

FRESNO YOSEMITE INTERNATIONAL AIRPORT

GROUND LEASE AGREEMENT

By and Between

CITY OF FRESNO,
a California municipal corporation

and

SKYWEST AIRLINES, INC.,
a Utah corporation

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**GROUND LEASE
FOR ADMINISTRATION AND OPERATIONS
FACILITY AT FRESNO YOSEMITE INTERNATIONAL AIRPORT**

This Ground Lease ("Lease") for an Administration and Operations Facility at Fresno Yosemite International Airport ("Airport") is made as of the _____ day of _____, 2016, (the "Effective Date") by and between the CITY OF FRESNO, a municipal corporation ("Lessor" or "City"), and SKYWEST AIRLINES, INC., a Utah corporation ("Lessee") (Lessor and Lessee herein together referred to as the "Parties").

RECITALS

1. WHEREAS, Lessor owns and operates an airport in the City of Fresno, Fresno County, California, known as Fresno Yosemite International Airport ("Airport"); and
2. WHEREAS, the Parties comprise all the parties to a certain Aviation Land and Building Lease and Agreement dated June 15, 1993, covering Hangar P-3 Lease Area at the Fresno Yosemite International Airport, which expires October 31, 2017, and which has been amended by Lease Amendment No. 1 dated April 12, 1994; Amendment No. 2 dated May 19, 1998; Amendment No. 3 dated December 15, 1998; Amendment No. 4 dated November 1, 2002; Amendment No. 5 dated July 1, 2007; Amendment No. 6 dated November 1, 2007; Amendment No. 7 dated January 28, 2010; Amendment No. 8 dated May 7, 2012; and Amendment No. 9 dated March 5, 2014 (collectively the "Existing Lease"); and
3. WHEREAS, Lessor hereby desires to continue leasing the subject lease area to Lessee, and Lessee hereby desires to accept from Lessor, the Leased Premises (as defined in Section 2.A of this Lease), subject to the terms within this Lease and for the purposes set forth in this Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the rent herein provided to be paid by Lessee, and such other mutual covenants and consideration as herein provided, Lessor does hereby grant, lease and let to Lessee the Leased Premises, together with the right to use any common, runways, taxiways, and access of and to the Airport upon the following terms and conditions:

SECTION 1. DEFINITIONS

- A. The terms "air carrier", "aircraft" and "air transportation" shall have the same meaning as defined in the Federal Aviation Act of 1958, as amended. All other terms shall be defined, if necessary, in their proper context throughout this Lease.
- B. The term "Director" or "Director of Aviation" shall mean the City of Fresno Director of Aviation or his/her designee.

SECTION 2. LEASED PREMISES & NEW IMPROVEMENTS

A. Leased Premises.

Lessor hereby lets and demises to Lessee and Lessee hereby leases from Lessor the paved aircraft ramp, non-ramp, and an existing hangar facility located at the Airport, as described by the "Leased Premises Description" on Exhibit A attached hereto and incorporated herein (the "Leased Premises").

B. New Improvements.

Lessee has modified the P-3 hangar tail door on the Leased Premises ("Hangar Door Modification"). Lessee has solicited competitive bids from qualified contractors to make certain employee parking lot improvements on the Leased Premises ("Parking Facility") in accordance with the plans and specifications which have been approved by Lessor. The Hangar Door Modification and Parking Facility are collectively referred to herein as "New Improvements."

SECTION 3. TERM

The initial term of this Lease shall be for three (3) years commencing September 1, 2016, with the option of Lessee to extend such initial term for up to seven (7) one-year extensions, for a total of up to ten (10) years ending no later than August 31, 2026, unless terminated earlier in the manner and under the conditions herein provided.

If Lessee elects to exercise said option, then Lessee shall provide Lessor with written notice no less than ninety (90) days prior to the expiration of the initial three-year term or any subsequent one-year extension.

In the event Lessee remains in possession of the Leased Premises or any part thereof following the end of the term of this Lease, and thus hold over the term hereof with or without the express written consent of Lessor, such holding-over occupancy shall be a tenancy from month to month only, terminable by either party hereto upon service of a minimum of thirty (30) days advance written notice upon the other party. Such holding over shall be subject to all of the terms, covenants, conditions, and provisions of this Lease applicable to a month-to-month tenancy. During this hold-over period, Lessor shall have the right to increase rental pursuant to Section 4, Paragraph C below.

SECTION 4. RENT

A. Rent.

As of the Effective Date, Lessee shall pay Lessor rent for the use and occupancy of the Leased Premises at the rate structure of:

Area Description	Square Feet	September 1, 2016 - August 31, 2019 Monthly Rental	September 1, 2019 - August 31, 2020 Monthly Rental
Ramp Area	389,178	\$ 15,140.20	\$ 18,260.83
Non-Ramp Area	113,261	\$ 2,202.68	\$ 2,656.69
Building Area	122,954	\$ 35,441.12	\$ 42,746.10
Subtotal	625,393		
Total Monthly Rental		\$ 52,784.00	\$ 63,663.62

B. Rental Adjustment.

Commencing on September 1, 2020, then on this day each year throughout the term of this Lease (the "Scheduled Adjustment Date"), including any available option exercised by the Lessee, the amount of Monthly Rent to be paid to Lessor by Lessee shall be increased by the same percentage as the percentage increase in the U.S. Department of Labor, Bureau of Labor Statistics (USDLBLS) Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers (all items, U.S. city average) from January 1 to December 31 during the last full calendar year prior to the Scheduled Adjustment Date; provided, however, in no event shall any increase be in an amount greater than two percent (2%) of the annual rental for the prior year. If, in any year, the actual adjustment as called for by the increase by the index shall exceed two percent (2%), the amount in excess of two percent (2%) shall be carried over to the following year and be added to the percent of increase for that year. In the event the CPI decreases, monthly rent shall not be adjusted.

- i) Effective Period of Provisions: The foregoing rental adjustment provisions shall be effective in the manner described so long as the afore-mentioned CPI data is published by the USDLBLS in substantially the same form and is based generally on the same type data being used on January 1, 2016, and, in the event of any change in form and/or basis of said index, said provisions shall be redefined in writing by Lessor and Lessee to a reasonably comparable standard.

- ii) Retroactive Rent Adjustment: In the event any annual rent adjustment computation shall, for any reason whatsoever, be delayed beyond the Scheduled Adjustment Date, Lessee shall continue paying the existing monthly rent amount (i.e., the amount being paid immediately prior to the Scheduled Adjustment Date of the new Lease Year) when due until the new rental rate is finally determined by Lessor.
 - a) Any rent adjustment due as a result of any such late computation shall apply and be paid by Lessee retroactively as of the first day of the Lease Year for which any such late computation shall be applicable.
 - b) When any such late computation results in an increase in the monthly rent, Lessee shall pay the difference between the new rate and the old rate, for each of the months of the Lease Year during which the new rent amount shall have been in effect, together with the next due monthly rent payment.
- iii) Place of Payment: Rent shall be paid to Lessor at the address shown below or at such place or places at which Lessor may in writing direct the payment thereof from time to time during the term hereof.

City of Fresno Airports Department
Attn: Airports Accounting
4995 E. Clinton Way
Fresno, CA 93727

SECTION 5. USE

A. Use Terms and Conditions.

Subject to the other terms and conditions set forth in this Lease, Lessee intends to operate an aircraft maintenance facility as the primary use, along with related aircraft services, general office functions, training, parking, storing, and other support operations. Authorization to conduct business on the Leased Premises is strictly dependent upon Lessee maintaining an aircraft related business as the primary use which is a material term as defined under Sub-section 14.B. Should Lessee cease this operation, or reduce such operation to a level which is only incidental to another operation within the Leased Premises, such reduction will constitute a default of this Lease in accordance with Section 14. Lessee shall use the Leased Premises and the New Improvements only for those uses specifically set forth in this section, unless Lessee obtains the prior written consent of the City's Director of Aviation (the "Director of Aviation"), the consent, of which, shall not be unreasonably withheld, conditioned or

delayed. Lessee agrees to comply with applicable grant assurances given by the Lessor to the Federal Aviation Administration ("FAA").

Lessor covenants and agrees during the Term hereof to operate and maintain Airport and its public airport facilities as a public airport consistent with the Sponsor's Assurances given by Lessor to the United States Government under the Federal Aviation Act, the terms of which are contained in Exhibit B.

SECTION 6. CAPITAL IMPROVEMENTS

Lessee shall be responsible, at its own cost, for the costs of constructing the New Improvements. The Parking Door Modification has been constructed. Lessee shall construct the Parking Facility as depicted on Exhibit D. The construction and repairs shall commence no later than March 1, 2017 and be completed prior to August 31, 2019. If Lessee fails to construct part or all of the Parking Facility within the periods specified above, Lessor may give notice of such failure to Lessee, and Lessor may assume the construction of the Parking Facility. In such event, Lessor may invoice Lessee for the documented costs to complete the Parking Facility incurred by Lessor, which shall become immediately due. Lessee agrees to fully reimburse Lessor for the commercially reasonable costs of the City of Fresno to complete all such construction; provided, however, all amounts paid by Lessee under this Section 6 shall be included for purposes of calculating the Principal Construction Costs.

A. Pre-Construction Approval

1. Prior to entering into any contract for the construction of improvements and facilities, Lessee shall submit two (2) sets of professionally prepared plans and specifications to Director for conceptual review and approval.
2. Although such plans and specifications shall be considered preliminary, they shall include a definitive site plan and all exterior elevations; building plans with materials, color selections, and structural design; landscaping and irrigation plans; paving and drainage plans; sign drawings; and any other materials which may be required to accurately portray all aspects of the proposed development covered thereby.
3. Director shall have thirty (30) days, following receipt of such plans and specifications, during which to complete a review thereof and provide Lessee with written notice of Director's conceptual approval. In the event such notice shall specify that such plans and specifications are approved subject to certain reasonable changes, modifications, additions, deletions, etc., as shall be expressly set forth within said notice, Director's conceptual approval shall be deemed conditioned upon any and all such reasonable modifications, additions, deletions, changes, etc., subsequently

being appropriately incorporated within Lessee's plans and specifications for the particular development for which any such conditional conceptual approval shall be given.

4. All plans and specifications referred to above and all renovations, remodeling, refurbishing and construction to or upon the Leased Premises shall meet all applicable City of Fresno, State and Federal fire and building code requirements and provide for construction from material acceptable to Lessor.

B. Costs.

1. Development Costs:

The complete cost of developing all necessary plans and specifications as provided herein, payment for permits, fees, licenses and certificates, and the complete cost of construction of the New Improvements required to be built by Lessee upon the Leased Premises by Lessee shall be borne solely by Lessee.

2. Construction Costs:

Lessee shall be responsible for the costs of the Parking Facility.

C. Submission of Plans to City of Fresno Development Department.

1. Not later than sixty (60) days immediately following the date on which Director's conceptual approval is provided to Lessee in writing, Lessee shall submit to the City of Fresno Development Department Plans and Specifications that include any and all changes, modifications, additions and/or deletions required by Director and meet any and all of the requirements applicable to such development, pursuant to the provisions of Section 7.A and then do such things and/or complete such actions as may reasonably be required in order to obtain all applicable building or construction permits (including the filing of an "Application for Environmental Review" of the proposed construction project under the California Environmental Quality Act ["CEQA"]) and payment of any and all lawful fees and/or charges associated with and/or applicable to any and all such things and/or such actions.
2. No construction shall be undertaken in or on the Leased Premises unless and until Lessee's plans and specifications shall have been approved in writing by the City of Fresno Development Department and lessee shall have been issued and have in hand any and all required permits for such construction.

