select~~ a total of seven~~five~~ alternates.~~,~~ ~~with e~~Each Supervisorial District shall nominate~~ing~~ an alternate for their District's appointed Commissioner. The Chair of the Board of Supervisors shall nominate the two alternates for the at-large members. ~~The a~~Alternates will serve on the Commission in the temporary absence of their appointed member ~~from that district~~.

B. Qualifications for Commission Membership

1. The following criteria will be used for all membership appointments:

a. Residency and Voting Requirements: Except where the Board finds it is in the best interest of the County to waive voter and residency requirements, all members of the Commission shall be:

i. Registered voters in the County; and,

ii. Reside in the district of the nominating member of the Board unless the Supervisor representing the district where the nominee resides provides written consent for the nomination.

C. Length of Commission Membership

1. All regular Commission member appointments shall be for a term concurrent with the term of office of the nominating member of the Board. A member of the Commission whose term of office is expiring with that of the nominating Supervisor shall have the option of reapplying for membership for appointment.

2. All at-large Commission member appointments shall be for a period of two years, subject to Article IV(B)(1)(a)(ii). The Board may reappoint the at-large Commission members for an additional term.

3. Appointments made to fill a vacancy left by a member before the expiration of the term of that member shall be for the remaining term of that member.

4. Pursuant to Government Code section 1302, a member whose term has expired shall continue serving as a member until reappointed or replaced.

ARTICLE V. Commission Officers

A. Commission officers shall consist of:

1. A Chairperson and Vice Chairperson each of whom shall be selected by members of the Commission.

2. The Chairperson shall preside at meetings, call special meetings, decide points of order, announce all business, entertain motions, put motions to vote, announce vote results, appoint and may remove committee Chairpersons, represent the Commission at public functions.

3. The Vice Chairperson shall perform the duties of the Chairperson in his or her absence. If the Chair becomes vacant, the Vice Chairperson shall succeed to the Chair for the balance of the term of office.

4. Terms for officers of the Commission shall be for one year.

5. No person, except a member of the Board, may serve as Chairperson of the Commission for more than three consecutive terms.

6. No person, except a member of the Board, may serve simultaneously as Chairperson for two or more Boards, Commissions, or Committees.

7. Election of officers shall be held annually during the last Commission meeting of each calendar year by majority vote, a quorum being present.

ARTICLE VI. Duties of Members

A. Members shall attend meetings of the Commission and of committees to which they are appointed. The Executive Committee shall regularly review member attendance at Commission and committee meetings.

B. Members shall notify the Chairperson of the Commission of any expected absence for a meeting by 5:00 p.m. of the day before a regularly scheduled Commission meeting, indicating good and sufficient reasons for the absence.

C. In the performance of its responsibilities, the Commission shall not engage in nor employ any unlawfully discriminatory practices in the provision of services or benefits, assignment of accommodations, treatment, employment of personnel or in any other respect on the basis of sex, race, color, ethnicity, national origin, ancestry, religion, age, marital status, medical condition, sexual orientation, physical or mental disability or any

other protected group in accordance with the requirements of all applicable County, state, or federal laws.

D. Members of the Commission shall comply with the County Equal Employment Opportunity and Anti- Harassment Policy and Procedures.

E. Members of the Commission shall comply with County Code of Ethics.

F. Members of the Commission shall operate strictly within designated purposes of the Commission.

ARTICLE VII. Committees and Subcommittees

A. There shall be an Executive Committee comprised of:

1. The Chairperson of the Commission,

2. Vice Chairperson of the Commission, and

3. One (1) member of the commission selected by the Chairperson.

The Executive Committee shall hold meetings at the request of the Chairperson. The Executive Committee shall review the Commission Bylaws and suggest amendments to the Commission in accordance with Article XIII below.

B. Ad Hoc Committees: The Chairperson may establish ad hoc committees of less than a quorum of the Commission's membership to accomplish time-limited tasks that support the goals of the Commission.

Terms of appointment for ad hoc committees shall be solely for the period of time required to fulfill the ad hoc committee's purpose.

C. When appropriate, committees may call on other knowledgeable individuals who are not Commission members to act as consultants to the committees. Said individuals shall be subject to the conflict-of-interest statutes, regulations, ordinances, bylaws and guidelines.

