

SECOND AMENDMENT

to the

SERVICE FACILITY LEASE AGREEMENT AT  
FRESNO YOSEMITE INTERNATIONAL AIRPORT

Between

CITY OF FRESNO, CALIFORNIA

And

ENTERPRISE RENT-A-CAR COMPANY OF SACRAMENTO, LLC.  
A DELAWARE LIMITED LIABILITY COMPANY  
(FKA ENTERPRISE RENT-A-CAR COMPANY, A NEVADA CORPORATION)

**THIS SECOND AMENDMENT TO SERVICE FACILITY LEASE AGREEMENT** ("Second Amendment") is effective the 30<sup>th</sup> day of July, 2019, by and between the CITY OF FRESNO, CALIFORNIA, a municipal corporation (Lessor), and Enterprise Rent-A-Car Company of Sacramento, LLC., a Delaware Limited Liability Company (Company).

### **RECITALS**

WHEREAS, the Parties entered into the Fresno Yosemite International Airport Service Facility Lease Agreement dated June 22, 2007 ("Agreement"), for rental car concession service, maintenance, storage and administrative actives at Lessor's Service Facility, located at: 5074 East Andersen, Suite 103, Fresno, CA 93727; and

WHEREAS, in 2007 Vanguard Car Rental USA, LLC. (Vanguard) entered into a separate Service Facility Lease Agreement with Lessor; and

WHEREAS, Enterprise Holdings, Inc., a Missouri corporation (Enterprise), acquired Vanguard Car Rental USA Inc. now known as Vanguard Car Rental USA, LLC. (Vanguard) on August 1, 2007; and

WHEREAS, the Company, a subsidiary of Enterprise, began operating the "Alamo" and "National" rental car brands in place of Vanguard in its geographic territory on August 1, 2009; and

WHEREAS, the parties entered into a First Amendment to increase the size of the Premises in 2018; and

WHEREAS, with this Second Amendment the parties wish to clarify that Lessor should bill the Company for Alamo and National brands' expenses, along with items currently billed to the Company by Lessor pursuant to the Agreement as amended, since Enterprise owns all three brands.

### **AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing and covenants, conditions, and premises hereinafter contained to be kept and performed by the respective parties, it is mutually agreed as follows:

1. Lessor shall bill the Company for Alamo and National brands' expenses, as set forth in the "Fresno Yosemite International Airport Extended and Restated Service Facility Lease Agreement Between City Of Fresno and Vanguard Car Rental USA Inc., a Delaware Corporation dba Alamo and National" ("Vanguard Agreement," attached as Exhibit A), as may be amended, along with expenses currently billed to the Company by Lessor pursuant to this Agreement as amended.

2. The Company shall timely remit payments due and billed to it pursuant to the Vanguard Agreement.

3. Except as amended herein, the Agreement shall be and remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Second Amendment at Fresno, California, the day and year first above written.

**CITY OF FRESNO, CALIFORNIA,**  
a Municipal Corporation

**ENTERPRISE RENT-A-CAR COMPANY OF SACRAMENTO, LLC.**

a Delaware Limited Liability Company

By: [Signature]  
Kevin R. Meikle,  
Director of Aviation

By: JASON CLARKE

Name: [Signature]

Title: VP/GM

(Board Chair, President or Vice President)

**APPROVED AS TO FORM:**

Douglas T. Sloan  
City Attorney

By: [Signature] Date: 9/14/19  
Amanda Freeman,  
Senior Deputy City Attorney

By: \_\_\_\_\_

Title: \_\_\_\_\_  
(CFO, Treasurer, Secretary or Assistant Secretary)

**ATTEST:**

Yvonne Spence, MMC  
City Clerk

Address for Notice:

By: Marco Martinez  
Deputy Marco Martinez

Enterprise Rent A Car Company  
150 North Sunrise Avenue  
Roseville, CA 95661  
Phone: (916) 787-4500

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

9/20/19

Exhibit A Vanguard Agreement

ORIGINAL

**FRESNO YOSEMITE INTERNATIONAL AIRPORT**

**EXTENDED AND RESTATED SERVICE FACILITY LEASE AGREEMENT**

**BETWEEN**

**CITY OF FRESNO**

**AND**

**Vanguard Car Rental USA Inc., a Delaware Corporation**

d/b/a Alamo and National

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[Exhibits:]

- “A” Leased Premises Description/Depiction
- “B” Exclusive Use Areas Description/Depiction/Space Allocations
- “C” Common Use Areas Description/Depiction
- “D” FAA Grant Assurances
- “E” Tenant Allowance Proforma (re Allocation for Equipment at Facility)

**EXTENDED AND RESTATED SERVICE FACILITY LEASE AGREEMENT  
AT FRESNO YOSEMITE INTERNATIONAL AIRPORT**

This EXTENDED AND RESTATED SERVICE FACILITY LEASE AGREEMENT ("Lease") is dated as of June 22 2007, by and between the City of Fresno - Department of Airports, ("City"), a municipal corporation of the State of California , and Vanguard Car Rental USA Inc., a Delaware Corporation ("Company").

**RECITALS**

**WHEREAS**, the City owns, operates and maintains a municipal airport known as FRESNO YOSEMITE INTERNATIONAL AIRPORT, in the City and County of Fresno, ("Airport") with the power to grant rights and privileges with respect thereto; and

**WHEREAS**, it is in the best interests of the City to encourage and assist in the development of activities relating to air transportation at the Airport in the furtherance of the civil aviation needs of the public; and

**WHEREAS**, Rental Car services at the Airport are essential for proper accommodation of passengers arriving at and departing from the Airport; and

**WHEREAS**, Company is fully qualified to conduct rental car concession service activities and currently provides such variously under the provisions of the "Lease and Agreement (Service Facility)" between Company and City, dated June 25, 1996 ("Existing Agreement"), incorporated herein for purposes of extension only; and

**WHEREAS**, City is constructing and will own a consolidated rental car facility ("CRCF"), a portion of which is the Service Facility as defined in Article II herein and more specifically described in Exhibits "A", "B" and "C" hereto, incorporated herein, which will be ready for Beneficial Occupancy on DBO (anticipated to be about January 1, 2009) for the service to and convenience of the traveling public; and

**WHEREAS**, the Existing Agreement shall continue in full force and effect until Date of Beneficial Occupancy (DBO) whereupon the terms and conditions in this Lease shall take effect and control Company's rental car concession service, maintenance, storage and administrative activities at the Service Facility on the Airport and its occupancy of the Service Facility; and

**WHEREAS**, this Lease will be effective upon execution, however certain provisions herein will commence only upon the Date of Beneficial Occupancy (DBO); and