D. Construction.

1. Workmanship. Lessee agrees that all work to be performed by it or its contractor(s), including all workmanship and materials, shall be consistent with the quality of similar improvements at airports similarly-situated as the Airport. Such work shall be substantially

completed in accordance with the plans and specifications approved by the Director of Aviation, and such work shall be subject to inspection by the Airport and the City of Fresno Development Department during the performance thereof and upon completion.

2. Claims. Lessee shall assume the risk of loss or damage to all work prior to the completion thereof, except to the extent arising out of the Lessor's willful misconduct or breach of this Lease. Lessee shall repair or replace any such loss or damage existing at the time of completion without cost to Lessor, except to the extent arising out of the Lessor's willful misconduct or breach of this Lease. Lessee shall discharge all obligations to contractors, subcontractors, materialmen, workmen and/or other persons for all work performed and for materials furnished for or on account of Lessee as such obligations mature. Nothing in this Lease shall limit the right of Lessee to contest any claims of any contractor, subcontractor, materialmen, workmen or other person without being considered in breach thereof. Nothing contained in this Lease shall be deemed to constitute consent by Lessor to the making or the attempt to make any claim or lien against the New Improvements constructed on the Leased Premises. Lessee agrees that any claim or lien filed, noticed or created against the same shall be removed and discharged as soon as reasonably possible. Upon Lessor's written request, through the Director of Aviation, Lessee shall provide lien waivers or certificates of completion from its contractors to ensure that the required capital improvements have been completed according to the agreed upon plan and/or that the contractors, sub-contractors and suppliers have been paid.
3. Bond. Lessee shall require its contractor(s) to furnish a "Performance Bond" and a "Payment Bond", approved as to form by the City. If Lessee acts as its own licensed contractor during the construction period, this provision shall be waived.
4. Substantial Completion. For the purposes of this Lease, the term "Substantial Completion" or the phrase "Substantially Complete" shall mean that the New Improvements are sufficiently completed in accordance with the construction documents and specifications such that the Lessee may beneficially occupy and use the New Improvements for the purposes for which it is intended and only trivial and insignificant items remain which do not affect the New Improvements as a whole. The date of issuance of the Certificate of Substantial Completion of the New Improvements shall be determined by the Director of Aviation.
5. Notification. Lessee shall notify Lessor in writing of the completion of construction of the New Improvements within the time period identified on the Certificate of Substantial Completion.

6. Extension of Time to Complete. If Lessee is delayed at any time in the progress of constructing the New Improvements by an act or neglect of Lessor, the time to complete the New Improvements shall be extended for such reasonable time as the Director of Aviation may determine. Notwithstanding any other provisions of this Lease, no adjustment shall be made to the Rent due from Lessee or the amount Lessee is required to expend under Section 6.A above and Lessee shall not be entitled to claim or receive any additional compensation as a result of or arising out of any delay, hindrance, disruption, force majeure, impact, or interference, foreseen or unforeseen, resulting in adjustment to timing of the performance of this Lease hereunder, except to the extent caused by the acts, omissions, failures, negligence, breach of this Lease, or other fault of the Lessor.
 7. Notice of Completion. For the purposes of this Lease, the term "Notice of Completion" shall mean that the New Improvements have been completed to the satisfaction of the Airports Department, in accordance with the construction plans and specifications and all building permits have been signed off by the City of Fresno Development Department. The date of issuance of the Notice of Completion of the New Improvements shall be determined by the Director of Aviation.
- E. "As Built" Drawings and Statement of Final Costs.
1. Within ninety (90) days following completion of the New Improvements, Lessee shall furnish the Director of Aviation with complete sets of "As Built" drawings and specifications of the New Improvements, in electronic PDF and hard copy formats, and a verified statement of final costs (including engineering, architectural and inspection fees), together with receipted invoices for labor and materials and releases therefor, covering any and all such leasehold improvements and specifying the date on which such improvements were completed.
- F. Remodel, Renovate or Refurbish the Leased Premises.
1. During the term of this Lease, Lessee shall be able to remodel, renovate and refurbish the Leased Premises and the New Improvements, or any part thereof, and to build and construct new additions and improvements thereto and thereon subject to the other terms and conditions of this Lease, under the following conditions:
 - i. For the exterior or structural portions of the Leased Premises, Lessee shall obtain the Director of Aviation's prior written consent for any remodeling, renovation, refurbishment, or construction, the consent, of which, shall not be unreasonably withheld, conditioned or delayed.

- ii. For the interior and nonstructural of the Leased Premises, Lessee shall obtain the Director of Aviation's prior written consent for any remodeling, renovation, refurbishment, or construction which has a dollar value of Fifty Thousand and No/100 Dollars (\$50,000.00) or more, or which would in any way impact the electrical, plumbing, mechanical, communication systems or structure of the New Improvements, the consent, of which shall not be unreasonably withheld.
- G. Reversion of Improvements or Restoration of Leased Premises.

Upon the expiration or termination of this Lease, Lessee agrees to quietly and peacefully surrender possession of the Leased Premises. In connection with the foregoing Lessee shall Relinquish the Leased Premises with all additions and improvements thereto to Lessor in the same condition as existed upon the Date of Notice of Completion, normal wear and tear, casualty and condemnation excepted. The New Improvements, excluding trade fixtures therein (which shall remain the property of Lessee), shall be owned by the City upon the expiration or termination of this Lease; such improvements shall be given over to Lessor free and clear of any and all encumbrances, liens, claims, or demands of any nature or description whatsoever and/.

Completely remove all improvements erected, constructed, and/or placed in, on or upon the Leased Premises by Lessee with the land restored to an environmentally clean, properly graded condition free of weeds and rubbish. The complete cost of this restoration shall be borne solely by Lessee at no expense to Lessor whatsoever.

The Director of Aviation shall notify Lessee within sixty (60) days of expiration or termination of this lease of his/her election.

SECTION 7. MAINTENANCE, REPAIRS

- A. Lessor's Maintenance and Repair Obligations.
 - 1. Lessor hereby agrees to maintain in good order and repair free of weeds and rubbish and in a clean and orderly condition all buildings, structures, the two (2) large aircraft/vehicle access doors, all common areas, taxiways, public aprons, runways, and public access areas, and other public areas of the Airport essential to Lessee's operations that conform with Lessor's and applicable FAA construction specifications.
- B. Lessee's Maintenance and Repair Obligations.
 - 1. Lessee shall, at all times during the term of this Lease, at Lessee's own cost and expense, keep and maintain the Leased Premises and all paved surfaces including the leased ramp area, security fences, periphery landscaping areas, and any security gates during the term of this Lease, and any and all improvements constructed,

installed, and/or located in and/or on the Leased Premises in good order and repair, free of weeds and rubbish, and in a clean and orderly condition (Lessor shall have no obligation to provide any services whatsoever in this regard).

2. In the event Lessor reasonably deems that repairs required to be made by Lessee under this Lease have not been made, Lessor may deliver written notice to Lease, and if Lessee fails to commence such repairs within ten (10) days of Lessor's notice and complete same with reasonable dispatch, Lessor may then make such repairs or cause such repairs to be made and SHALL NOT be responsible to Lessee for any loss or damage that may occur to Lessee's stock or business by reason thereof, except to the extent arising out of Lessor's willful misconduct or breach of this Lease. If Lessor makes such repairs or causes such repairs to be made, Lessee agrees that the actual documented costs thereof shall be payable, AS ADDITIONAL RENT, along with the next monthly rental installment due hereunder after the completion of such repairs and the submission by Lessor to Lessee of a statement of such cost together with supporting invoices, or if no further rental installments are then payable, within thirty (30) days following submission by Lessor of any such statement.
3. Lessee acknowledges: (1) it has not relied on the representations of Lessor or any of Lessor's employees, agents or representatives; (2) it has inspected the Leased Premises; and (3) it agrees to accept the Leased Premises "AS-IS", "WHERE-IS" and "WITH ALL FAULTS" and in the condition in which such Leased Premises exist, including all known and unknown faults and/or deficiencies, recorded and/or unrecorded easements, on the Effective Date of this Lease. Lessee further agrees that the Leased Premises are suitable for Lessee's intended uses of the Leased Premises, subject to Lessor's obligations under this Lease.

C. Exclusive Use Premises.

With respect to the Leased Premises, Lessee shall, at its own cost and expense:

1. Have the right, and to the extent hereinafter provided, the obligation (in accordance with applicable laws and ordinances and other applicable provisions of this Lease) to make repairs to or replacements of the Leased Premises; and
2. Have the right to erect or install on the Leased Premises equipment or personal property necessary for the performance of any of Lessee's operations, rights, and privileges provided for by this Lease; and

3. Have the right to construct and install on the Leased Premises any buildings, structures or improvements necessary for continuing operations and any additions to or extensions, modifications or improvements of the New Improvements and all other facilities (in accordance with applicable laws, regulations and ordinances and other applicable provisions of this Lease), subject to the approval of the Director of Aviation, which approval shall not be unreasonably withheld, conditioned or delayed; and
4. Keep all fixtures, equipment and personal property, which are open to or visible to the general public, in a clean and orderly condition and appearance at all times (Lessee shall remove any of these items from public view if the Director of Aviation reasonably and in a non-discriminatory manner determines them to be unsightly and provides written notice thereof to Lessee); and
5. Provide and maintain (except for mobile firefighting equipment) all fire protection and safety equipment of every kind and nature required in the Leased Premises by any code, law, rule, order, ordinance, resolution or regulation applicable to the Leased Premises; and
6. Provide, at its sole expense, security for the Leased Premises, including all personnel or contractors (which security personnel and contractors shall be approved by the Director of Aviation, which approval shall not be unreasonably withheld, conditioned or delayed) and its own equipment, in accordance with the Fresno Yosemite International Airport Security Plan and U.S. Department of Homeland Security Transportation Security Administration (TSA), or its successor agency regulations; provided, however, that in the event Lessee fails to provide security as herein set forth, Lessor shall provide all such necessary personnel and equipment, and Lessee shall reimburse Lessor for all actual out of pocket documented costs and expenses incurred by Lessor for the supplying of such personnel and equipment; and
7. To the extent permitted by applicable law, control the conduct and demeanor of its employees and shall require its employees to wear uniforms where appropriate and display Airport security badges; and
8. Control all vehicular traffic in and among the areas where aircraft may be located, including the aircraft parking ramp, aircraft circulating and ramp vehicle services areas (exclusive of public roadways); take all precautions reasonably necessary to promote the safety of its passengers, employees, customers, business visitors and other persons; and employ such means as may be necessary to direct the movement of vehicular traffic in such areas;

including, but not limited to, any associated pavement markings that may be necessary.

D. Safety of Operations and Repairs.

If the performance of any of the foregoing maintenance, repair, replacement or painting obligations of Lessee requires work to be performed where safety of operations are involved, Lessee agrees that it will, at its own expense, post guards or erect barriers or other safeguards in conformance with FAA safety specifications and approved by the Director of Aviation, which approval shall not be unreasonably withheld, conditioned or delayed, at such locations so as to provide for the safety of work performed. Lessee shall not perform any of the foregoing maintenance, repair, replacement, or painting obligations off of the Leased Premises.