ARTICLE VIII. Meetings and Actions

A. The Commission shall, at its last meeting of each year, adopt a schedule of regular meetings for the following calendar year and transmit that schedule in writing to members, the Board, and the public at large.

B. All Commission meetings shall be open, public, and noticed in conformance with the provisions of the Ralph M. Brown Act, California Government Code section 54950 et seq., as amended and held at a location within Orange County, California that satisfies the access requirements of the Americans with Disabilities Act.

C. Special meetings of the Commission may be called either by the Chairperson or at the request of a majority of Commission members. Notice of special meetings shall:

1. Be delivered to members personally, by mail or electronically, and must be received no later than 24 hours in advance of the meeting.

2. State the business to be considered and whether alternative technological means may be used such as telephone or video conferencing, as technological resource availability permits and as permissible by the Ralph M. Brown Act.

D. Quorum Requirements:

1. Quorum requirements are as follows:

a. General Meetings: Quorum shall be no less than 50%+1 of the membership.

b. Executive Committee: Quorum shall be no less than 50%+1 of the Committee membership. However, if there are unfilled vacancies in the membership of the Executive Committee, then the quorum requirement will be proportionately reduced.

E. Voting Majority: Decisions and acts made by majority vote of the members at any duly constituted meeting shall be regarded as acts of the Commission, except as otherwise provided by these Bylaws.

1. Members choosing to abstain from voting on specific actions will not affect majority requirements. Abstentions are considered a "non-vote" – neither a vote in the affirmative nor in the negative. However, in order for an action to be passed, a majority of the quorum casting votes must vote in the affirmative.

F. Minutes: The Clerk of the Commission shall prepare and publish the minutes for each meeting of the Commission.

ARTICLE IX. Compensation and Reimbursement

A. Members of the Commission shall not be eligible for compensation.

B. Reimbursement: Commission members may be reimbursed for actual expenses incurred while performing within the scope of their duties to the extent permitted by applicable County policy. All requests for reimbursement shall be submitted in accordance with the policies and procedures adopted by the County on a form approved by the County Auditor-Controller.

ARTICLE X. Removal and Resignation of Members

A. Removal Without Cause: The nominating Supervisor or the Board may, at any time and with or without cause, remove their appointed Commission member or alternate from the Commission. If the removal is by the nominating Supervisor, no action is needed by the Board.

Removal for Absenteeism: Commission members will be removed from membership of the Commission if the member is absent for more than three (3) consecutive regular Commission meetings without notifying the Clerk or Chairperson in advance.

B. Resignation: Resignation of Commission members shall be effected by a written letter of resignation submitted to the Chairperson of the Commission and to the Board.

C. The Chairperson shall notify the Clerk of the Board in writing of any vacancies within 10 days of learning the existence of any such vacancy.

ARTICLE XI. Authority

A. Parliamentary Authority: The Chairperson shall preside and manage Commission meetings using parliamentary procedure consistent with these bylaws, any special rules of order the Commission may adopt, and any applicable County, state, and federal law.

B. When circumstances demand that action be taken before the next scheduled Commission meeting the Commission may authorize and grant its full authority to the Executive or any standing committee to act on its behalf to make specific, limited, independent recommendations to the County, a quorum of the Commission being present.

1. Such actions taken on behalf of the Commission by a committee will be presented as an information item at the next regular Commission meeting.

2. Such actions will not require further action by the Commission.

C. Executive Committee – When unforeseen circumstances demand that action be taken before the next scheduled Commission meeting, the Executive Committee is authorized to take action on behalf of the Commission.

1. Commission members shall be notified either in writing or electronically within 72 hours of any such Executive Committee action.

2. Such action is subject to review and ratification by the general membership of the Commission at its next meeting.

D. Standing and Ad Hoc Committees

1. Standing and ad hoc committees shall have no independent authority and shall be limited to exercising only those specific functions granted to them by the Commission.

2. No standing or ad hoc committee shall have independent authority to commit the Commission to any policy or action without the prior approval of the general membership of the Commission.

ARTICLE XII. Conflict of Interest

A. Members of the Commission and any of its committees or subcommittees shall abstain from voting on any issue in which they may be personally interested to avoid a conflict of interest in accordance with County, state, and federal laws and shall refrain from engaging in any behavior that conflicts with the best interest of the County.