**WHEREAS**, the parties are concurrently entering a Restated Concession Agreement of even date ("Concession Agreement"); and

**WHEREAS**, the City intends to issue one or more additional series of general airport revenue bonds to fund a portion of the costs of the CRCF and has implemented a "Customer Facility Charge" ("CFC"), which is presently being collected and remitted by Company, as a means for repayment of such series of general airport revenue bonds and other Project costs; and

**WHEREAS**, the Company and the other rental car companies intend to fund common area operating and maintenance costs; and

**WHEREAS**, the CRCF will be used by the Company and other on Airport rental car service providers (collectively “Companies”) to offer Rental Car services at the Airport; and

**WHEREAS**, the Company agrees that at all times hereunder it shall hold the right and privilege of operating at the Airport pursuant to a non-exclusive concession for the rental of Rental Cars to the public, all in accordance with the terms contained in the Concession Agreement; and

**WHEREAS**, the City hereunder proposes to lease to the Company the Service Facility within the Project in consideration for the payment of certain rents and fees which are delineated within this Lease.

**NOW, THEREFORE**, in consideration of the privileges, premises, mutual covenants and agreements herein contained, City and Company agree, for themselves, their successors and assigns, as follows:

## **ARTICLE I - GENERAL**

### **Section 101: Consideration**

The City enters into this Lease for and in consideration of the payment by the Company as herein provided and of the performance and observance by the Company of the covenants and agreements herein.

### **Section 102: Incorporation of Attached Exhibits**

The Exhibit(s) attached to this Lease and all documents referenced herein shall be deemed incorporated in this Lease by reference.

## **ARTICLE II - DEFINITIONS**

In addition to other terms, which are elsewhere defined in this Lease, the following terms shall have the meanings set forth in this section:

**“Airport”** Means the Fresno Yosemite International Airport, as it currently exists or as it may exist during the Term of this Lease.

**“Authorized Company Representative”** Means the person designated from time to time to act on behalf of the Company by a written statement furnished to the Director signed by an officer of the Company.

**“Beneficial Occupancy”** Means when the Service Facility is functionally operational based upon written notice from the Director to the Company to the effect that (i) all necessary occupancy permits have been obtained; (ii) a reasonable period of time, as determined by the City, has been provided to the Company for

operational testing of the Service Facility; and (iii) the Service Facility is made available to the Company in a manner consistent with its intended use.

- "Bonds"** Means the City of Fresno Airport Revenue Bonds, Taxable Series 2007, issued pursuant to the Indenture, and any bonds issued to refund such bonds.
- "CRCF"** Means the consolidated rental car facility that the City intends to construct and that part of the Project that includes the Service Facility, and other service facilities that will be leased to other Companies.
- "City"** Means the City of Fresno, California, a municipal corporation.
- "City Council"** Means the Council of the City.
- "Common Area"** Means that portion of the Service Facility as depicted on Exhibits "A" and "C" attached hereto and designated in accordance with this Lease for the common use of the Company.
- "Companies"** Means collectively, the Company and the other rental car companies that participate in and operate at the CRCF pursuant to Concession Agreements and Service Facility Leases.
- "Company Property"** Means Company's vehicles, equipment, trade fixtures, and personal property that are not part of the Service Facility or owned by City or financed with Bond proceeds and do not constitute replacement, repair, or substitution for the Service Facility.
- "Consumer Price Index For All Urban Consumers" or "CPI-U Index"** Means the Consumer Price Index for [San Francisco All Urban Consumer, Base Year 2009] index or the successor of that index calculated on a calendar year basis and as published by the Bureau of Labor Statistics, U.S. Department of Labor.
- "Customer Facility Charge" or "CFC"** Means that fee collected pursuant to California Civil Code Section 1936 (m)(1)(D) as may be increased from time to time by State legislative action, and that the City may use to pay debt service on the Bonds issued for the Project and other associated costs.
- "Date of Beneficial Occupancy" or "DBO"** Means the date of Beneficial Occupancy.
- "DBE"** Means Disadvantaged Business Enterprise as defined by the FAA.

<b>“Deferred Exclusive Use Premises”</b>	Means the real property adjacent to the Project site as depicted in Exhibit “A” which, upon the parties mutual agreement may be made available for future expansion of the Service Facility, subject to further negotiation and written agreement.
<b>“Department”</b>	Means City’s Department of Airports.
<b>“Director”</b>	Means the Director of the City’s Department of Airports.
<b>“Effective Date”</b>	Means the date on which both 1) this Lease is duly signed by both parties; and 2) any City Council approval of this Lease is effective.
<b>“Exclusive Use Premises”</b>	Means the Service Facility as depicted on Exhibit”B” for the exclusive use of the Company. Company has the right to make tenant improvements to its Exclusive Use Premises, as permitted hereunder.
<b>“Existing Agreement”</b>	The “Lease and Agreement (Service Facility)” between Company and City, dated June 25, 1996 between Company and City, as extended herein.
<b>“FAA”</b>	Means the Federal Aviation Administration.
<b>“Indenture”</b>	Means the Indenture of Trust, dated as of June 15, 2000, by and between the City and the Bank of New York Trust Company, as successor trustee, as supplemented by the First Supplemental Indenture, dated as of May 1, 2007, and as it may be further supplemented from time to time.
<b>“Lease”</b>	Means this Extended and Restated Service Facility Lease Agreement between Company and City, and any duly authorized and approved amendments.
<b>“Off-Airport Rental Car Companies”</b>	Means those rental car companies which do not occupy premises on the Airport.
<b>“Past Due Interest”</b>	Means interest accruing at the lesser of the maximum interest rate allowed by law or eighteen percent (18%) per annum based on a three hundred sixty-five (365) day year, commencing on the tenth business day after the date such amount is due and owing until paid to the City.
<b>“Project”</b>	Means the CRCF and related improvements to be provided and/or constructed, which may include the following components: (i) customer service areas and rental car company administration areas; (ii) ready/return rental car parking areas; (iii) individual rental car company maintenance/storage facilities; (iv) certain infrastructure improvements to property, such as roadway improvements related to the construction and operation of such facilities including common areas; provided that City’s anticipated development of a solar energy project over a portion of Project site is not a part of this Lease.