E. Failure to Repair by Lessee.

Should any property on the Leased Premises require repairs, replacements, rebuilding or painting, Lessor shall have the rights and remedies under Section 7.B. hereof.

F. Access.

In the interest of public safety or where the location or nature of the work performed warrant it, Lessor shall have the continuing right to temporarily deny Lessee's access to or egress from the Leased Premises or common areas, taxiways, runways, ramps, public aprons, public access areas and other public areas of the Airport in performing the work described herein. Lessor shall, however, provide alternate means of access or egress necessary for Lessee's operations reasonably satisfactory to the Parties.

SECTION 8. INSPECTION AND AUDIT BY LESSOR

A. Entry by Lessor for Inspection.

Lessor may enter upon the Leased Premises at any reasonable time during normal business hours and upon prior reasonable notice for any purpose connected with the performance of Lessor's or Lessee's obligations hereunder, including observing the performance by Lessee of obligations under this Lease; provided however, Lessor may enter upon the Leased Premises at any reasonable time to determine the condition of the Leased Premises in the event necessary to prevent imminent injury to person or property or for a public safety matter.

B. Records.

Upon reasonable written notice given by Lessor, Lessee shall furnish to Lessor true and accurate records relating to the Leased Premises, including but not limited to, financial statements prepared in accordance with generally accepted accounting practices, reports, resolutions, certifications and other information as may be requested by the Lessor from time to time during the term of this Lease. Lessee agrees to keep all books and records relating to this Lease for a period of three (3) years after the end of the Lease and all pending matters have closed. The terms of this paragraph shall survive the termination or expiration of this Lease.

SECTION 9. INSURANCE AND INDEMNIFICATION

A. Indemnification.

- i) Except to any extent expressly provided for in this Lease, and to the furthest extent allowed by law, Lessee shall indemnify, hold harmless and defend City and its officers, officials, employees, agents and volunteers (hereinafter referred to collectively as "City") from any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability, including but not limited to personal injury, death at any time and property damage, including damage by fire or other casualty) incurred by City, Lessee or any other person, and from any and all claims, demands and actions in law or equity (including attorney's fees and litigation expenses), arising or alleged to have arisen directly or indirectly out of Lessee's: (i) occupancy, maintenance and/or use of the Leased Premises; (ii) use of all or any part of the Airport, including, but not limited to, use of any Common Use Space, Exclusive Use Space, Joint Use Space, Preferential Use Space and Shared Use Space, upon which the Leased Premises is located; or (iii) performance of, or failure to perform, this Lease; Lessee's obligations under the preceding sentence shall apply to any negligence of City, but shall not apply to any loss, liability, fines, penalties, forfeitures, costs or damages caused solely by the gross negligence, or by the willful misconduct, of City,
- ii) Lessee acknowledges that any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability, including but not limited to personal injury, death at any time and property damage, including damage by fire or other casualty) arising out of or in any way connected with releases or discharges of a Hazardous Substance, or the exacerbation of a Potential Environmental Hazard, occurring as a result of or in connection with: (i) Lessee's occupancy, maintenance and/or use of the Leased Premises; (ii) Lessee's use of all or any part of the Airport, including, but not limited to, use of any

Common Use Space, Exclusive Use Space, Joint Use Space, Preferential Use Space and Shared Use Space, upon which the Leased Premises is located; (iii) Lessee's activities or the activities of any of Lessee's representatives (including, without limitation, any of Lessee's officers, officials, employees, agents, volunteers, invitees, subtenants, consultants, subconsultants, contractors or subcontractors), and all costs, expenses and liabilities for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remediation and other response costs, including reasonable attorneys' fees and disbursements and any fines and penalties imposed for the violation of any Legal Requirements relating to the environment or human health, are expressly within the scope of the indemnity set forth above.

- iii) Lessee's occupancy, maintenance and use of the Leased Premises, and use of all or any part of Airport, including, but not limited to, use of any Common Use Space, Exclusive Use Space, Joint Use Space, Preferential Use Space and Shared Use Space, upon which the Leased Premises is located, shall be at Lessee's sole risk and expense. Lessee accepts all risk relating to Lessee's: (i) occupancy, maintenance and/or use of the Leased Premises; (ii) use of all or any part of the Airport, including, but not limited to, use of any Common Use Space, Exclusive Use Space, Joint Use Space, Preferential Use Space and Shared Use Space, upon which the Leased Premises is located; or (iii) performance of, or failure to perform, this Lease. City shall not be liable to Lessee and its insurer(s) for, and Lessee and its insurer(s) hereby waive and release City from, any and all loss, liability, fines, penalties, forfeitures, costs or damages resulting from or attributable to an occurrence on or about the Leased Premises, or all or any part of the Airport, including, but not limited to, use of any Common Use Space, Exclusive Use Space, Joint Use Space, Preferential Use Space and Shared Use Space, upon which the Leased Premises is located, in any way related to the Lessee's operations and activities.
- iv) Lessee shall promptly notify City of any occurrence on the Leased Premises, or all or any part of the Airport, including, but not limited to, use of any Common Use Space, Exclusive Use Space, Joint Use Space, Preferential Use Space and Shared Use Space, upon which the Leased Premises is located, resulting in injury or death to any person or damage to property of any person.
- v) If Lessee should contract any work on the Leased Premises or subcontract any of its obligations under this Lease, Lessee shall require each consultant, subconsultant, contractor and subcontractor to indemnify, hold harmless and defend City and its officers, officials, employees, agents and volunteers in accordance with the terms of this Section.

vi) The provisions of this Section shall survive the termination or expiration of this Lease.

B. Insurance.

Throughout the term of this Lease, Lessee shall, at Lessee's expense, obtain and at all times maintain in full force and effect such MINIMUM insurance as is set forth in **EXHIBIT E**, which is hereby incorporated herein. The insurance limits available to the City of Fresno, its officers, officials, employees, agents and volunteers as additional insureds, shall be the greater of the minimum limits specified in **EXHIBIT E** or the full limit of any insurance proceeds available to the named insured.

SECTION 10. TAXES

Taxes and Assessments: In addition to the rentals, fees, and charges herein set forth, Lessee shall pay, as and when due (but not later than fifteen [15] days prior to the delinquency date thereof) any and all taxes and general and special assessments of any and all types or descriptions whatsoever which, at any time and from time to time during the term of this Lease, may be levied upon or assessed against Lessee, the Leased Premises and/or any one or more of the improvements located therein or thereon and appurtenances thereto, other property located therein or thereon belonging to Lessor or Lessee, and/or upon or against Lessee's interest(s) in and to the Leased Premises, improvements and/or other property, including possessory interest as and when such be applicable to Lessee hereunder.

NOTE: Any interest in real property which exists as a result of possession, exclusive use, or a right to possession or exclusive use of any real property (land and/or improvements located therein or thereon) which is owned by the City of Fresno (Lessor) is a taxable possessory interest, unless the possessor of interest in such property is exempt from taxation. With regard to any possessory interest to be acquired by Lessee hereunder, Lessee, by its signatures hereunto affixed, warrants, stipulates, confirms, acknowledges and agrees that, prior to its executing this Lease, Lessee either took a copy hereof to the office of the Fresno County Tax Assessor or by some other appropriate means, independent of Lessor or any employee, agent, or representative of Lessor, determined, to Lessee's full and complete satisfaction, how much Lessee will be taxed, if at all.

SECTION 11. SUBLETTING AND ASSIGNMENT

A. Right to Sublease.

Provided that such sublease does not violate any of the material terms or provisions of this Lease, including authorized use, Lessee may sublease this Lease with the expressed written consent of the Airport Director, the consent, of which shall not be unreasonably withheld. Any such subletting

shall not be considered a release of Lessee from any of its obligations under this Lease.

B. Written Consent.

If Lessee should desire to sublet the Leased Premises as a whole, Lessee may do so only after securing the written consent of Lessor, the consent, of which shall not be unreasonably withheld. A subletting of the whole Leased Premises, if permitted, shall not release Lessee from its obligations hereunder.

C. Sublease Subject to Terms of this Lease.

Should Lessee sublease a portion of the Leased Premises or specific permanent improvements constructed on the Leased Premises, the terms of any sublease agreement of the Leased Premises shall be expressly subject to the terms of this Lease and Lessee shall provide Lessor with a copy of any sublease agreement entered into with any sub lessee within fifteen (15) days after the sublease agreement has been entered into, along with any sublessee's name, address and telephone number.

D. Right to Assignment.

Lessee shall not assign this Lease, in whole or in part, without the prior written consent of Lessor, the consent, of which shall not be unreasonably withheld, conditioned or delayed. An assignment shall not be considered a release of Lessee of any of Lessee's obligations under the terms of this Lease.

Lessor reserves the right to require a new agreement with the Assignee which may consist of new terms, rates, and conditions for the leasehold as a required condition of the assignment.

E. Permitted Assignment and Sublease. Notwithstanding the provisions of this Lease to the contrary, Lessee may, without the consent of Lessor, assign or sublet this Lease to (a) any entity which is controlled, controlling or under common control with SkyWest, Inc., a Utah corporation, or (b) any entity which is a successor by merger, consolidation or otherwise acquires substantially all of the assets of Lessee; provided, however, that Lessee shall notify Lessor of such assignment in writing no less than sixty (60) days prior to such permitted assignment or sublease.

SECTION 12. UTILITIES

A. Costs and Expenses.

1. During the term hereof, Lessee shall make its own arrangements for and pay all charges for water, sewer, gas, electricity, telephone, trash collection and other utility service(s) ("Utilities") supplied to and used on the Leased Premises. All such charges shall be paid before delinquency, and Lessor and the Leased Premises shall be protected and held harmless by Lessee therefrom. Should Lessee make arrangements for any Utilities through the City's Finance Department's Utilities Billing and Collection Section (e.g. water, sewage, and/or solid waste [trash] disposal), Lessee agrees to pay to Lessor, monthly, upon receipt of the billing(s) therefor at the then current rates as established from time to time by ordinances of Lessor for such services, such sum(s) as shall be due for any and all such services provided to the Leased Premises during the term hereof.
2. Upon Lessee's obtaining of any and all required permits and the payment of any required charges or fees, Lessee is hereby granted the right to connect to any and all storm drains, sanitary sewers and/or water and utility outlets as shall be available and/or provided to service the Leased Premises.
3. The construction/installation of any and all connections to any and all utility systems, including, without limitation, water service lines and associated fixtures, piping, plumbing and hardware, sewer connector lines, and storm drain inlets, feeder lines, etc., shall be the obligation of Lessee at Lessee's own cost and expense.
4. Lessor shall not be liable to Lessee for any interruption in or curtailment of any utility service, nor shall any such interruption or curtailment constitute a constructive eviction or grounds for rental abatement in whole or in part hereunder.

SECTION 13. LIENS

Lessee shall cause to be removed any and all liens of any nature arising out of or because of any construction, renovation, or remodeling performed by it or any of its contractors or subcontractors on the Leased Premises, or arising out of or because of the performance of any work or labor by it or them, or the furnishing of any material to it or them for use in making improvements on the Leased Premises. Lessee may, however, contest the validity or amount of such liens. The foregoing provision is not intended to prevent any reasonable method of construction financing by Lessee.