B. Members of the Commission shall not vote nor attempt to influence any other Commission member on a matter under consideration by the Commission or any of its committees or subcommittees:

1. Regarding the provision of services by such member (or by an entity that such member represents; or

2. That would provide direct financial benefit to such member or the immediate family of such member; or

3. Engage in any other activity constituting a conflict of interest under County, state, or federal law.

C. If a question arises as to whether a conflict exists that may prevent a member from voting, the Chairperson or designee may consult with designated County staff to assist them in making that determination.

D. In order to avoid a conflict of interest or the appearance of such conflict, all nominees to become members of the Commission shall disclose on forms provided by the County information regarding their private economic interests that may be implicated by their service on the Commission.

E. Commission members shall timely file Statements of Economic Interests (Form 700) and other financial disclosures as required by law.

F. Commission members shall complete ethics training as required by County policy and Assembly Bill 1234 (Government Code sections 53234 through 53235.2).

G. Neither Commission nor any of its members shall promote, directly or indirectly, a political party, political candidate, or political activity using the name, emblem, or any other identifier of Commission.

H. No assets or assistance provided by County to Commission shall be used for sectarian worship, instruction, or proselytization, except as otherwise permitted by law.

ARTICLE XIII. Adoption and Amendment of Bylaws

A. Adoption: An affirmative vote of at least 50%+1 of those voting, a quorum being present, shall be required to recommend these Bylaws for Board approval. These Bylaws become effective upon approval by the Board.

B. Amendments:

1. Any member of the Commission or the Executive Committee may propose amendments to these Bylaws.

2. Proposed amendments shall be submitted in writing and made available to each member of the Commission no less than five days prior to consideration before a vote can be taken.

3. An affirmative vote of at least 50%+1 of those voting, a quorum being present, shall be required to recommend Bylaws amendments for Board approval. Any amendments to the Bylaws become effective upon approval by the Board.

ARTICLE XIV. Severability

Should any part term, portion or provision of these Bylaws be determined to be in conflict with any law or otherwise unenforceable or ineffectual, the remaining parts, terms, portions or provisions shall be deemed severable, and their validity shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the provisions that the members intended to enact in the first instance.

ARTICLE XV. Staffing Support

Staff support from the County shall be provided to support the Commission in conjunction with the work of the Commission, including liaisons from the County Executive Office, Health Care Agency, Social Services Agency and OC Community Resources, to facilitate an active flow of communication and coordination with the Commission.

The Clerk of the Board, or designated Deputy Clerk, is the Clerk of the Commission whose duties are to prepare all of the Commission agendas with related materials and maintain meeting minutes in accordance with the Ralph M. Brown Act and perform any other commission related administrative matters in coordination with the department liaisons.

BYLAWS OF THE ORANGE COUNTY COMMISSION ON THE STATUS OF WOMEN AND GIRLS

ARTICLE I. Name of Organization

A. The name of this organization shall be the Orange County Commission on the Status of Women and Girls, hereinafter referred to as "Commission."

B. The official location and mailing address of the Commission shall be:

County Administration North
Attn: Clerk of the Board
400 W. Civic Center Drive, 6th Floor
Santa Ana, California 92701

ARTICLE II. Establishment of Commission

The members of the Commission are appointed by the Orange County ("County") Board of Supervisors ("Board") pursuant to Board Resolution No. 24-028 dated March 12, 2024.

ARTICLE III. Mission and Vision Statements and Mandate

MISSION STATEMENT

Orange County Commission on the Status of Women and Girls acts in an advisory capacity to the Board of Supervisors to foster the advancement and improve the lives of women and girls in Orange County.

VISION STATEMENT

The Orange County Commission on the Status of Women and Girls will advocate for the lives and wellbeing of women and girls through building strong collaboration with Orange County stakeholders, identifying needs/gaps, sharing and utilizing resources, as well as engaging, educating and empowering the community on key issues affecting the wellbeing of women and girls in Orange County.

MANDATE

Monitor and identify critical areas affecting women and girls, especially those in priority populations, including but not limited to areas such as:

- Discrimination
- Affordable Housing
- Child and Dependent Care
- Mental Health
- Healthcare
- Violence and Domestic Abuse
- Economic Equity and Financial Security
- Education
- Leadership and Representation

The Commission will prepare reports and recommendations to the Board of Supervisors on these areas.