<b>“Rental Cars”</b>	Means motor vehicles designed primarily for the carriage of passengers and commonly classified as sedans, coupes, convertibles, station wagons, sports utility vehicles, passenger vans, “Suburban”-type vehicles or pick-up trucks rated one-ton or less that the Company owns, leases, rents, or intends to rent and are properly available, or will become available for rental as provided herein.
<b>“Security Deposit”</b>	Means the deposit as defined and described in this Lease.
<b>“Service Facility”</b>	Means the Exclusive Use Areas and Common Area. It is that portion of the Project CRCF to be constructed and owned by the City and leased to Company hereunder including the following components: Exclusive Use Areas that may include (i) rental car company administrative areas; (ii) rental car company maintenance/storage facilities; (iii) certain infrastructure improvements; and (iv) landscaped areas.
<b>“Tenant Allowance”</b>	Means a total sum not to exceed <u>\$112,500.00</u> reimbursable to Company by City solely for Company’s verified expenditures to purchase fixtures and equipment approved in advance in writing by City, available at Company’s written request upon the terms and conditions in this Lease.
<b>“Term”</b>	Means the term of this Lease, i.e., from the DBO to January 1, 2029.
<b>“Term Year”</b>	Means a 12-month period beginning on the Date of Beneficial Occupancy, and each year thereafter beginning on the anniversary thereof during the Term, and ending 12 months thereafter.
<b>“Terminal Building”</b>	Means the passenger terminal building at the Airport and any additional buildings constructed in the future, serving the airlines, together with the adjacent curbs and roadways, as they now exist or as they may hereafter be reconstructed, modified, changed or developed.
<b>“Termination Date”</b>	Means January 1, 2029, the date this Lease expires.
<b>“TSA”</b>	Means the Transportation Security Administration.

**ARTICLE III - REPRESENTATIONS**

**Section 301: Representations and Covenants by the City**

The City hereby represents and covenants that, subject to the provisions of its Charter:

A. The City is a municipal corporation and home-rule city, duly organized and existing under the Constitution and laws of the State of California ("State") and its Charter.

B. The City owns, operates and maintains the Airport, the management, operation and control of which is vested in the Airports Department ("Department").

C. The City is duly authorized to enter into the transactions contemplated by this Lease.

D. The City has sufficient title to the land and improvements of the Project to enable it to lease to the Company the Exclusive Use Premises, the Common Area, all as provided in this Lease.

E. When approved by City Council and executed by the authorized officers of the City and the Company, this Lease will constitute a valid, binding and enforceable obligation of the City.

F. The City will use best efforts to issue the Bonds in an amount that when combined with available CFC revenues will be sufficient to fund the Project including the Service Facility..

G. The City will design, develop, construct and own the Project in accordance with the construction documents as may be revised from time to time.

### **Section 302: Representations and Covenants by the Company**

The Company hereby makes the following representations and covenants:

A. The Company is a Corporation in good standing in the State of Delaware, is duly qualified in good standing to do business in/under the laws of the State of California, is not in violation of any provision of its governing documents (e.g., articles of incorporation, by-laws, partnership agreement, etc.), has full power to own its properties and conduct its business, has full legal right, power and authority to enter into this Lease and to consummate all transactions contemplated hereby and by proper action has duly authorized the execution and delivery of this Lease.

B. This Lease has been duly authorized, executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

C. To its knowledge, there are no pending or threatened actions or proceedings before any court or administrative agency which individually (or in the aggregate in the case of any group of related lawsuits) is expected to have a material adverse effect on the financial condition of the Company or the ability of the Company to perform its obligations under this Lease.

D. No information, statement or report furnished by the Company to the City in connection with the negotiation of or performance contemplated hereunder, to the knowledge of the Company, is untrue or incorrect.

E. The Company will not make a change in its business that would materially adversely affect its performance hereunder and will not voluntarily dissolve or otherwise dispose of its assets unless the disposition of assets would not have a material adverse effect upon the Company's ability to perform its obligations under this Lease."

F. To the best of the Company's knowledge, the Company is not, and will not be, with the lapse of time or giving of notice or both, in material breach of or in default under any applicable law or administrative rule or regulation of the State of California, the United States of America or any State in which it does business, or any department, division, agency, or instrumentality of any thereof or any applicable court or administrative order, resolution, indenture, contract, agreement or other instrument to

which Company is a party or to which any of its property or assets are otherwise subject or bound which in any material way, directly or indirectly, affects the validity of its representations or agreement of indemnity herein and the consummation on the part of Company of the transactions contemplated on its part by this Lease.

G. To the best of Company's knowledge, the Company is not a party to any agreement or understanding, which could have a material adverse effect upon its ability to perform its obligations under this Lease.

#### **ARTICLE IV - USE AND LEASE OF SERVICE FACILITY**

##### **Section 401: Extension of Existing Agreement.**

A. The parties acknowledge and agree that the Existing Agreement, which would otherwise expire on June 30, 2006, shall be and remain in full force and effect until the Date of Beneficial Occupancy of the Service Facility.

B. The restated terms and conditions herein shall commence upon the Date of Beneficial Occupancy, whereupon Company shall have the following rights, privileges and obligations in connection with this Lease, and those terms and conditions of the Existing Agreement not expressly surviving will terminate.

##### **Section 402: Lease and Use of Service Facility**

A. City hereby leases to Company and Company leases from City the Service Facility as of the Date of Beneficial Occupancy upon the terms and conditions set forth in this Lease, including but not limited to, the Company's agreement to collect and remit the proceeds of a CFC and pay Rents and certain fees to the City in accordance with this Lease. On the Date of Beneficial Occupancy the Company shall have the rights to use and enjoy the Service Facility, including the rights of possession and quiet enjoyment of its Exclusive Use Premises and on a shared basis the Common Areas of the CRCF, for the purpose of conducting, as a part of the Company's rental car business, the following authorized activities:

1. As to storage, servicing and maintenance of Rental Cars, and administrative support as necessary;

B. The Company shall not engage in any activities prohibited by the Concession Agreement or by this subsection. Should Company engage in a prohibited activity under the Concession Agreement or this subsection or in an activity not authorized by subsection (A) above unless the prior written approval of the Director is obtained, then such event shall constitute a breach of this Lease. No Company has the right to engage nor shall engage in or permit the conduct of any of the following prohibited activities upon the CRCF:

1. Sale of food/beverages or other food products to others except within Company's Exclusive Use Premises to be consumed by its employees or except as specifically provided herein;

2. Automobile parking, during ordinary hours of operation, for other than employees of Company or its vendors or its service providers;

3. The retail sale of Rental Cars;

C. The Company shall have the right, subject to the prior written approval of the Director, and subject to all of the terms and provisions hereof, to cause or permit the conduct upon the Service Facility of any one or more of the activities permitted to be performed by Company pursuant to the provisions of subsection (a) hereof by or through an independent contractor, sub-lessee, or other third parties, provided that Company shall not thereby be relieved of any of its obligations or liabilities hereunder. The use of the Service Facility shall be subject to the easements and other restrictions described in Exhibits hereto.