SECTION 14. TERMINATION BY LESSOR/EVENTS OF DEFAULT

Lessor reserves the right to terminate this Lease before the end of the Term or during any option period if any of the following circumstances should occur:

- A. Failure to Pay.

Lessee shall fail to make any payment due Lessor under this Lease on the date that same is due, as described in Section 4.B., and shall not cure such failure within thirty (30) days after written notice thereof to Lessee. After such a period of default, the Director of Aviation may deliver or cause to be delivered to Lessee a written notice of termination of this Lease. Lessee's receipt of such written notice shall be sufficient to terminate this Lease. Receipt shall be defined as the third (3rd) business day following deposit in regular U.S. +Mail of a certified, postage pre-paid envelope containing notice of termination to be delivered to Lessee's address as indicated in Section 43 herein.

B. Material Terms.

Other than as set forth in Section 14.A above, if Lessee shall fail to meet and observe any material term, condition or covenant of this Lease and shall fail to cure the same within thirty (30) days after receipt of written notice thereof by the Director of Aviation to Lessee, or, if such failure cannot reasonably be cured within the said thirty (30) days, Lessee shall not have commenced to cure such failure within said thirty (30) period or shall not have commenced to cure such failure within such thirty (30) day period with reasonable diligence and good faith.

C. Insolvency.

Lessee shall become insolvent, or shall make a transfer in fraud of creditors, or shall make an assignment for the benefit of creditors, or a receiver or trustee shall be appointed for all or substantially all of the assets of Lessee.

D. Bankruptcy.

Lessee shall file a voluntary petition under any section or chapter of the National Bankruptcy Act, as amended, or any similar law or statute of the United States or any State thereof, or an involuntary petition in bankruptcy is filed against Lessee and is not dismissed within sixty (60) days after such filing.

E. Abandon, Desert, or Vacate Leased Premises.

Lessee shall abandon, desert, or vacate the Leased Premises, except as a result of a Force Majeure event as set forth in Section 33 of this Lease, provided, however, that Lessee's failure to occupy the Leased Premises due to a condition described in Section 19.A or Section 19.C under this Lease shall not constitute an event of default hereunder and shall not permit Lessor to terminate this Lease.

F. Non-Waiver.

Lessor's failure to exercise its right to terminate this Lease upon determination of a default shall not waive Lessor's right to terminate this Lease at any subsequent time during the remaining term of this Lease unless such default has been cured in all material respects.

SECTION 15. REMEDIES FOR EVENTS OF DEFAULT

1. Abandonment: If Lessee abandons the Leased Premises, this Lease shall continue in effect for the then remaining term of this Lease. Lessor shall not be deemed to terminate this Lease as a result of such material default and breach other than by written notice of termination served upon Lessee by Lessor, and Lessor shall have all of the remedies available to Lessor under Section 1951.4 of the Civil Code of the State of California so long as Lessor does not terminate Lessee's right to possession of the Leased Premises, and Lessor may enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due under this Lease. After abandonment of the Leased Premises by Lessee, Lessor may, at any time thereafter, give notice of termination.
2. Termination: Following the occurrence of any material default and breach of this Lease by Lessee beyond all applicable notice and cure periods as set forth within Section 14, Lessor may then immediately, or at any time thereafter, terminate this Lease by service of a minimum of ten (10) days advance written notice to such effect upon Lessee and this Lease shall terminate at 11:59:59 p.m., on the termination date specified within such notice.
3. Such notice shall set forth the following:
 - a. The default and breach which resulted in such termination by Lessor, and Demand For Possession, which, in the event only ten (10) days advance notice shall be given by Lessor, shall be effective at 12:00:01 A.M., on the eleventh (11th) calendar day following the date on which the notice in which such demand is contained, shall be sufficiently served upon Lessee by Lessor in conformity with the "Notice" provisions of this Lease; or, if more than the minimum number of days advance notice shall be given, at 12:00:01 a.m., on the next day following the date specified within such notice as being the date of termination hereof.
 - b. Such notice may contain any other notice which Lessor shall be required or desire to give under this Lease.

4. Possession: Following termination of this Lease by Lessor pursuant to the provisions of this Section, without prejudice to other remedies Lessor may have by reason of Lessee's default and breach and/or by reason of such termination, Lessor may:
- a. Peaceably re-enter the Leased Premises upon voluntary surrender thereof by Lessee or remove Lessee and/or any other persons and/or entities occupying the Leased Premises therefrom, using such legal proceedings as may be available to Lessor under the laws or judicial decisions of the State of California;
 - b. Repossess the Leased Premises or re-let the Leased Premises or any part thereof for such term (which may be for a term extending beyond the term of this Lease) at such rental and upon such other terms and conditions as Lessor in Lessor's sole discretion shall determine, with the right to make reasonable alterations and repairs to the Leased Premises; and
 - c. Remove all personal property therefrom and store all personal property not belonging to Lessor in a public warehouse or elsewhere at the cost of and for the account of Lessee.
5. Recovery: Following termination of this Lease by Lessor pursuant to the provisions above, Lessor shall have all the rights and remedies available to Lessor under Section 1951.2 of the Civil Code of the State of California. The amount of damages Lessor may recover following such termination of this Lease shall include:
- a. The worth at the time of award of the unpaid rent which had been earned at the time of termination of this Lease;
 - b. The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination of this Lease until the time of award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided;
 - c. The worth at the time of award of the amount by which the unpaid rent for the balance of the then applicable term after the time of award exceeds the amount of such rental loss for the same period Lessee proves could be reasonably avoided; and
 - d. Any other amount necessary to compensate Lessor for all the detriment proximately caused by Lessee's failure to perform Lessee's obligations under this Lease or which in

the ordinary course of things would be likely to result therefrom.

6. Additional Remedies: Following the occurrence of any material default and breach of this Lease by Lessee beyond all applicable notice and cure periods as set forth in Section 14 above, in addition to the foregoing remedies, Lessor may maintain Lessee's right to possession, in which case this Lease shall continue in effect whether or not Lessee shall have abandoned the Leased Premises and, so long as this Lease is not terminated by Lessor or by a decree of a court of competent jurisdiction, Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due thereunder and, during any such period, Lessor shall have the right to remedy any default of Lessee, to maintain or improve the Leased Premises without terminating this Lease, to incur expenses on behalf of Lessee in seeking a new Lessee, to cause a receiver to be appointed to administer the Leased Premises, and to add to the rent payable hereunder all of Lessor's reasonable costs in so doing, with interest at the maximum reasonable rate then permitted by law from the date of such expenditure until the same is repaid.
7. Other: In the event Lessee causes or threatens to cause a breach of any of the covenants, terms or conditions contained in this Lease, Lessor shall be entitled to obtain all sums held by Lessee, by any trustee or in any account provided for herein, to enjoin such breach or threatened breach and to invoke any remedy allowed at law, in equity, by statute or otherwise as though re-entry, summary proceedings and other remedies were not provided for in this Lease.
8. Cumulative Remedies: Each right and remedy of Lessor provided for in this Article or now or hereafter existing at law, in equity, by statute or otherwise shall be cumulative and shall not preclude Lessor from exercising any other rights or from pursuing any other remedies provided for in this Lease now or hereafter available to Lessor under the laws or judicial decisions of the State of California.
9. Indemnification: Nothing contained within this Article affects the right of Lessor to indemnification by Lessee, as elsewhere within this Lease provided, for liability arising from personal injuries or property damage prior to the termination of this Lease.

SECTION 16. SURVIVAL OF THE OBLIGATION OF LESSEE

- A. In the event that this Lease is terminated in accordance with the provisions of this Lease, and in the event that Lessor has re-entered, regained or resumed possession of the Leased Premises, all rent obligations of Lessee under this Lease shall survive such termination or cancellation, re-entry, regaining or resumption of possession and shall remain in full force and effect for the full term of this Lease, and the amount or amounts of rent or charges shall become due and payable to Lessor to the same extent, at the same time or times and in the same manner as if no termination, cancellation, re-entry, regaining or resumption of possession had taken place.
- B. In the event that this Lease is terminated in accordance with the provisions of this Lease, and in the event that Lessor has re-entered, regained or resumed possession of the Leased Premises, all of Lessee's environmental obligations under this Lease shall survive such termination or cancellation, re-entry, regaining or resumption of possession and shall remain in full force and effect for the full term of this Lease.
- C. Lessor, upon termination or cancellation, or upon re-entry, regaining or resumption of possession pursuant to this Lease, may occupy the Leased Premises or may relet the Leased Premises, and shall have the right to permit any person, firm or corporation to enter upon the Leased Premises and use the same. Such reletting may be of the entire Leased Premises or a part thereof, or of the Leased Premises or a part thereof together with other space, and for a period of time the same as or different from the balance of the term remaining under this Lease, and on terms and conditions the same or different from those set forth in this Lease. Lessor shall, upon termination or cancellation, or upon re-entry, regaining or resumption of possession pursuant to this Lease, have the right to repair or to make structural or other changes to the Leased Premises, including changes which alter the character of the Leased Premises and the suitability thereof for the purposes of Lessee under this Lease, without unreasonably affecting or altering or diminishing the value of the Leased Premises or the obligations of Lessee hereunder. Any reletting shall not be construed to be an acceptance of surrender. Lessor shall attempt to relet the Leased Premises as soon as reasonably possible.
- D. In the event of any reletting or any actual use and occupancy by Lessor (the mere right to use and occupy not being sufficient, however) there shall be credited to the account of Lessee against its survived payment obligations under this Lease any amount actually received by or accruing to Lessor from any lessee, licensee, permittee or other occupier in connection with the use of the Leased Premises or portion thereof during the balance of this Lease as the same is originally stated in this Lease, or from the market value of the occupancy of such portion of the Leased Premises as Lessor may receive or accrue for its benefit during such

period of actual use and occupancy; provided however, notwithstanding the value of any amounts received by Lessor, Lessor shall never owe Lessee for any actions in this Section 16.D.

SECTION 17. ADDITIONAL RENT AND CHARGES

If Lessor has paid any sum or sums, or has incurred any obligations or expense, which Lessee has agreed to pay or reimburse Lessor for, or Lessor is required to pay any sum or sums or incurs any obligations or expense by reason of the failure, neglect or refusal of Lessee to perform or fulfill any one or more of the conditions or due to regulatory fines assessed to Lessor which are the result of actions or inactions of Lessee or of Lessee's failure to comply with Federal, State or Local regulations, covenants or agreements contained in this Lease or as a result of any act or omission of Lessee contrary to the conditions, covenants and agreements of this Lease, Lessee agrees to pay the actual out of pocket documented sum or sums so paid or the expense so incurred, including all interest, costs, damages and penalties, and the same may be added to any installment of rent thereafter due under this Lease. Each and every part of the additional sums incurred under this provision shall constitute additional rent, recoverable by Lessor in the same manner and with the same remedies as if it were originally a part of the basic rental.