In accordance with Board Resolution No. 24-028 the functions of the Commission are as follows:

1. Conduct comprehensive research and analysis into the status of women and girls in the County, and present findings in an annual report to the Board and public in March of each year.

2. Provide ongoing advisory support to the Board by presenting regular reports and updates on the progress and outcomes of initiatives undertaken by the Commission.

ARTICLE IV. Appointment and Membership

A. Membership of the Commission is to be composed as follows:

1. There shall be seven (7) members that comprise the Commission.

a. Five (5) members of the Commission shall be appointed by the Board with each Supervisorial District nominating two members.

b. Two (2) members of the Commission are designated "at-large members" and shall be appointed by the Board.

2. All seven (7) members are voting members.

3. The Board may appoint a total of seven alternates. Each Supervisorial District shall nominate an alternate for their District's appointed Commissioner. The Chair of the Board of Supervisors shall nominate the two alternates for the at-large members. Alternates will serve on the Commission in the temporary absence of their appointed member.

B. Qualifications for Commission Membership

1. The following criteria will be used for all membership appointments:

a. Residency and Voting Requirements: Except where the Board finds it is in the best interest of the County to waive voter and residency requirements, all members of the Commission shall be:

i. Registered voters in the County; and,

ii. Reside in the district of the nominating member of the Board unless the Supervisor representing the district where the nominee resides provides written consent for the nomination.

C. Length of Commission Membership

1. All regular Commission member appointments shall be for a term concurrent with the term of office of the nominating member of the Board. A member of the Commission whose term of office is expiring with that of the nominating Supervisor shall have the option of reapplying for membership for appointment.

2. All at-large Commission member appointments shall be for a period of two years, subject to Article IV(B)(1)(a)(ii). The Board may reappoint the at-large Commission members for an additional term.

3. Appointments made to fill a vacancy left by a member before the expiration of the term of that member shall be for the remaining term of that member.

4. Pursuant to Government Code section 1302, a member whose term has expired shall continue serving as a member until reappointed or replaced.

ARTICLE V. Commission Officers

A. Commission officers shall consist of:

1. A Chairperson and Vice Chairperson each of whom shall be selected by members of the Commission.

2. The Chairperson shall preside at meetings, call special meetings, decide points of order, announce all business, entertain motions, put motions to vote, announce vote results, appoint and may remove committee Chairpersons, represent the Commission at public functions.

3. The Vice Chairperson shall perform the duties of the Chairperson in his or her absence. If the Chair becomes vacant, the Vice Chairperson shall succeed to the Chair for the balance of the term of office.

4. Terms for officers of the Commission shall be for one year.

5. No person, except a member of the Board, may serve as Chairperson of the Commission for more than three consecutive terms.

6. No person, except a member of the Board, may serve simultaneously as Chairperson for two or more Boards, Commissions, or Committees.

7. Election of officers shall be held annually during the last Commission meeting of each calendar year by majority vote, a quorum being present.

ARTICLE VI. Duties of Members

A. Members shall attend meetings of the Commission and of committees to which they are appointed. The Executive Committee shall regularly review member attendance at Commission and committee meetings.

B. Members shall notify the Chairperson of the Commission of any expected absence for a meeting by 5:00 p.m. of the day before a regularly scheduled Commission meeting, indicating good and sufficient reasons for the absence.

C. In the performance of its responsibilities, the Commission shall not engage in nor employ any unlawfully discriminatory practices in the provision of services or benefits, assignment of accommodations, treatment, employment of personnel or in any other respect on the basis of sex, race, color, ethnicity, national origin, ancestry, religion, age, marital status, medical condition, sexual orientation, physical or mental disability or any other protected group in accordance with the requirements of all applicable County, state, or federal laws.

D. Members of the Commission shall comply with the County Equal Employment Opportunity and Anti- Harassment Policy and Procedures.

E. Members of the Commission shall comply with County Code of Ethics.

F. Members of the Commission shall operate strictly within designated purposes of the Commission.

ARTICLE VII. Committees and Subcommittees

A. There shall be an Executive Committee comprised of:

1. The Chairperson of the Commission,

2. Vice Chairperson of the Commission, and

3. One (1) member of the commission selected by the Chairperson.

The Executive Committee shall hold meetings at the request of the Chairperson. The Executive Committee shall review the Commission Bylaws and suggest amendments to the Commission in accordance with Article XIII below.