**Section 403: Lease of Service Facility. See Section 402(A)**

**Section 404: Purposefully omitted.**

**Section 405: Company's Obligations and Conditions to Company's Use of Service Facility.**

A. Maintenance and Use of Service Facility at Company's Expense.

1. Subject to the other terms of this Lease, Company shall throughout the Term assume the responsibility, cost and expense, for the operation and all repair and maintenance whatsoever of its Exclusive Use Premises, whether such repair or maintenance be ordinary or extraordinary, structural or otherwise, as set forth in this Lease. However if the repair or maintenance is covered by a manufacture's warranty, contractor's warranty or other such warranty the Company shall contact the Department, and warrantor to arrange for the required repair or maintenance to be completed. Additionally, without limiting the generality of the foregoing, the Company shall undertake and/or compensate City for the following with respect to its Common Area of the Service Facility:

(a) Maintain at all times the Common Area of the Service Facility in as good a state of repair and preservation as the public terminal areas at the Airport.

(b) Keep at all times, in a clean and orderly condition and appearance, the Common Areas of the Service Facility, which is visible by the general public.

(c) Provide and maintain all obstruction lights and similar devices, fire protection and safety equipment and all other equipment of every kind and nature required by laws, rule, order, ordinance, resolution or regulation of any competent authority, including the City and Director.

(d) Repair any damage to paving or other surfaces of the Common Areas of the CRCF caused by any oil, gasoline, grease, lubricants or other flammable liquids and substances having a corrosive or detrimental effect thereon.

(e) Take reasonable measures to prevent erosion, including but not limited to, mowing, the planting and replanting of grass or other appropriate landscape material with respect to all portions of the Common Areas of the Service Facility site not paved or built upon, and in particular, plant, mow, maintain and replant any landscaped areas, except that City may agree to provide such services upon Company's payment of costs thereof.

2. In addition, the Company as a condition to use the Service Facility and lease of the Exclusive Use Premises shall:

(a) Be responsible for the maintenance and repair of all utility services lines placed on the Exclusive Use Premises and used by the Company exclusively, including, but not limited to, water lines, gas lines, electrical power and telephone and data conduits and lines, sanitary sewers, storm sewers, fueling system lines and lines for air, oil and other fluids.

(b) Take all reasonable measures not to produce on the Airport through the operation of machinery or equipment any electrical, electronic or other disturbance that interferes with the operation by the City, the Federal Aviation Administration or the scheduled airlines, of air navigational, communication or flight equipment on the Airport or on aircraft using the Airport, or with ground transportation communications.

(c) Within reason, control the conduct, demeanor and appearance of its employees and, upon reasonable objection from Director concerning the conduct, demeanor or appearance of any such person, immediately take all reasonable steps necessary to remove the cause of the objection.

(d) Commit no nuisance, waste or injury, and not do, or permit to be done, anything which may result in the creation, commission or maintenance of such nuisance, waste or injury on the Service Facility.

(e) Comply with the requirements of all generally applicable air pollution and nuisance statutes and ordinances.

(f) Subject to the Company's rights to use City services on the same basis as other customers of the City, the Company shall not do, nor permit to be done, anything which may interfere with the effectiveness or accessibility of the drainage system, sewerage system, fire protection system, sprinkler system, alarm system and fire hydrants and hoses, if any, installed or located at the CRCF.

(g) Collect all garbage, debris and waste material (whether solid or liquid) arising out of its occupancy of the CRCF, store same pending disposal in covered metal or other rigidly and sturdily constructed receptacles and dispose of same off the Airport at regular intervals, except for sewage which may be disposed of in the City's sewer system, all at Company's expense, in the manner reasonably required by the Director.

(h) Apply and be governed by the Environmental and Hazardous Substance provisions in this Lease whether the Service Facility is expressly mentioned or not.

**B. Taxes, Assessments, Utilities, Liens.**

1. In addition to the rentals, fees and charges herein set forth, Company 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, may be levied upon or assessed against Company, the Service Facility and/or any one or more of the improvements located therein or thereon and appurtenances thereto, other property located therein or thereon belonging to City or Company, and/or upon or against

Company's interest(s) in and to the Service Facility, improvements and/or other property, including possessory interest as and when such be applicable to Company hereunder (See footnote 1 below).<sup>1</sup>

Company agrees to protect and hold harmless City, the Service Facility and any and all improvements located therein or thereon and any and all facilities appurtenant thereto and any and all other property(ies) located therein or thereon and any and all of City's interest(s) in and/or to said premises, improvements, appurtenant facilities, and/or other property(ies), from any and all such taxes and assessments, including any and all interest, penalties and other expenses which may be imposed thereby or result therefrom, and from any lien therefore or sale or other proceedings to enforce payment thereof.

Nothing within this Section of this Article shall be deemed to limit any of Company's rights to appeal any such levies and/or assessments in accordance with the rules, regulations, laws, statutes, or ordinances governing the appeal process of the taxing authority(ies) making such levies and/or assessment.

2. Company shall obtain and pay for all licenses and permits required of it by law.
3. City agrees to cooperate with the Company in all reasonable ways in connection with any such contest other than a contest of any tax, permit, or license of the City.
4. Company shall pay for all water, heat, electricity, air conditioning, sewer rents and other utilities furnished to it with respect to its Exclusive Use Premises or Common Areas of the CRCF.
5. Company shall neither cause or permit any liens, whether laborers, mechanics, builders, carpenters, material men, contractors, or other liens or encumbrances (including judgment and tax liens) against the Service Facility or any City property by virtue of the construction, repair or replacement of any part of the Service Facility; provided, however, that the Company may at its own expense in good faith contest the validity of any alleged or asserted lien and may permit any contested lien to remain unsatisfied and undischarged during the period of such contest and any appeal therefrom unless by such action any part of the Service Facility may be subject to a material risk of loss or forfeiture, in any of which events such lien shall be promptly satisfied or bonded around in accordance with California law.

#### **Section 406: Maintenance of Exclusive Use Premises.**

The cost of maintenance including janitorial services and any necessary repair or replacement of the Exclusive Use Premises shall be borne by the Company. The Company agrees, at its expense and without cost or expense to the City, during the Term that:

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<sup>1</sup> 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 Company, Company, by its signature(s) hereunto affixed, warrants, stipulates, confirms, acknowledges and agrees that, prior to its executing this agreement, the Company either took a copy hereof to the office of the Fresno County Tax Assessor or by some other appropriate means, independent of City or any employee, agent or representative of City determined, to Company's full and complete satisfaction, how much Company shall be taxed, if at all.