SECTION 18. QUIET ENJOYMENT

Lessor covenants that as of the Effective Date of this Lease, it has good, right and lawful authority to execute this Lease, that Lessor has good and indefeasible title to all lands, improvements and related facilities, including the Leased Premises free and clear of all liens, claims and encumbrances, and that throughout the term hereof, Lessee shall have, hold and enjoy peaceful and uninterrupted possession of the Leased Premises, subject always to the payment of the rent and other charges and the performance of the covenants, as herein provided to be paid and performed by Lessee. These covenants extend to and shall be enforceable by Lessee and, in the event of Lessee's default, its sublessees and permitted assigns.

SECTION 19. TERMINATION BY LESSEE

Before the end of the Term, except as otherwise expressly provided herein or as a result of a default by Lessor, Lessee may not terminate this Lease and any or all of its obligations hereunder at any time. If Lessee terminates this Lease before the termination date herein for reasons other than those expressly provided herein or as a result of a default by Lessor, Lessee shall be liable to pay the cumulative rental amount for the remaining term of the Lease. Lessee may be allowed to terminate if it is not in default in the payment of any amounts due to Lessor by giving Lessor sixty (60) days' written notice after the happening of any one of the following events:

- A. Use of Airport for National Defense.

The assumption by the United States Government, or any agency or instrumentality thereof, of the operations, control or use of the Airport for National Defense in such a manner as to preclude Lessee, for a period of ninety (90) days or more, from using such Airport in the conduct of its business. Lessor shall not be liable to Lessee if the latter is so dispossessed, but for any time that such takes place, the rental required of Lessee shall be abated, and that period of time shall be added as an extension of the Term. The foregoing provision is not intended to waive any rights or privileges which either Lessor or Lessee may possess as to compensation of any kind from the United States Government, or any agency or instrumentality thereof for such an assumption of use or control of the Airport as is described in this Section 19.

B. Material Default.

A material default on the part of Lessor to meet and observe any of the covenants herein contained, if such default has continued for a period of one hundred and twenty (120) days or more after written notice to Lessor by Lessee, unless Lessor has begun, and is continuing, in good faith, to remedy the default in such interval.

C. Public Health and Safety.

Where a public health or safety demand causes Lessor to restrict Lessee's full and unrestricted access and egress to and from the Leased Premises or other public airport facilities in such a manner that the Leased Premises are not fit for their intended purpose for a period of ninety (90) days or more, the rent required of Lessee shall be abated during any such restricted period and that period of time shall be added as an extension of the term of this Lease.

SECTION 20. NO WAIVER OF RIGHT TO DECLARE FORFEITURE

Any failure or neglect of Lessor or Lessee at any time to declare a forfeiture of this Lease for any breach or default whatsoever hereunder shall not be taken or considered as a waiver of the rights thereafter to declare a forfeiture for like or other or succeeding breach or default.

SECTION 21. LESSEE'S RIGHT TO REMOVE PROPERTY

A. Right to Remove Property.

Lessee shall be entitled, during the term of this Lease and upon termination hereof, to remove from the Leased Premises, or any part thereof, all personal property, trade fixtures, tools, machinery, equipment, portable buildings, materials and supplies placed thereon by it; provided

that: (i) Lessee shall repair all damage resulting from such removal if the cost to repair such damage exceeds \$250.00, and (ii) Lessee shall not owe Lessor any rental, fees or additional rental, pursuant to this Lease. Lessor will allow Lessee not more than thirty (30) days after the termination date hereof for such removal unless additional time is mutually agreed upon.

B. Failure to Remove Property.

If Lessee fails to remove its property within thirty (30) days after the termination of or expiration of this Lease, Lessor may remove such property to a public warehouse for deposit or retain the same in its own possession at the cost of, and for the account of Lessee, without becoming liable for any loss or damage which may be occasioned thereby. If Lessee fails to take possession and remove such property, after paying any appropriate rental or storage fees, within sixty (60) days after termination of the Lease, the property shall be deemed to be abandoned and Lessor may dispose of same as required by law. In the event Lessor shall remove or cause to be removed any personal property from the Leased Premises, pursuant to this Section 21.B, Lessor shall not be held liable or responsible for any damage incurred to Lessee's personal property as a result of such removal.

C. Public Storage Facility.

In the event Lessor assumes possession of the Leased Premises prior to lease termination, Lessor may remove all of Lessee's property from the Leased Premises and store the same in a public storage facility or elsewhere at the cost of, and for the account of, Lessee, without becoming liable for any loss or damage which may be occasioned thereby.

SECTION 22. SURRENDER OF PREMISES

Lessee covenants and agrees to yield and deliver peaceably to Lessor possession of the Leased Premises, on the date of cessation of the letting, whether such be by termination, expiration or otherwise, promptly and in as good condition as at the commencement of the letting, except for reasonable wear and tear arising from the use of the Leased Premises, to the extent permitted elsewhere in this Lease and except for damage or destruction by fire or casualty not caused by Lessee's negligence.

SECTION 23. CONDEMNATION

A. Condemnation or Eminent Domain.

If, during the term of this Lease, as the same may be extended under the terms hereof, or otherwise by agreement of the parties hereto, the entire

Leased Premises shall be taken by condemnation or eminent domain proceedings, and such taking relates to the entire fee simple of the Leased Premises, as well as the right, title and interest of Lessee, then this Lease shall terminate effective as of the effective date of such taking, and all rights, titles, interests, covenants, agreements and obligations of the parties hereto thereafter accruing shall cease and terminate except as hereinafter set forth. In the event of such taking, the entire compensation and damages (if not apportioned by the condemnation decree) shall be fairly and equitably apportioned between the Parties in accordance with respective damage and loss sustained by the fee simple estate and the leasehold estate granted hereunder.

If, during the term of this Lease, a portion of the Leased Premises, shall be taken and Lessor and Lessee mutually agree that the remaining portion of the Leased Premises can be used for the uses permitted under this Lease, then this Lease will continue and the rental thereafter payable by Lessee shall be reduced in the same proportion as the area of the part taken by condemnation shall bear to the total area of the Leased Premises, including value of the improvements immediately prior to the condemnation; provided, however, that if Lessee, in its discretion, determines that so much of the Leased Premises has been taken as to materially impair the operation of Lessee's business, Lessee shall have the option to terminate this Lease as of the date of such taking by giving written notice to Lessor of termination within fifteen (15) days after possession of such part has been taken, whereupon this Lease shall be of no further force or effect, and Lessor and Lessee shall be relieved of any obligations or liabilities under this Lease as of the date of such taking. Any compensation and damages that may be the result of such taking shall (if not apportioned by a condemnation decree) be fairly and equitably apportioned between the Parties.

SECTION 24. NON-DISCRIMINATION

- A. Lessee, for itself, its 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 in the event facilities are constructed, maintained, or otherwise operated on the said property described in this Lease for a purpose for which a Department of Transportation ("DOT") program or activity is extended or for another purpose involving the provisions of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

- B. Lessee, for itself, its 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: (i) no person on the grounds of race, color, national origin, or disability shall be excluded from participation in, denied the benefits of or be otherwise subjected to discrimination in the use of said facilities; (ii) in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, national origin, or disability shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (iii) Lessee shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.
- C. Lessee ensures that it will comply with pertinent statutes, executive orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from federal assistance. This provision obligates Lessee or its transferee for the period during which federal assistance is extended to the airport program, except where federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the provision obligates Lessee or any transferee for the longer of the following periods: (i) the period during which the property is used by the sponsor or any transferee for a purpose for which federal assistance is extended, or for another purpose involving the provision of similar services or benefits or (ii) the period during which the airport sponsor or any transferee retains ownership or possession of the property.
- D. Lessee agrees to ensure that disadvantaged business enterprises as defined in 49 CFR Parts 23 and 26 have the maximum opportunity to participate in the performance of contracts financed in whole or in part with federal funds provided under this Lease. In this regard, Lessee shall take all necessary and reasonable steps in accordance with 49 CFR Parts 23 and 26 to ensure that disadvantaged business enterprises have the maximum opportunity to compete for and perform such contracts. Lessee shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of DOT-assisted contracts.
- E. As a condition of this Lease, Lessee covenants that it will take all necessary actions to insure that, in connection with any work under this Lease, Lessee, its associates and subcontractors, will not discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, religion, national origin, age, sex or disability unrelated to job performance, either directly, indirectly or through

contractual or other arrangements. Lessee shall also comply with all applicable requirements of the Americans with Disabilities Act, 42 U.S.C.A. §§12101-12213, as amended. In this regard, Lessee shall keep, retain and safeguard all records relating to this Lease or work performed hereunder for a minimum period of three (3) years from final lease completion, with full access allowed to authorized representatives of Lessor, upon request, for purposes of evaluating compliance with this and other provisions of this Lease.

- F. In the event of Lessee's breach of any of the above nondiscrimination covenants, Lessor, according to the provisions of this Lease, shall have the right to terminate this Lease and to re-enter and repossess the Leased Premises and the facilities thereon, and hold the same as if this Lease had never been made or issued. This provision shall not become effective until the procedures of Title 49, Code of Federal Regulations, Part 21, are followed and completed, including the expiration of any appeal rights.

SECTION 25. SIGNS

- B. Approval of Signs.

All exterior signs on the Leased Premises shall comply with the pertinent ordinances of the City of Fresno, and also shall be approved by the Director of Aviation, which approval shall not be unreasonably withheld, conditioned or delayed. Unless otherwise specifically authorized, all exterior signs on the Leased Premises shall conform in general appearance to the existing signs displayed at the Airport.

- C. Removal of Signs.

Upon the expiration or termination of this Lease, Lessee shall remove, obliterate or paint out, as required by the Director of Aviation, any and all signs and advertising on the Leased Premises if pertaining to Lessee, and in this regard, Lessee shall restore the Leased Premises to the same condition as prior to the placement thereon of any signs or advertising, ordinary wear and tear excepted. In the event that Lessee fails to remove, obliterate or paint out each and every sign or advertisement of Lessee the Director of Aviation may, at his or her option, have the necessary work performed at the expense of Lessee, and the actual, out of pocket documented costs and expenses incurred by Lessor therefore shall be paid by Lessee to Lessor upon written demand.

SECTION 26. GOVERNMENTAL REQUIREMENTS - RULES AND REGULATIONS

- A. Except as otherwise set forth herein, Lessee agrees to obtain, from all governmental authorities having jurisdiction, all licenses, certificates and permits necessary for the conduct of its operations on the Leased Premises and to keep them current.
- B. In conducting those operations permitted on the Leased Premises as set forth in Section 5, throughout this Lease, and in construction and installation of facilities and improvements, Lessee agrees to comply with all present and future federal, state, and local laws, statutes, orders, rulings, and rules and regulations, and amendments thereto, including, but not limited to, any laws, statutes, orders, and rules and regulations cited in any grant assurances agreed to by the Lessor in accepting any grants pursuant to the Airport Improvement Program created by the Airport and Airway Improvement Act of 1982 (Public Law 97-248), as amended or replaced by successor programs.
- C. Lessor has established, and may, from time to time, establish or modify, rules and regulations pertaining to the Airport and Lessee covenants to observe all such rules and regulations. Nothing in this Section 26 shall be construed to imply that Lessee is waiving its right to contest or challenge such rules and regulations.