B. Ad Hoc Committees: The Chairperson may establish ad hoc committees of less than a quorum of the Commission's membership to accomplish time-limited tasks that support the goals of the Commission.

Terms of appointment for ad hoc committees shall be solely for the period of time required to fulfill the ad hoc committee's purpose.

C. When appropriate, committees may call on other knowledgeable individuals who are not Commission members to act as consultants to the committees. Said individuals shall be subject to the conflict-of-interest statutes, regulations, ordinances, bylaws and guidelines.

ARTICLE VIII. Meetings and Actions

A. The Commission shall, at its last meeting of each year, adopt a schedule of regular meetings for the following calendar year and transmit that schedule in writing to members, the Board, and the public at large.

B. All Commission meetings shall be open, public, and noticed in conformance with the provisions of the Ralph M. Brown Act, California Government Code section 54950 et seq., as amended and held at a location within Orange County, California that satisfies the access requirements of the Americans with Disabilities Act.

C. Special meetings of the Commission may be called either by the Chairperson or at the request of a majority of Commission members. Notice of special meetings shall:

1. Be delivered to members personally, by mail or electronically, and must be received no later than 24 hours in advance of the meeting.

2. State the business to be considered and whether alternative technological means may be used such as telephone or video conferencing, as technological resource availability permits and as permissible by the Ralph M. Brown Act.

D. Quorum Requirements:

1. Quorum requirements are as follows:

a. General Meetings: Quorum shall be no less than 50%+1 of the membership.

b. Executive Committee: Quorum shall be no less than 50%+1 of the Committee membership. However, if there are unfilled vacancies in the membership of the Executive Committee, then the quorum requirement will be proportionately reduced.

E. Voting Majority: Decisions and acts made by majority vote of the members at any duly constituted meeting shall be regarded as acts of the Commission, except as otherwise provided by these Bylaws.

1. Members choosing to abstain from voting on specific actions will not affect majority requirements. Abstentions are considered a "non-vote" – neither a vote in the affirmative nor in the negative. However, in order for an action to be passed, a majority of the quorum casting votes must vote in the affirmative.

F. Minutes: The Clerk of the Commission shall prepare and publish the minutes for each meeting of the Commission.

ARTICLE IX. Compensation and Reimbursement

A. Members of the Commission shall not be eligible for compensation.

B. Reimbursement: Commission members may be reimbursed for actual expenses incurred while performing within the scope of their duties to the extent permitted by applicable County policy. All requests for reimbursement shall be submitted in accordance with the policies and procedures adopted by the County on a form approved by the County Auditor-Controller.

ARTICLE X. Removal and Resignation of Members

A. Removal Without Cause: The nominating Supervisor or the Board may, at any time and with or without cause, remove their appointed Commission member or alternate from the Commission. If the removal is by the nominating Supervisor, no action is needed by the Board.

Removal for Absenteeism: Commission members will be removed from membership of the Commission if the member is absent for more than three (3) consecutive regular Commission meetings without notifying the Clerk or Chairperson in advance.

B. Resignation: Resignation of Commission members shall be effected by a written letter of resignation submitted to the Chairperson of the Commission and to the Board.

C. The Chairperson shall notify the Clerk of the Board in writing of any vacancies within 10 days of learning the existence of any such vacancy.

ARTICLE XI. Authority

A. Parliamentary Authority: The Chairperson shall preside and manage Commission meetings using parliamentary procedure consistent with these bylaws, any special rules of order the Commission may adopt, and any applicable County, state, and federal law.

B. When circumstances demand that action be taken before the next scheduled Commission meeting the Commission may authorize and grant its full authority to the Executive or any standing committee to act on its behalf to make specific, limited, independent recommendations to the County, a quorum of the Commission being present.

1. Such actions taken on behalf of the Commission by a committee will be presented as an information item at the next regular Commission meeting.

2. Such actions will not require further action by the Commission.

C. Executive Committee – When unforeseen circumstances demand that action be taken before the next scheduled Commission meeting, the Executive Committee is authorized to take action on behalf of the Commission.

1. Commission members shall be notified either in writing or electronically within 72 hours of any such Executive Committee action.