A. The Company shall keep the Exclusive Use Premises in good order and condition and will make all necessary and appropriate repairs and replacements thereof promptly and in a good and workmanlike fashion without diminishing the original quality of such improvements;

B. The Company shall not permit rubbish, debris, waste materials or anything unsightly or detrimental to health, or likely to create a fire hazard, or conducive to deterioration, to remain on any part of the Exclusive Use Premises or to be disposed of improperly;

C. The Company shall appropriately light, maintain and repair all surface areas for the parking of vehicles on the Exclusive Use Premises; and

D. The Director or his authorized representative shall have the right to make reasonable objections regarding the maintenance and appearance of the Exclusive Use Premises. The Company agrees to promptly begin remediation of any objectionable condition within thirty (30) days after written notice by the Director or his authorized representative.

**Section 407: Quiet Enjoyment.**

Provided the Company is not in default under the terms of this Lease, the Company shall and may peacefully have, hold and enjoy the Service Facility upon the terms and conditions herein and shall not be disturbed or interfered with by the City or by any person claiming by, through or under the City.

**Section 408: City's Covenant Regarding More Favorable Terms.**

During the Term, or during any period of holding over by Company pursuant to the provisions hereof, City shall neither enter into any rental car service facility agreement with any other of the Companies, nor amend, change, supplement, or otherwise modify, in writing or otherwise, any such agreement in any manner whatsoever, so as to result in any such agreement's containing any terms, conditions, agreements, or provisions which shall be more favorable to such company than those herein set forth, including the modification of the term of any such agreement so as to have it end other than concurrently with the Termination Date hereof.

**Section 409: Means of Access.**

The Company, its agents, employees, suppliers, vendors, and customers have a non-exclusive right of ingress to and egress from the Exclusive Use Premises and Common Areas of the Service Facility by a means of access located outside the boundaries of Service Facility as specified by the City. In non-public areas, such access shall be restricted under the Airport's security requirements. The City may at any time close, relocate, reconstruct or modify such means of access, provided that a reasonably convenient and adequate means of ingress and egress is available for the same purposes.

**Section 410: Right of Inspection.**

With reasonable notice, the City retains the full right of entry upon and to the Common Areas of the CRCF and the Exclusive Use Premises for any purpose necessary, incidental to or in connection with its obligations hereunder, or in the exercise of its governmental functions, or for the purpose of making any inspection or conducting any testing it deems necessary; and to perform periodic maintenance and make repairs and replacements in any case where the Company is obligated but has failed to do so, after the City has given the Company reasonable notice so to do, in which event the Company shall reimburse the

City for the reasonable cost thereof plus a fifteen percent (15%) administrative fee promptly upon demand; and to do any and all things which the City deems necessary for the proper general conduct, security and operation of the Airport or in the proper exercise of the City's police power; provided, however, that nothing contained in this Section shall limit the power of the City and its authorized officers, employees and agents to enter upon the Exclusive Use Premises as provided by law in a capacity other than as lessor under this Lease. No such entry by or on behalf of the City upon the Exclusive Use Premises shall cause or constitute a termination of this Lease or be deemed to constitute an interference with the possession thereof by the Company.

## **ARTICLE V - TERM**

### **Section 501: Termination of Existing Agreement.**

As set forth in Section 401, the Existing Agreement shall be and remain in full force and effect until the Date of Beneficial Occupancy of the Service Facility, whereupon the Existing Agreement shall terminate, and shall be superseded by this Lease.

### **Section 502: Term.**

A. The Term of this Lease shall commence on the Date of Beneficial Occupancy.

B. Unless terminated at an earlier date as provided herein, this Lease shall expire on the Termination Date.

### **Section 503: Surrender of Exclusive Use Premises.**

Upon the first to occur of the Termination Date, or the earlier termination of this Lease including termination for failure of Company to maintain in full force and effect a Concession Agreement, or on the date specified in any demand for possession by the City after any default by the Company, the Company covenants and agrees that the Company shall surrender possession of the Service Facility to the City and restore the Service Facility to its original state after accounting for normal wear and use. Upon failure of the Company to comply with the conditions herein, the City may cause such removal and restoration to be done at the Company's expense.

### **Section 504: Evidence of Termination.**

At the termination of this Lease, the City shall deliver to the Company any documents and take such actions as may be requested of it to effectuate the cancellation and evidence the termination of this Lease. Company shall deliver to the City a recordable quitclaim or other appropriate recordable instrument that evidences the termination of this leasehold interest in the Service Facility

### **Section 505: Holding Over.**

If the Company holds over after expiration of the Term, thereafter the Company's occupancy of the Service Facility including use of the Exclusive Use and Common Areas shall be deemed a month-to-month tenancy. If such holdover is due to the Company's negligence or fault in failing to vacate the premises when the Company intends to vacate, the Company shall pay the City an additional rent per day equal to the total of the following: (i) the most recent annual Exclusive Use Premises Rent and Common Area Rent, (ii) plus all other fees due under this Lease as of the last year of the Term, (iii)

divided by three hundred sixty-five (365) and (iv) multiplied by one and one-half (1.5). The additional rent per day shall remain in effect until any new agreement is negotiated with the City, approved by City Council, and fully executed by the Company and City. Otherwise, excepting holdover rent, the Company shall be bound by the terms and conditions of this Lease. Nothing herein shall be construed to give the Company the right to hold over at any time, and the City may exercise any remedy at law or in equity to recover possession of the Service Facility, as well as any damages incurred by the City.

**Section 506: Termination from Taking.**

If during the Term of this Lease there shall be a Taking of the whole or substantially all of the Service Facility, this Lease shall terminate and expire on the date of such taking and the Rent payable hereunder shall be equitably apportioned and paid to the date of such Taking. Substantially all of the Service Facility shall be deemed to have been taken if the untaken part of the Service Facility shall be insufficient for the continued economic and feasible operation of the Company's business in connection therewith.

**Section 507: Taking.**

A. The term "Taking," as used in Section 506 above, and this Section, shall mean the taking of all or any portion of the Service Facility as a result of the exercise of the power of eminent domain or condemnation for public or quasi-public use or the sale of all or part of the Service Facility under the threat of condemnation. The term "Substantial Taking," as used in this Section 507, shall mean a Taking of so much of the Service Facility that, in the judgment of the Company, the Service Facility cannot thereafter be reasonably used by the Company for carrying on its operations at the Service Facility, at substantially the same level or scope, the business theretofore conducted by the Company on the Service Facility. The term "Insubstantial Taking," as used in this Section 507, shall mean a Taking such that, in the judgment of the Company, the Service Facility can thereafter continue to be used by the Company for carrying on its operations at the Service Facility, at substantially the same level or scope, the business theretofore conducted by the Company on the Service Facility.