SECTION 27. NO REPRESENTATIONS OR WARRANTIES

Subject to Lessor's obligations under this Lease, Lessee acknowledges and agrees by its acceptance hereof that the Leased Premises is conveyed "as is, where is", in its present condition with all faults and subject to all easements, claims of easements and deed restrictions whether recorded or unrecorded in the public records, and that Lessor has not made and does not hereby make and specifically disclaims any representations, guarantees, promises, covenants, agreements, or warranties of any kind or character whatsoever, unless otherwise provided for herein, whether express or implied, oral or written, past, present, or future of, as to, concerning or with respect to the nature, quality or condition of the Leased Premises, the income to be derived, the suitability of the Leased Premises for uses allowed under this Lease, or merchantability or fitness for a particular purpose.

SECTION 28. ENVIRONMENTAL CONCERNS AND MONITORING REQUIREMENTS

- A. Lessee hereby releases, discharges and holds Lessor harmless from, and agrees to indemnify Lessor against claims, liabilities, suits, damages, expenses and fines arising out of or resulting from any release, discharge, spill, contamination or pollution by or from hazardous wastes or substances on the Leased Premises caused by or arising from the failure of Lessee, its sublessees, contractors, subcontractors, agents, officers invitees or representatives to comply with any applicable Governmental Regulations (as defined herein). Lessee shall have the sole responsibility

for the remediation of, and shall bear all costs and liabilities for any release, discharge, spill, contamination or pollution by or from hazardous wastes or substances caused by Lessee, its sublessees, contractors, subcontractors, agents, officers invitees and representatives on the Leased Premises. Lessee's obligations and liabilities under this paragraph shall continue only if and so long as Lessee is and remains responsible for any such release, spill, discharge, or contamination of hazardous substances or wastes as described in the immediately preceding sentence. Notwithstanding any provision in this Section 28 or any other provision of this Lease, Lessee shall not be liable for any release, spill discharge, contamination or pollution by or from hazardous wastes or substances (a) occurring or existing prior to the Effective Date of this Lease, unless caused by Lessee; (b) caused by Lessor, its contractors, subcontractors, agents, officers, invitees, or representatives; or (c) occurring after expiration or earlier termination of the term of this Lease, and not caused by Lessee or a sublessee or a customer of either. In addition, notwithstanding any provision in this Section 28 or any other provision of this Lease, Lessee shall not be liable for any release, spill, discharge, contamination or pollution by or from hazardous wastes or substances resulting from any underground storage tanks, pits or hydrant systems under the Leased Premises that are not otherwise owned or operated by Lessee.

- B. Lessee acknowledges that its uses of the Leased Premises and the operations, maintenance and activities conducted thereon may be subject to federal, state and local environmental laws, rules and regulations, collectively referred to as "Governmental Regulations", including with limitation, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), as amended, the Resource Conservation and Recovery Act ("RCRA"), as amended, the Clean Water Act, as amended, the Clean Air Act, as amended, and other regulations promulgated thereunder by any federal, state or local governmental agencies. As a material covenant of this Lease, Lessee, at its sole expense, shall comply with all such present and future Governmental Regulations applicable to Lessee's construction, operations, maintenance, use and activities on the Leased Premises.
- C. Lessee shall, at its sole expense, make all submissions and provide all information to the appropriate governmental authorities of the state, the U.S. Environmental Protection Agency ("USEPA") and any other local, state or federal authority or agency which requires submission of information regarding any spill, discharge or other reportable release of hazardous wastes or substances for which Lessee or its sublessee is responsible on the Leased Premises during the term of this Lease. Lessee shall provide copies of all such submissions and information to the Director of Aviation or his/her designated agent. Lessor shall, at its sole

expense, make all such submissions and provide all such information to the appropriate governmental authorities regarding any spill, discharge or other reportable release of hazardous wastes or substances for which lessor is responsible.

- D. Should a governmental authority having jurisdiction over environmental matters, including the Lessor, determine that a response or plan of action be undertaken due to any spill, discharge, contamination, release or pollution of hazardous substances or wastes for which Lessee is responsible on the Leased Premises during the term of this Lease, whether sudden or gradual, accidental or intentional, Lessee shall, at its sole expense, prepare and submit the required plans and undertake, implement and diligently perform the required action, response or plan to completion in accordance with the applicable rules and direction of such governmental authority or authorities and to their reasonable satisfaction. Lessor shall, at its sole expense, prepare and submit any such required plans and undertake, implement and diligently perform any such required action, response or plan to completion in accordance with the applicable rules and direction of governmental authority or authorities due to any spill, discharge, contamination, release or pollution of hazardous substances or wastes for which Lessor is responsible.
- E. Lessee shall, at its own expense, demonstrate and maintain any required records, reports and financial responsibility in accordance with pertinent laws, rules and regulations regarding Underground Storage Tanks (USTs) at any new aircraft fueling facilities. Upon request by Lessor, Lessee shall annually provide Lessor with documentation demonstrating financial responsibility concerning environmental obligations imposed upon Lessee by this Lease. In the event Lessee's financial responsibility should lapse at any time during the leasehold estate or mode of financial responsibility change, Lessee shall immediately notify the Director of Aviation or his/her designated agent.
- F. Lessee's obligations under this Section shall survive any assignment or subletting of the Leased Premises, provided, Lessor does not specifically release Lessee from its obligations herein through Lessor's consent to assignment or sublease. Furthermore, Lessee's obligations under this Section shall survive the expiration or earlier termination of this Lease as to any activity or omissions which occurred during the term of this Lease.
- G. Prior to Lessee's start of construction on the New Improvements, Lessee shall have the right to conduct a Site Assessment or such other testing of the Leased Premises as Lessee deems necessary to determine the existing environmental condition of the Leased Premises (collectively, the "Environmental Reports"). Lessor and Lessee agree that the results of the Environmental Reports shall establish a baseline representing the

environmental condition of the Leased Premises existing prior to the Term, which can be compared to future Environmental Reports to determine the changes, if any, in the environmental condition of the Leased Premises during the Term.

- H. The term "hazardous wastes" is used herein as it is defined in 42 U.S.C. Section 6901 et seq. The term "hazardous substances" is used herein as it is defined in CERCLA. These terms shall also include, for the purposes of the Lease, any substance requiring special treatment, handling, manifesting and records according to a governmental authority.

SECTION 29. FORCE MAJEURE

Neither Lessor nor Lessee shall be deemed in violation of this Lease if it is prevented from performing any of its obligations hereunder by reasons of Force Majeure. For purposes of this Lease, "Force Majeure" means contingencies, causes or events beyond the reasonable control of Lessor or Lessee, including acts of nature or a public enemy, war, riot, civil commotion, insurrection, state, federal or municipal government or de facto governmental action (unless caused by acts or omissions of Lessee), fires, explosions, floods, strikes, boycotts, embargoes, or shortages of materials, acts of terrorism, acts of God, casualty losses, unavoidable accidents, floods, fire, explosion, inclement weather, impossibility of performance, any event or action that is legally recognized as a defense to a contract action in the State of California, or other circumstances that are beyond the reasonable control of Lessor or Lessee; provided, however, that this Section 29 shall not apply to failure of Lessee to pay the rentals, fees and charges specified under this Lease. In the event of Force Majeure where Lessee is prevented from performing any of its obligations due to the above stated circumstances, Lessee shall notify Lessor in writing within ten (10) days following such circumstances.

SECTION 30. BROKERAGE

Lessor and Lessee each represent and warrant that no broker has been engaged on its behalf in the negotiation of this Lease and that there is no such broker who is or may be entitled to be paid a commission in connection therewith. Lessor and Lessee each shall indemnify and save harmless the other of and from any claim for commission or brokerage made by any such broker when such claim is based in whole or in part upon any act or omission by Lessor or Lessee.

SECTION 31. RELATIONSHIP OF PARTIES

This Lease does not constitute or make Lessee the agent or representative of Lessor for any purpose whatsoever.

SECTION 32. NO PARTNERSHIP, JOINT VENTURE OR JOINT ENTERPRISE

It is agreed that no partnership, joint venture or joint enterprise exists between the Parties or between Lessor and any other person, and Lessor shall not be responsible in any way for any debts of or cash flow deficits incurred by Lessee in construction of or operation of the Leased Premises or for the debts or obligations of Lessee or any other person or for any cleanup costs or damages incurred by Lessee.

SECTION 33. CONFLICT OF INTEREST

No officer or employee shall have any financial interest, direct or indirect, in any contract with the City or be financially interested, directly or indirectly, in the sale to the City of any land, materials, supplies or services, except on behalf of the City as an officer or employee. No officer or employee shall be in litigation with the City or any of its agents at the time this Lease is executed. Lessee shall complete Exhibit C, "Disclosure of Conflict of Interest," and update same if/when any responses thereto change, so that City may determine whether a conflict exists. Any violation of this section, with knowledge, express or implied, of the person or corporation contracting with the City shall render the contract involved voidable by the City Manager or the City Council.

SECTION 34. GIFT TO PUBLIC SERVANT

- A. Lessor may terminate this Lease immediately if Lessee has offered, or agreed to confer any benefit upon an employee or official of the City of Fresno that such employee or official is prohibited by law from accepting.
- B. For purposes of this section, "benefit" means anything reasonably regarded as economic gain or economic advantage, including benefit to any other person in whose welfare the beneficiary is interested, but does not include a contribution or expenditure made and reported in accordance with law.
- C. Notwithstanding any other legal remedies, the City of Fresno may require Lessee to remove any employee of Lessee from the Leased Premises who has violated the restrictions of this section or any expenditures made as a result of the improper offer, agreement to confer, or conferring of a benefit to an employee or official of the City of Fresno.

SECTION 35. CONSTRUCTION AND APPLICATION OF TERMS

- A. Wherever in this Lease a third person singular, neuter pronoun or adjective is used, referring to Lessee, the same shall be taken and understood to refer to Lessee, regardless of the actual gender or number thereof.
- B. Whenever in this Lease Lessee is placed under an obligation or covenant to do or refrain from or is prohibited from doing or is entitled or privileged to do, any act or thing, its obligations shall be performed or its rights or

privileges shall be exercised only by its officers and employees and other duly authorized representatives, or by permitted assigns or subleases of this Lease of all or any part of the Leased Premises.

- C. Lessee's representative, herein specified (or such substitute as Lessee may hereafter designate in writing) shall have full authority to act for Lessee in connection with this Lease and any things done or to be done under this Lease.
- D. In case any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Lease shall be considered as if such invalid, illegal, or unenforceable provision had never been contained in this Lease.

SECTION 36. VENUE AND GOVERNING LAW

The obligations of the parties to this Lease shall be performable in Fresno County, California, and if legal action is necessary in connection with or to enforce rights under this Lease, exclusive venue shall lie in Fresno County, California. This Lease shall be governed by, and construed in accordance with, the laws and court decisions of the State of California, without regard to conflict of law or choice of law principles of California or of any other state.

SECTION 37. SUCCESSORS AND ASSIGNS

Subject to the limitations upon assignment herein contained, this Lease shall be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns.

SECTION 38. NOTICES

Notices hereunder shall be sufficient if sent and received by certified or registered mail, postage fully prepaid, to:

LESSOR:

City of Fresno –Airports Department
Attn. Director of Aviation
4995 East Clinton Way
Fresno, CA 93727

LESSEE:

SkyWest Airlines, Inc.
A Utah Corporation
444 South River Rd.
St. George, UT 84790

or to such other respective addresses as the parties may from time to time designate to each other in writing. Notice will be deemed delivered to the party to whom addressed on the third (3rd) business day following the date on which the same is deposited, postage fully prepaid, in the U.S. mail, by certified or registered mail.