2. Such action is subject to review and ratification by the general membership of the Commission at its next meeting.

D. Standing and Ad Hoc Committees

1. Standing and ad hoc committees shall have no independent authority and shall be limited to exercising only those specific functions granted to them by the Commission.

2. No standing or ad hoc committee shall have independent authority to commit the Commission to any policy or action without the prior approval of the general membership of the Commission.

ARTICLE XII. Conflict of Interest

A. Members of the Commission and any of its committees or subcommittees shall abstain from voting on any issue in which they may be personally interested to avoid a conflict of interest in accordance with County, state, and federal laws and shall refrain from engaging in any behavior that conflicts with the best interest of the County.

B. Members of the Commission shall not vote nor attempt to influence any other Commission member on a matter under consideration by the Commission or any of its committees or subcommittees:

1. Regarding the provision of services by such member (or by an entity that such member represents; or

2. That would provide direct financial benefit to such member or the immediate family of such member; or

3. Engage in any other activity constituting a conflict of interest under County, state, or federal law.

C. If a question arises as to whether a conflict exists that may prevent a member from voting, the Chairperson or designee may consult with designated County staff to assist them in making that determination.

D. In order to avoid a conflict of interest or the appearance of such conflict, all nominees to become members of the Commission shall disclose on forms provided by the County information regarding their private economic interests that may be implicated by their service on the Commission.

E. Commission members shall timely file Statements of Economic Interests (Form 700) and other financial disclosures as required by law.

F. Commission members shall complete ethics training as required by County policy and Assembly Bill 1234 (Government Code sections 53234 through 53235.2).

G. Neither Commission nor any of its members shall promote, directly or indirectly, a political party, political candidate, or political activity using the name, emblem, or any other identifier of Commission.

H. No assets or assistance provided by County to Commission shall be used for sectarian worship, instruction, or proselytization, except as otherwise permitted by law.

ARTICLE XIII. Adoption and Amendment of Bylaws

A. Adoption: An affirmative vote of at least 50%+1 of those voting, a quorum being present, shall be required to recommend these Bylaws for Board approval. These Bylaws become effective upon approval by the Board.

B. Amendments:

1. Any member of the Commission or the Executive Committee may propose amendments to these Bylaws.

2. Proposed amendments shall be submitted in writing and made available to each member of the Commission no less than five days prior to consideration before a vote can be taken.

3. An affirmative vote of at least 50%+1 of those voting, a quorum being present, shall be required to recommend Bylaws amendments for Board approval. Any amendments to the Bylaws become effective upon approval by the Board.

ARTICLE XIV. Severability

Should any part term, portion or provision of these Bylaws be determined to be in conflict with any law or otherwise unenforceable or ineffectual, the remaining parts, terms, portions or provisions shall be deemed severable, and their validity shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the provisions that the members intended to enact in the first instance.

ARTICLE XV. Staffing Support

Staff support from the County shall be provided to support the Commission in conjunction with the work of the Commission, including liaisons from the County Executive Office, Health Care Agency, Social Services Agency and OC Community Resources, to facilitate an active flow of communication and coordination with the Commission.

The Clerk of the Board, or designated Deputy Clerk, is the Clerk of the Commission whose duties are to prepare all of the Commission agendas with related materials and maintain meeting minutes in accordance with the Ralph M. Brown Act and perform any other commission related administrative matters in coordination with the department liaisons.

RECEIVED
2025 OCT 10 AM 10: 04
CLERK OF THE BOARD
COUNTY OF ORANGE
BOARD OF SUPERVISORS

MEMORANDUM

To: Chairman Chaffee, Fourth District

From: Supervisor Vicente Sarmiento, Second District

Date: October 10, 2025

RE: Add Supplemental Item for October 14, 2025 Board of Supervisors Meeting S25J

Please add this as a supplemental item for the October 14, 2025, Board of Supervisors meeting:

Approve the sponsorship of the following nonprofit entities from the Second District events funds:

- Orange Public School Foundation - $1,000
- Santa Ana Public School Foundation - $3,000
- Orange County Educations Arts Academy (OCEAA) - $1,500
- CAIR-LA – $3,000
- Make A Wish Foundation -$1,500

Recommended Actions:

1. Approve the addition or revisions of events to the FY 2025-26 County Event Calendar, as set forth in Attachment A, and per Government Code Section 26227, find that the events therein will serve a public purpose of the County of Orange and will meet the social needs of the population of the County, including but not limited to, the areas of health, law enforcement, public safety, rehabilitation, welfare, education, and legal services, and the needs of physically, mentally and financially handicapped persons and aged persons; that County staff and resources may be used in furtherance of such events; and that County staff may solicit donations of funds and services for such events.