B. In the case of a Substantial Taking of the Service Facility, except as otherwise hereinafter provided in this Section, the City shall promptly commence and complete, or cause the prompt commencement and completion, with due diligence (subject to delays beyond its control), the restoration or replacement of the Service Facility as nearly as reasonably practicable to the value and condition thereof immediately prior to such Substantial Taking, however, the City, within one hundred twenty (120) days after a Substantial Taking, may elect not to restore or replace the Service Facility.

C. In the event of an Insubstantial Taking of the Service Facility, this Lease shall continue in full force and effect, the City shall proceed to cause the Service Facility to be restored as nearly as practicable to the condition thereof immediately prior to such Insubstantial Taking and there shall be no abatement of Rent payable hereof except as otherwise provided in this Section.

D. In the event of a Taking, the Rent shall be abated and proportionately reduced in the ratio that the Taking bears to the entire area of the Service Facility immediately prior to such Taking.

## ARTICLE VI - RENTS, FEES AND CHARGES

### Section 601: Customer Facility Charge.

The City shall continue to impose and the Company shall continue to collect from its customers entering into each Rental Car agreement with the Company, a CFC for and under each such rental agreements, and Company shall and remit to the City each CFC. The CFC must be shown as a separate line item on each such Rental Car agreement. The Company agrees that it will not refer to the CFC in its Rental Car agreement or otherwise as a City or Airport fee, charge or tax. The amount of the CFC collected and remitted by the Company for each Rental Car agreement must be based on the established CFC rate, which will be the same for all Companies operating from the CRCF. The CFC has been set at Ten Dollars (\$10.00) per transaction by the State legislature. However, the State legislature may increase the CFC rate from time to time by legislative action, in which event the parties agree to meet and confer regarding adjustment to the CFC.

On the first but not later than the twentieth (20<sup>th</sup>) day of each calendar month during the Term, the Company must remit to the City the CFCs collected by the Company during the immediately preceding calendar month. The Company also agrees to furnish to the Director on the first but not later than the twentieth (20<sup>th</sup>) day of each calendar month during the Term, two copies of a true and correct statement of the CFCs collected by the Company for the preceding calendar month signed by an Authorized Company Representative together with all supporting documents and information reasonably requested by the City. One of the copies shall be transmitted in an electronic format. The Company must maintain such books and records as will be sufficient to document the collection by the Company and the remittance to the City of all (c) CFCs required to be collected pursuant to this Lease. Company will maintain such books and records for at least 36 months. The Company agrees to give the City access during reasonable hours to such books and records. The Company also agrees to provide, in writing, to the City within 90 days following the close of each calendar year, the following information:

A. The Company's transactions per calendar month for the preceding twelve (12) calendar month period beginning on each January 1 and ending on each subsequent December 31 ("Company Reporting Period") and;

B. The total amount of the CFC proceeds collected by the Company per each calendar month and remitted by the Company to the City during the Company Reporting Period.

Such information must be provided by the Company to the City with the following certification by an Authorized Company Representative: "To the best of my knowledge, the information contained herein provided by the Company to the City is complete and accurate."

The CFCs collected by the Company must be accounted for separately on the Company's books of account. The Company agrees to maintain a separate account on its books or records in which it will hold all CFCs owed under this section. The CFC collected by the Company will be regarded as trust funds held by the Company as an agent, for the beneficial interest of the City. All CFCs collected and held by the Company are property in which the Company holds only a possessory interest and not an equitable interest. The Company agrees that in the event of a bankruptcy filing, any CFC remittance made by the Company are deemed remittance made out of a trust fund, and the Company will not attempt to collect these remittance as preferences, fraudulent transfers, etc. Once remitted to the City, all CFC collections will be deposited by the City into the Revenue Fund established under the Indenture.

The Company is obligated to collect the CFCs in accordance with this Lease. The Company covenants and agrees that it will not be entitled to any rights of offset or other reduction in the requirements herein for the collection and payment of CFCs.

**Section 602: Annual Rent, Payable Monthly.**

A. Commencing on the Date of Beneficial Occupancy, Company covenants and agrees for each contract year of the Term to pay to City Rent, calculated as an annual sum, payable monthly, as set forth in sub-paragraphs 1 and 2 of this paragraph below:

1. Exclusive Use Premises Rent which shall consist of an annual sum calculated on the basis of eighty cents (\$0.80) per square foot for the area of the Company's Exclusive Use Premises, as more specifically set forth in Exhibit "B", plus

2. Prorata (on the basis of the size of the Company's Service Facility relative to the other Companies) Common Area Rent shall consist of a annual sum calculated on the basis of eighty cents (\$0.80) per square foot for the area as more specifically set forth in Exhibit "C".

**Section 603: Payments to City.**

A. Commencing on DBO, Company shall pay the Exclusive Use Premises Rent and Common Area Rent as indicated on/according to the methodology and payment schedule as set forth in section 602(A) sub-paragraphs 1 and 2 above, in advance on or before the first day of the calendar month for which said Rent is due. The Rent for any partial calendar month payable during the Term will be prorated. Pro-rata payments will be calculated by dividing the total annual Rent by three hundred sixty-five (365) and multiplying that daily amount by the number of days in the partial month period.

B. The Company agrees to promptly pay all charges and assessments imposed by the City for rent and maintenance costs associated with the Common Areas as depicted on Exhibits "A" and "C". The Company will carry out all of the Company's obligations to maintain and/or pay the City to maintain the Common Areas. The City will assess Service Facility Rent and Common Area Rent as indicated on/according to the methodology and payment schedule as set forth in section 602(A) sub-paragraphs 1 and 2 above, and the methodology set forth in Section 603(C) below. The Company, will be responsible to carry out/or pay for the required duties based on its allocated share of the CRCF and Common Areas.

C. The Service Facility Rent and Common Area Rent will be adjusted on the first annual anniversary of the Date of Beneficial Occupancy and each year thereafter, based on the annual percentage change in the CPI-U Index. However in no event will the annual adjustment result in Rent being less than the amount charged during the prior contract year or more than two percent (2%) above the amount charged during the prior contract year.

**Section 604: Security Deposit.**

A. In order to guarantee the timely payment of Rent, Company must remit to the City within ten (10) business days of the date of DBO, a Security Deposit in an amount equal to three months of the Company's estimated Rent, pursuant to this Lease. Such deposit must be in the form of a payment bond or an irrevocable letter of credit renewable annually, thirty (30) days in advance of expiration of prior

year's deposit, from a bank acceptable to the City, cash or such other form of security as the City may deem acceptable.