SECTION 39. LEASEHOLD MORTGAGES PERMITTED

- A. Lessee shall, subject to the written approval of Lessor, which approval shall not be unreasonably withheld, conditioned or delayed, have the right to encumber by mortgage, deed of trust or other instrument in the nature thereof (each such mortgage, deed of trust or other instrument being herein called a "leasehold mortgage") this Lease, Lessee's leasehold estate and all of Lessee's rights, title and interest hereunder, including its right to use and occupy the Leased Premises and all of its right and interest in and to any and all buildings, other improvements and fixtures now or hereafter placed on the Leased Premises and any sublease covering the Leased Premises or any portion thereof; and, in such event, upon Lessee's written request to Lessor, Lessor will execute and deliver a reasonable estoppel certificate addressed to the leasehold mortgagee confirming, among other things, the terms of this Section 39 and agreeing to recognize the leasehold mortgage or any purchaser of the mortgaged leasehold at foreclosure in the same manner as an assignee of this Lease. Notwithstanding the foregoing, no mortgagee or trustee or anyone that claims by, through or under a leasehold mortgage (herein called a "leasehold mortgagee") shall, by virtue thereof, acquire any greater right in the Leased Premises and in any building or improvement thereon than Lessee then had under this Lease, and provided further that any leasehold or subleasehold mortgage and the indebtedness secured thereby shall at all times be and remain inferior and subordinate to all of the conditions, covenants and obligations of this Lease and to all of the rights of the Lessor hereunder. In no event shall Lessee have the right to encumber, subordinate or render inferior in any manner Lessor's fee simple title in and to the Leased Premises.
- B. Subject to Lessee's and/or any sublessee's authorization, any such leasehold mortgagee, at its option, at any time before the rights of Lessee shall have been terminated, may pay any of the rents due hereunder or may affect any insurance, or may pay any taxes, or may do any other act or thing or make any other payment required of Lessee by the terms of this Lease, or may do any act or thing which may be necessary and proper to be done in the observance of the covenants and conditions of this Lease, or to prevent the termination of this Lease and may use insurance proceeds to pay any sum required to be paid by Lessee hereunder; and all payments so made and all things so done and performed by any such leasehold or subleasehold mortgagee shall be as effective to prevent a forfeiture of the rights of the Lessee hereunder as the same would have been if done and performed by the Lessee instead of by such leasehold mortgagee.

- C. Leasehold mortgagee, an assignee of this Lease or otherwise, or any other party who shall acquire any rights and interest of Lessee under the terms of this Lease through a conveyance, assignment ("conveyance" and "assignment" does not mean Lessee's granting of the leasehold mortgage), foreclosure, deed in lieu of foreclosure or any other appropriate proceedings thereof, shall become liable to Lessor for the payment or performance of any obligation of Lessee under the Lease, including without limitation, any of Lessee's indemnification obligations to Lessor and any of Lessee's obligations relating to asbestos containing materials removal or disposal, or any other environmental liabilities.
- D. During such time as Lessee's leasehold estate is subject to a leasehold mortgage, this Lease may not be modified or voluntarily surrendered without the prior written consent of the leasehold mortgagee; provided however, that this Lease may be terminated without the consent of the leasehold mortgagee if a default or other cause for termination under this lease occurs and is not corrected or satisfied in accordance with the terms and conditions of the Lease, provided the leasehold mortgagee has received all notices from Lessor that Lessor is required to give Lessee under this Lease.

SECTION 40. SECTION HEADINGS

The section headings herein are for convenience of reference and are not intended to define or limit the scope of any provisions of this Lease.

SECTION 41. COUNTERPARTS

This Lease may be executed in any number of counterparts, each of which shall be an original. If this Lease is executed in counterparts, then it shall become fully executed only as of the execution of the last such counterpart called for by the terms of this Lease to be executed.

SECTION 42. ENTIRE LEASE; NO ORAL MODIFICATIONS

This Lease (with all referenced exhibits, attachments, and provisions incorporated by reference) embodies the entire agreement of both parties, superseding all oral or written previous and contemporary agreements between the parties relating to matters set forth in this Lease. Except as otherwise provided elsewhere in this Lease, this Lease cannot be modified without written supplemental agreement executed by both parties.

SECTION 43. PRIOR LEASES SUPERSEDED.

The Lessee is currently occupying the Leased Premises pursuant to the Existing Lease and its nine amendments, each of which is amended and restated in its entirety by this Lease. The Lessee acknowledges that, except to the extent already paid, any amounts now due to the Lessor under the Lease and its amendments shall be immediately due

and payable under this Lease and are not affected by their termination.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

SECTION 44. SIGNATURES

IN WITNESS WHEREOF, the parties have executed this Lease in Fresno, California, the day and year first above written.

LESSOR
CITY OF FRESNO
a California municipal corporation

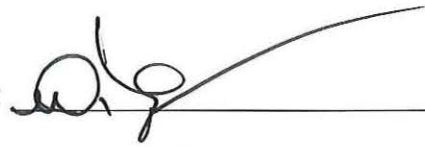
LESSEE:
SkyWest Airlines, Inc.
A Utah Corporation

By: 
Kevin R. Meikle,
Director of Aviation

By: 
Name: Wade Steel
Title: Chief Commercial Officer

ATTEST:
YVONNE SPENCE, CMC
City Clerk

By:  8/30/16
Deputy

By: 
Name: William C. Dykes
Title: Vice President, Maintenance

APPROVED AS TO FORM:
DOUGLAS T. SLOAN
City Attorney

By:  8/8/16
Amanda B. Freeman Date
Deputy City Attorney

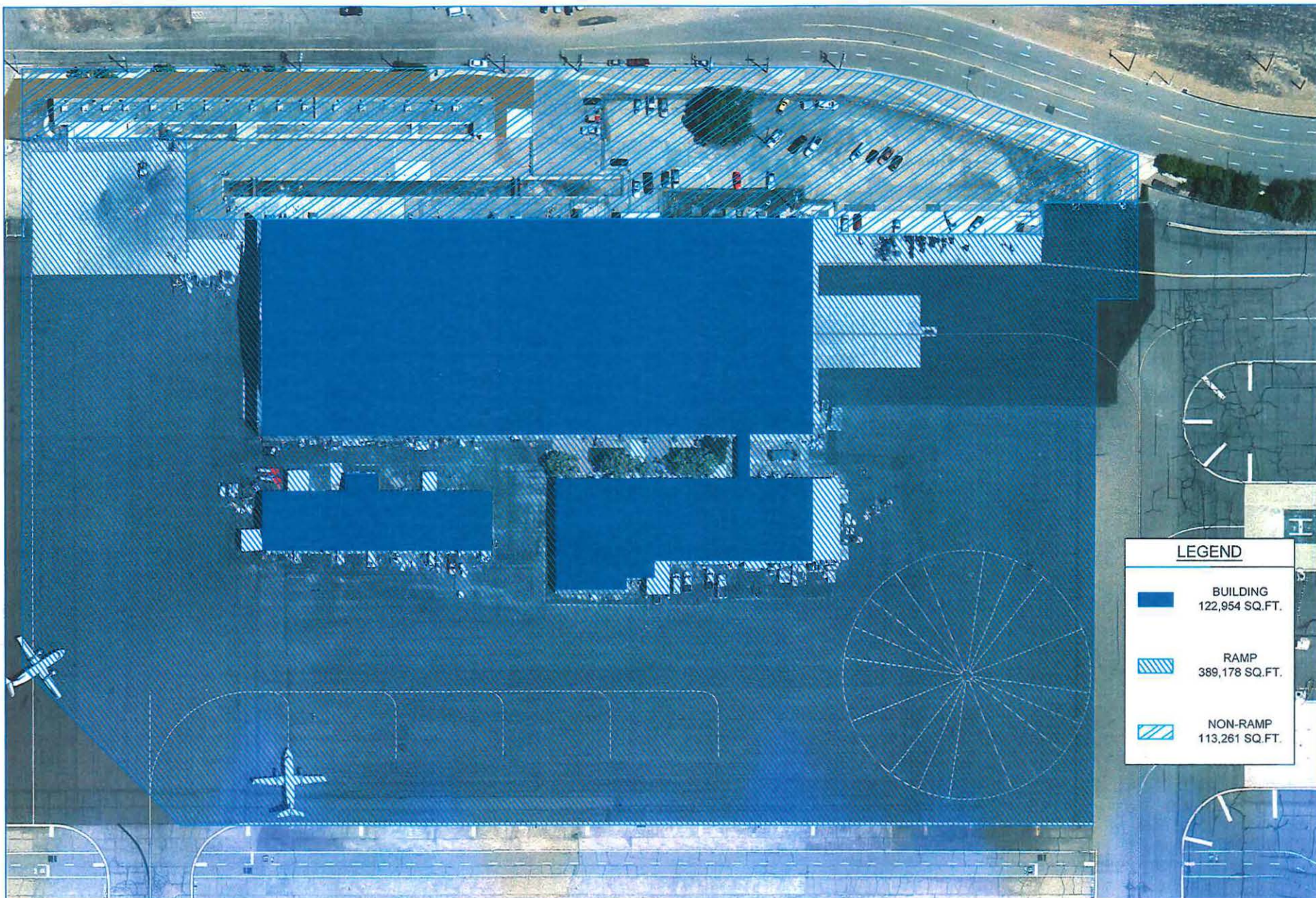
Address for Notice:
City of Fresno
Airports Department
4995 E. Clinton Way
Fresno, CA 93727

Address for Notice:
SkyWest Airlines, Inc.
A Utah Corporation
444 South River Rd.
St. George, UT 84790

LIST OF EXHIBITS

EXHIBIT A	Depiction of Leased Premises
EXHIBIT B	Assurances Required by the Federal Aviation Administration
EXHIBIT C	Disclosure of Conflict of Interest
EXHIBIT D	Capital Improvements Plans
EXHIBIT E	Insurance Requirements

EXHIBIT A
DEPICTION OF LEASED PREMISES



LEGEND

- BUILDING
122,954 SQ.FT.
- RAMP
389,178 SQ.FT.
- NON-RAMP
113,261 SQ.FT.

FRESNO YOSEMITE INTERNATIONAL AIRPORT
CITY OF FRESNO
AIRPORTS DEPARTMENT
4000 SHAW BLVD
FRESNO, CALIFORNIA 93727
PHONE: (559) 431-4300

CONSULTANT INFORMATION

REVISIONS/REFERENCE	DATE	BY	REASON

AIRPORTS DEPARTMENT

FRESNO YOSEMITE INTERNATIONAL AIRPORT

P-3 HANGAR LEASE

EXHIBIT - A

DIRECTOR OF AVIATION
KEVIN R. MENDE, ARCHITECT

APPROVED

CONSULT. ENG. _____
OFFICE ENG. _____
CITY DESIGN ENG. _____

FUND # _____
ORG # _____
ACTIVITY _____
PROJECT ID. _____

DRAWN BY: _____
CHECKED BY: _____
DATE: 05/28/2015
SCALE: 1" = 20'

CITY DRAWING NO. 25-AA-369
SHEET NO. **1**
OF 1 SHEETS

EXHIBIT B
ASSURANCES REQUIRED BY THE FEDERAL AVIATION ADMINISTRATION



ASSURANCES

Airport Sponsors

A. General.

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

B. Duration and Applicability.

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

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

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

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

3. Airport Planning Undertaken by a Sponsor.

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

C. Sponsor Certification.

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

1. General Federal Requirements.

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

Federal Legislation

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

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

Executive Orders

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

Federal Regulations

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

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

Specific Assurances

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

Footnotes to Assurance C.1.