2. Authorize Auditor-Controller to make related payments.

County Event Calendar
FY 25-26 Events

Date	Department	Event	Awards to Nonprofits and Community Organizations	Not to Exceed Amount	Location	Organizer	Other County Participants
October 2025	BOS-2	2025 Celebration of Schools	Orange Public School Foundation	$1,000	Orange	N/A	N/A
October 2025	BOS-2	State of the District Breakfast	Santa Ana Public School Foundation	$3,000	Santa Ana	N/A	N/A
October 2025	BOS-2	20th Anniversary Event	Orange County Educations Arts Academy (OCEAA)	$1,500	Santa Ana	N/A	N/A
October 2025	BOS-2	Annual Gala	CAIR LA	$3,000.00	Anaheim	N/A	N/A
October 2025	BOS-2	Various Events	Make A Wish Foundation	$1,500	Irvine	N/A	N/A

Glossary of Acronyms

BOS-1	Board of Supervisors District 1
BOS-2	Board of Supervisors District 2
BOS-3	Board of Supervisors District 3
BOS-4	Board of Supervisors District 4
BOS-5	Board of Supervisors District 5
TBA	To Be Announced
TBD	To Be Determined
N/A	Not Applicable

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CLERK OF THE BOARD
COUNTY OF ORANGE
BOARD OF SUPERVISORS

OFFICE OF THE COUNTY COUNSEL
COUNTY OF ORANGE
400 West Civic Center Drive, Suite 202
Santa Ana, California 92701
Direct No.: (714) 834-3303
E-Mail: leon.page@coco.ocgov.com

LEON J. PAGE
COUNTY COUNSEL

Agenda Item No. SCS- 2
October 14, 2025

MEMORANDUM

October 9, 2025

TO: Robin Stieler, Clerk of the Board of Supervisors

FROM: Leon J. Page, County Counsel

SUBJECT: Request for Supplemental Closed Session

I am requesting a supplemental closed session on Tuesday, October 14, 2025, to discuss with the Board the status of existing litigation, pursuant to Government Code section 54956.9(d)(1).

Accordingly, please prepare the Agenda Item to read:

> "CONFERENCE WITH LEGAL COUNSEL --
> EXISTING LITIGATION Pursuant to Government Code Section 54956.9(d)(1).
> Name of Case: *Doe v. Harvey*,
> Riverside County Superior Court Case No. CVRI2000771.
>
> RECOMMENDED ACTION: Conduct Closed Session."

Thank you.

Leon Page

LJP:vl

cc: Members of the Board of Supervisors
Michelle Aguirre, CEO

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2025 OCT -9 AM 9:45
CLERK OF THE BOARD
COUNTY OF ORANGE
BOARD OF SUPERVISORS

OFFICE OF THE COUNTY COUNSEL
COUNTY OF ORANGE
400 West Civic Center Drive, Suite 202
Santa Ana, California 92701
Direct No.: (714) 834-3303
E-Mail: leon.page@coco.ocgov.com

LEON J. PAGE
COUNTY COUNSEL

Agenda Item No. SCS- 3
October 14, 2025

MEMORANDUM

October 9, 2025

TO: Robin Stieler, Clerk of the Board of Supervisors

FROM: Leon J. Page, County Counsel

SUBJECT: Request for Supplemental Closed Session

I am requesting a supplemental closed session on Tuesday, October 14, 2025, to discuss with the Board the status of existing litigation, pursuant to Government Code section 54956.9(d)(1).

Accordingly, please prepare the Agenda Item to read:

> "CONFERENCE WITH LEGAL COUNSEL -- EXISTING LITIGATION Pursuant to Government Code Section 54956.9(d)(1).
> Name of Case: *Francisco Nevarez v. Daniel Paul Flores,* Orange County Superior Court Case No. 30-2024-01389469-CU-PA-CJC.
>
> RECOMMENDED ACTION: Conduct Closed Session."