B. At any time that (i) any of the Company's Rent due hereunder are more than thirty (30) days past due or (ii) Company fails to keep the Exclusive Use Premises and any interest therein and any improvements thereon free and clear of any and all liens in accordance with this Lease, the City, upon written notice to Company, will be entitled to apply any of the Security Deposit described above to the payment of such unpaid amounts including any costs the City incurs collecting amounts it is owed or to the costs of removal of such liens, as the case may be. In any such event, Company must again meet the Security Deposit requirements set forth above within seven business days from its receipt of such written notice; provided that if Company does not meet the Security Deposit requirements in a timely manner, the City will be entitled to offset the Security Deposit against the next ensuing payments by the Company of the Rent and other fees and charges until such applicable portion of the Security Deposit is complete.

**Section 605: Place and Manner of Payments to the City.**

Company must make payment in legal tender of the United States of America at the office of the City of Fresno Airport Department, 4995 E. Clinton Way, Fresno, CA 93727: Attn. Accounts Receivable or at such other place within the City of Fresno, California, as City may direct in writing to Company.

**Section 606: Payments Under Facilities Lease in Addition to Other Payments.**

All amounts payable by the Company under this Lease shall be in addition to amounts payable by the Company under the Concession Agreement. All expenses incurred by the Company in connection with its operation and use of the Service Facility shall be paid by the Company directly without reduction of any other amounts payable by the Company under this Lease or the Concession Agreement and without right of reimbursement.

**Section 607: Obligations Of Company Under Lease Unconditional.**

A. Except as provided for in this Lease, the obligations of the Company to make the payments required hereunder and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of set off, counterclaim, abatement or otherwise, unless specifically stated herein, and, until such time Company has satisfied all of its obligations under this Lease. The Company (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments required to be paid hereunder, (ii) will perform and observe all of its other agreements contained in this Lease and (iii) will not suspend the performance of its obligations hereunder for any cause, including, without limiting the generality of the foregoing, its early termination of this Lease, surrender or abandonment of the Service Facility, or the relocation of the Company's to a comparable site other than the Service Facility, any acts or circumstances that may constitute failure of consideration, failure of or a defect of title to the Service Facility or any part thereof, eviction or constructive eviction, destruction, damage or condemnation to or of all or any part of the Service Facility, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, or any failure of the City to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Lease.

B. Nothing contained in this Article shall be construed to release the City from the performance of any of the agreements on its part herein contained; and in the event the City shall fail to perform any such agreement on its part, the Company may institute such action against the City as the Company may deem necessary to compel performance, provided that no such action shall (i) violate the agreements on the part of the Company contained in this Article or (ii) diminish the payments and other amounts required to be paid by the Company hereunder. The Company may, however, at its own cost and expense and in its own name or in the name of the City (provided the City is a necessary party and consents) prosecute or defend any action or proceeding or take any other action involving third persons which the Company deems reasonably necessary in order to secure or protect its rights hereunder with respect to the Service Facility. In such event, the City hereby agrees to cooperate fully with the Company and to take all action necessary to effect the substitution of the Company for the City in any such action or proceeding if the Company shall so request; provided that the City shall not be required to take any act which, in the opinion of the City Attorney, would be prejudicial to the rights or interests of the City in connection with such action or proceeding or the facts giving rise thereto.

C. In the event the Company shall fail to make any of the payments required hereunder, the payment so in default shall continue as an obligation of the Company until the amount in default shall have been fully paid, and the Company will pay Past Due Interest on such amount..

**Section 608: Retention of Records.**

Upon commencement of the Term, Company agrees that it will make available to the City within ten (10) business days of written notice, the books and records of accounts of Company for the last three twelve month periods completed and the current agreement year, showing the information required under this Article and other similar article(s) of this Lease relating to business conducted at the Airport, the deductions there from, and other pertinent information required by this Lease. Company's obligation to retain such books and records is limited to the extent required under this Lease and the Concession Agreement, until the Company retains sufficient books and records to meet the retention requirements stated above. Upon the City's prior written notice such books and records of accounts must be accessible during regular business hours to City or its duly authorized agents or auditors only for the purpose of verifying compliance by Company with the terms of this Lease and the Concession Agreement. At the City's request, Company will pay for the copying and delivery of all records and books requested by the City. In the event the City determines that the auditors need to travel to the Company's location where the books and records are kept, Company will pay for the reasonable and customary travel and other incidental costs incurred by the City's auditors.

**Section 609: City's Right to Audit Statements and Reports.**

City shall have the right to audit the statements and reports provided by Company in accordance with this Article. Except as provided in this Article, the costs of the audit shall be borne by City; unless the audit reveals an underpayment of fees, as defined in this Article, to City by Company of five percent (5%) or greater, or if the audit reveals that the condition of the Company's records is such that the revenue due City cannot reasonably be properly determined. In the event of either condition described above, the reasonable cost of the audit including any applicable travel costs, must be borne by the Company and must be paid within five business days of receipt of an invoice.

**Section 610: Unpaid Fees.**

All unpaid fees due to City hereunder will bear a reasonable service charge per month equal to the Past Due Interest if not paid and received by City within ten business days following the due date. Company agrees that it must pay and discharge all reasonable costs and expenses, including reasonable attorneys' fees, incurred or expended by City in the collection of delinquent amounts due.

**ARTICLE VII - TENANT IMPROVEMENTS**

**Section 701: Construction by Company.**

Subject to the provisions of this Lease, the Company, at its sole cost may construct on the Service Facility such additional tenant improvements and install additional equipment as may be are required by its operation, subject to prior written approval of the Director.

**Section 702: Preparation of Plans and Specifications.**

The Company must develop detailed drawings, plans and specifications for any improvements it intends to make to the Service Facility.

**Section 703: Design Control.**

Prior to commencement of working drawings and specifications for any construction, modifications, and/or improvements to be made by the Company, the Company must submit to the Director, all proposed design concepts, including architectural renderings showing appearance, types of materials and colors proposed for all improvements and equipment to be placed or erected upon the Service Facility. All design and construction work must meet City standards as applicable and receive prior written approval from the Director.

Final plans and specifications for the construction and installation of the improvements and the equipment must be submitted to the Director for his written approval prior to commencement of construction or installation of said improvements and equipment.

**Section 704: Federal Aviation Administration (FAA) Review.**

All preliminary plans, prior to commencement of working drawings and specifications, delivered to the Director in accordance with this Article will be submitted, by the City, for the review and approval of the FAA, as may be required. The preliminary plans must show plot plans, building and other structures, objects and facility location and their elevations, and must indicate proposed exterior materials and finishes on all structures and objects. It will be the responsibility of the Company to file all necessary alteration and construction forms with the Director for submission to the FAA for approval, as may be required.