¹ These laws do not apply to airport planning sponsors.

² These laws do not apply to private sponsors.

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

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

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

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

2. Responsibility and Authority of the Sponsor.

a. Public Agency Sponsor:

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

b. Private Sponsor:

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

3. Sponsor Fund Availability.

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

4. Good Title.

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

5. Preserving Rights and Powers.

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

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

6. Consistency with Local Plans.

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

7. Consideration of Local Interest.

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

8. Consultation with Users.

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

9. Public Hearings.

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

10. Metropolitan Planning Organization.

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

11. Pavement Preventive Maintenance.

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

12. Terminal Development Prerequisites.

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

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

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

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

14. Minimum Wage Rates.

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

15. Veteran's Preference.

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

16. Conformity to Plans and Specifications.

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

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

17. Construction Inspection and Approval.

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

18. Planning Projects.

In carrying out planning projects:

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

19. Operation and Maintenance.

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

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

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

20. Hazard Removal and Mitigation.

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

21. Compatible Land Use.

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

22. Economic Nondiscrimination.

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

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

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

23. Exclusive Rights.

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

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

24. Fee and Rental Structure.

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

25. Airport Revenues.

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

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

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

26. Reports and Inspections.

It will:

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

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

27. Use by Government Aircraft.

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

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

28. Land for Federal Facilities.

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

29. Airport Layout Plan.

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

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

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

30. Civil Rights.

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

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

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

c. Duration.

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

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

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

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

e. Required Contract Provisions.

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

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

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

31. Disposal of Land.

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

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

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

32. Engineering and Design Services.

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

33. Foreign Market Restrictions.

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

34. Policies, Standards, and Specifications.

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

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

35. Relocation and Real Property Acquisition.

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

36. Access By Intercity Buses.

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

37. Disadvantaged Business Enterprises.

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

38. Hangar Construction.

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

39. Competitive Access.

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

EXHIBIT C
DISCLOSURE OF CONFLICT OF INTEREST
SKYWEST LEASE AGREEMENT
 PROJECT TITLE

		YES*	NO
1	Are you currently in litigation with the City of Fresno or any of its agents?		X
2	Do you represent any firm, organization or person who is in litigation with the City of Fresno?		X
3	Do you currently represent or perform work for any clients who do business with the City of Fresno?		X
4	Are you or any of your principals, managers or professionals, owners or investors in a business which does business with the City of Fresno, or in a business which is in litigation with the City of Fresno?		X
5	Are you or any of your principals, managers or professionals, related by blood or marriage to any City of Fresno employee who has any significant role in the subject matter of this service?		X
6	Do you or any of your subcontractors have, or expect to have, any interest, direct or indirect, in any other contract in connection with this Project?		X
* If the answer to any question is yes, please explain in full below.			

Explanation: _____

Additional page(s) attached. _____

Signature _____

Date _____

(name)

(company)

(address)

(city)

state

zip)

Wade Steel
 8/24/16
 Wade Steel
 SkyWest Airlines, Inc
 444 S. River Rd
 St. George, UT 84790

EXHIBIT D
Capital Improvement Plans

Parking Facility Project

The Parking facility project is as follows - 34,000 square feet of asphalt pavement (2" section), class 2 aggregate base rock (4" section), light native ground preparation, and striping, subject to additions and deductions pursuant to authorized change orders and allowances.

Hangar Parking Door Project

The hangar parking door project is as follows –

Contractor to remodel the main hangar door tail door at 5574 E. Aircorp Way, Fresno, CA (Contractor shall provide as-built descriptions of work performed after completion). Project shall include the following:

- a) 2.2 Remove overhead hangar door and refurbish rollers and guide tracks.
- b) 2.3 Furnish and install new 3/8" wire rope for the lifting mechanism.
- c) 2.4 Furnish and install new sheave blocks mounted at the previously used mounting locations.
- d) 2.5 Furnish and install a Thern 4WS3M-P electric winch with emergency manual override that was designed for this specific door and application.
- e) 2.6 Furnish and install all necessary electrical components to operate the winch mechanism. (Limit switches, motor controls, thermal overload, fused control circuit, NEMA class 4 enclosure, pendant controls, etc.)
- f) 2.7 Design, manufacture, and furnish locking mechanism to limit door travel of lower sliding hangar doors while the upper door is in the raised position.
- g) 2.8 Furnish install safety shielding for wire rope to prevent injury and damage in the case of line failure.
- h) 2.9 Re-install overhead hangar door.
- i) 2.10 Furnish man lifting equipment.
- j) 2.11 Furnish all labor for the completion of project.

EXHIBIT E
INSURANCE REQUIREMENTS
SKYWEST LEASE ("Lessee") LEASE AGREEMENT

A. Throughout the term of this Lease, Lessee shall pay for and maintain in full force and effect all policies of insurance required hereunder with an insurance company(ies) either (i) admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A-VII" in Best's Insurance Rating Guide, or (ii) authorized by City's Risk Manager or his/her designee. The following policies of insurance are required:

1. AVIATION/AIRPORT OR GENERAL LIABILITY insurance which shall be at least as broad as Insurance Services Office (ISO) form CG 00 01 and shall include coverage for "bodily injury", "property damage" and "personal and advertising injury", including premises and operation, hangarkeepers legal liability, products and completed operations, and contractual liability (including, without limitation, indemnity obligations under this Lease), with limits of liability of not less than \$5,000,000 per occurrence for bodily injury and property damage, \$1,000,000 per occurrence for personal and advertising injury, \$5,000,000 aggregate for products and completed operations and \$10,000,000 general aggregate. Lessee may substitute Airport Liability insurance for this insurance provided the coverage is as broad as required and the limits of liability are not less than required.
2. AIRCRAFT HULL AND LIABILITY insurance shall include coverage for bodily injury to passengers and non-passengers, property damage and cargo legal liability with combined single limits of liability of not less than \$10,000,000 per occurrence and aggregate for bodily injury, property damage and cargo legal liability for fixed wing aircraft and \$10,000,000 per occurrence and aggregate for bodily injury, property damage and cargo legal liability for rotorcraft.
3. COMMERCIAL AUTOMOBILE LIABILITY insurance which shall be at least as broad as the most current version of Insurance Service Office (ISO) Business Auto Coverage Form CA 00 01, and include coverage for all owned, hired, and non-owned automobiles or other licensed vehicles (Code 1 - Any Auto) with limits of liability of not less than \$2,000,000 per accident for bodily injury and property damage.
4. WORKERS' COMPENSATION insurance as required under the California Labor Code.

5. EMPLOYERS' LIABILITY insurance with limits of liability of not less than \$1,000,000 each accident, \$1,000,000 disease policy limit and \$1,000,000 disease each employee.

6. POLLUTION LIABILITY insurance with limits of liability of not less than \$2,000,000 per claim/occurrence and \$4,000,000 aggregate.

- B. In the event Lessee purchases an Umbrella or Excess insurance policy(ies) to meet the minimum limits of insurance set forth above, this insurance policy(ies) shall "follow form" and afford no less coverage than the primary insurance policy(ies).
- C. Lessee shall be responsible for payment of any deductibles contained in any insurance policies required hereunder and Lessee shall also be responsible for payment of any self-insured retentions. Any deductibles or self-insured retentions must be declared to, and approved by, the City's Risk Manager or his/her designee. At the option of the City's Risk Manager or his/her designee, either (i) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City, its officers, officials, employees, agents and volunteers; or (ii) Lessee shall provide a financial guarantee, satisfactory to City's Risk Manager or his/her designee, guaranteeing payment of losses and related investigations, claim administration and defense expenses. At no time shall City be responsible for the payment of any deductibles or self-insured retentions.
- D. All policies of insurance required hereunder shall be endorsed to provide that the coverage shall not be cancelled, non-renewed, reduced in coverage or in limits except after 30 calendar day written notice has been given to City. Upon issuance by the insurer, broker, or agent of a notice of cancellation, non-renewal, or reduction in coverage or in limits, Lessee shall furnish City with a new certificate and applicable endorsements for such policy(ies). In the event any policy is due to expire during this Lease, Lessee shall provide a new certificate, and applicable endorsements, evidencing renewal of such policy not less than 15 calendar days prior to the expiration date of the expiring policy.
- E. The Airport Liability (or General Liability, if applicable), Aircraft Liability, Pollution and Automobile Liability insurance policies shall be written on an occurrence form and shall name City, its officers, officials, agents, employees and volunteers as an additional insured. Such policy(ies) of insurance shall be endorsed so

Lessee's insurance shall be primary and no contribution shall be required of City. The coverage shall contain no special limitations on the scope of protection afforded to City, its officers, officials, employees, agents and volunteers. Any Workers' Compensation insurance policy shall contain a waiver of subrogation as to City, its officers, officials, agents, employees and volunteers.

- F. Lessee shall furnish City with all certificate(s) and applicable endorsements effecting coverage required hereunder. **All certificates and applicable endorsements are to be received and approved by the City's Risk Manager or his/her designee prior to City's execution of the Lease.** Such evidence of insurance shall be provided City at the following address:

City of Fresno
Airports Department
4995 E. Clinton Way
Fresno, CA 93727

- G. Upon request of City, Lessee shall immediately furnish City with a complete copy of any insurance policy required under this Contract, including all endorsements, with said copy certified by the underwriter to be a true and correct copy of the original policy. This requirement shall survive expiration or termination of this Lease.
- H. Any failure to maintain the required insurance shall be sufficient cause for City to terminate this Lease. No action taken by City hereunder shall in any way relieve Lessee of its responsibilities under this Lease.
- I. The fact that insurance is obtained by Lessee shall not be deemed to release or diminish the liability of Lessee, including, without limitation, liability under the indemnity provisions of this Lease. The duty to indemnify City and its officers, officials, employees, agents and volunteers shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by Lessee. Approval or purchase of any insurance contracts or policies shall in no way relieve from liability nor limit the liability of Lessee.
- J. Lessee and its insurers hereby waive all rights of recovery against City and its officers, officials, employees, agents and volunteers, on account of injury, loss by or damage to the Lessee or its officers, officials, employees, agents, volunteers, invitees, consultants, subconsultants, contractors and subcontractors, or its property or the property of others under its care, custody and control. Lessee shall give notice to its insurers that this waiver of subrogation is contained in this

Lease. This requirement shall survive termination or expiration of this Lease.

- K. If Lessee should contract any work on the Premises or subcontract any of its obligations under this Lease, Lessee shall require each consultant, subconsultant, contractor and subcontractor to provide insurance protection in favor of City and its officers, officials, employees, agents and volunteers in accordance with the terms of each of the preceding paragraphs, except that the consultants', subconsultants', contractors' or subcontractors' certificates and endorsements shall be on file with Lessee and City prior to the commencement of any work by the consultant, subconsultant, contractor or subcontractor.