Thank you.

Leon Page

LJP:vl

cc: Members of the Board of Supervisors
Michelle Aguirre, CEO

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2025 OCT -9 AM 9:45
CLERK OF THE BOARD
COUNTY OF ORANGE
BOARD OF SUPERVISORS

OFFICE OF THE COUNTY COUNSEL
COUNTY OF ORANGE
400 West Civic Center Drive, Suite 202
Santa Ana, California 92701
Direct No.: (714) 834-3303
E-Mail: leon.page@coco.ocgov.com

LEON J. PAGE
COUNTY COUNSEL

Agenda Item No. SCS-4
October 14, 2025

MEMORANDUM

October 9, 2025

TO: Robin Stieler, Clerk of the Board of Supervisors

FROM: Leon J. Page, County Counsel

SUBJECT: Request for Supplemental Closed Session

I am requesting a supplemental closed session on Tuesday, October 14, 2025, to discuss with the Board the status of existing litigation, pursuant to Government Code section 54956.9(d)(1).

Accordingly, please prepare the Agenda Item to read:

> "CONFERENCE WITH LEGAL COUNSEL –
> EXISTING LITIGATION Pursuant to Government Code Section 54956.9(d)(1).
> Name of Case: *Jonathan Daruvala v. County of Orange,*
> WCAB Case: ADJ20495690; ADJ14545183.
>
> RECOMMENDED ACTION: Conduct Closed Session."

Thank you.

Leon Page

LJP:vl

cc: Members of the Board of Supervisors
Michelle Aguirre, CEO

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CLERK OF THE BOARD
COUNTY OF ORANGE
BOARD OF SUPERVISORS

OFFICE OF THE COUNTY COUNSEL
COUNTY OF ORANGE
400 West Civic Center Drive, Suite 202
Santa Ana, California 92701
Direct No.: (714) 834-3303
E-Mail: leon.page@coco.ocgov.com

LEON J. PAGE
COUNTY COUNSEL

Agenda Item No. SCS-5
October 14, 2025

MEMORANDUM

October 9, 2025

TO: Robin Stieler, Clerk of the Board of Supervisors

FROM: Leon J. Page, County Counsel

SUBJECT: Request for Supplemental Closed Session

I am requesting that a closed session be held on Tuesday, October 14, 2025, for the Board to consider various pre-litigation claims filed by members of the public for losses and damages incurred as a result of the September 2024 Airport Fire, as authorized under Government Code section 54956.9(d)(2).

Accordingly, please prepare the Agenda Item to read:

> "CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – SIGNIFICANT EXPOSURE TO LITIGATION pursuant to Government Code section 54956.9(d)(2).
> Number of Cases: Multiple.
>
> RECOMMENDED ACTION: Conduct Closed Session."

Thank you.

Leon Page

LJP:vl

cc: Members of the Board of Supervisors
Michelle Aguirre, CEO

RECEIVED
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CLERK OF THE BOARD
COUNTY OF ORANGE
BOARD OF SUPERVISORS

OFFICE OF THE COUNTY COUNSEL
COUNTY OF ORANGE
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Direct No.: (714) 834-3303
E-Mail: leon.page@coco.ocgov.com

LEON J. PAGE
COUNTY COUNSEL

Agenda Item No. SCS- C0
October 14, 2025

MEMORANDUM

October 9, 2025

TO: Robin Stieler, Clerk of the Board of Supervisors

FROM: Leon J. Page, County Counsel

SUBJECT: Request for Supplemental Closed Session

I am requesting a supplemental closed session on Tuesday, October 14, 2025, to discuss with the Board the status of existing litigation, pursuant to Government Code section 54956.9(d)(1).

Accordingly, please prepare the Agenda Item to read:

> "CONFERENCE WITH LEGAL COUNSEL --
> EXISTING LITIGATION Pursuant to Government Code Section 54956.9(d)(1).
> Name of Case: *Ace K. Kelly v. County of Orange, et al.,*
> United States District Court Case No. 8:24-cv-00933-JVS-JDE.
>
> RECOMMENDED ACTION: Conduct Closed Session."

Thank you.

Leon Page

LJP:vl

cc: Members of the Board of Supervisors
Michelle Aguirre, CEO