**Section 705: Contractor's Indemnification and Insurance.**

In any construction contract between the Company and its contractors, consultants, architects and engineers pertaining to improving and equipping the Service Facility, the Company must require the contractor, consultants, architects and engineers to indemnify, defend and hold harmless the City and its officers, officials, employees, agents and volunteers in accordance with Section 901 and maintain

General Liability, Auto Liability, Workers' Compensation and Employer's Liability insurance in accordance with Section 903. Company shall ensure that contractors, consultants, architects and engineers comply with all other conditions of Section 903. Company shall require any consultant, architects and engineer to maintain Professional Liability insurance with limits of liability of not less than \$1,000,000 each occurrence and \$2,000,000 general aggregate. Said insurance requirements may change from time to time and must be in a form reasonably agreeable to the City.

**Section 706: Certificates of Completion.**

Upon the completion of any improvements made by the Company, on the Service Facility, the Company must submit to the Director a copy of its acceptance letter certifying completion, and a certified copy of any certificate or permit which may be required by federal, state or local government or agency in connection with the completion or occupancy thereof by the Company.

The Company must deliver to the City duplicate copies of 'as-built' plans and specifications of completed improvements on the Service Facility within thirty (30) days after the date on which the Company has certified completion thereof. At the same time, the Company must submit to the Director an itemized statement prepared and certified by the architect and engineer for the design and construction of the facilities and certified by an officer of the Company, showing the actual cost of such improvements, and must, if so requested by the City in writing, produce copies of all invoices and other records in connection therewith. Said itemized statement must, unless disputed in writing by the City within sixty (60) days next following receipt thereof from the Company, constitute *prima facie* evidence of the costs shown therein.

**Section 707: Title to Exclusive Use Premises, Improvements and Equipment.**

Title to the Service Facilities, and to tenant improvements and equipment paid for with the Tenant Allowance will at all times remain in the City. At the Termination Date or any earlier termination of this Lease, title to all tenant improvements, excepting only the Company's trade fixtures, equipment and other property that Company purchased with other than the Tenant Allowance, installed or placed in, on or about the Exclusive Use Premises, and that may be removed without material damage to the Service Facility, will be and remain in the City, free and clear of all liens and encumbrances.

**Section 708: Purposefully omitted**

**Section 709: Performance and Payment Bonds.**

In order to guarantee the completion of any/all improvements to the Service Facility undertaken by the Company and the payment of all laborers and material suppliers, the Company must ensure that a one hundred percent (100%) performance and a one hundred percent (100%) payment bond is furnished to the City in the full amount of any contract for such work. Said performance and payment bond must be in a form satisfactory to the City. All sums derived from any performance and payment bond must be used for the completion of said improvements and the payment of laborers and material suppliers.

## **ARTICLE VIII - UTILITIES AND SERVICES**

### **Section 801: General.**

A. The City, as a cost of providing the Service Facility, shall construct, install and maintain, or have constructed, installed and maintained, within the utility corridor adjacent to the CRCF, sanitary sewer gravity main, electrical primary line, telecommunication primary cabling, non-potable water main and potable water distribution conduit.

B. The Company shall pay all charges for utility services consumed by it on the Service Facility all of which shall be individually metered and provided and maintained, at the Company's sole expense, including such telecommunication facilities and services as it may deem necessary which are not otherwise prohibited by this Lease. Any power and telecommunication lines constructed or installed by or for the Company shall be placed underground. The City is under no obligation to pay for any utility services delivered to the Company.

## **ARTICLE IX - INDEMNIFICATION, EXCEPTION OF CITY, AND INSURANCE**

### **Section 901. Indemnification.**

Company shall hold City completely harmless and indemnify, protect and defend City and each of its officers, officials, employees, agents and volunteers against any and all claims, judgments, fines, penalties, forfeitures, damages, demands, liabilities, suits, notices, costs and expenses (including all reasonable costs and expenses for investigation and defense thereof [including, but not limited to attorney fees, court costs and expert fees]), or any one, more or all of these, of any nature whatsoever, arising or allegedly arising, directly or indirectly, out of, as a result of, or incident to, or in any way connected with: (1) Company's occupancy(ies) and/or use(s) of any part or all of the Service Facility; (2) Company's exercise of any one, more or all of the rights and privileges herein granted; (3) any breach or default in the performance of any obligation on Company's part to be performed under the terms of this Lease; and/or (4) any act(s) or omission(s) on the part of Company and/or any officer(s), agent(s), employee(s), contractor(s), sub-contractor(s), servant(s), or representative(s) of Company during the Term, except for any claims, judgments, fines, penalties, forfeitures, damages, demands, liabilities, suits, notices, costs and expenses, or any of these, caused solely by the gross negligence or by the willful misconduct of City or any of its officials, officers, or employees acting within the scope of their duties for City.

Company shall conduct all defenses at no cost or expense to the City. City shall be reimbursed for all costs and attorney's fees incurred by City in enforcing this obligation. This indemnity 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 Company. Approval or purchase of any insurance contracts or policies shall in no way relieve from liability nor limit the liability of Company and its officials, officers, employees, agents and volunteers.

City shall give to Company reasonable notice of any such claims or actions.

The provisions of this section of this article shall survive the expiration or early termination of this Lease.

## **Section 902. Exemption of City.**

Company hereby specifically warrants, covenants and agrees that City shall not be liable for injury to Company's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property located in, upon or about the Service Facility or elsewhere on Airport under authority hereof, whether belonging to Company, or any employee, agent, contractor, sub-contractor, tenant, sub-lessee of Company, or any other person whomsoever; and City shall not be liable for any injury to the person of Company or Company's employees, agents, contractors, subcontractors, tenants, sub-lessees, customers, or invitees, whether or not said damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the leakage, breakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether or not the said damage or injury results from conditions arising in or on any part or all of the Service Facility or in or on any of the improvements/ facilities appurtenant thereto located therein or thereon, or from other sources or places, and regardless of whether or not the cause of such damage or injury or the means of repairing the same is inaccessible to Company. Company also covenants and agrees that City shall not be liable for any damages arising from any act or neglect on the part of any third parties.

## **Section 903. Insurance.**

Company shall, at Company's expense, obtain and, throughout the Term, maintain in full force and effect all policies of insurance 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 Bests Insurance Rating Guide, or (ii) authorized by City's Risk Manager or his/her designee. The following policies of insurance are required:

A. Commercial General Liability insurance which shall be at least as broad as the most current version of Insurance Services Office (ISO) form CG 00 01 and shall include insurance for "bodily injury", "property damage" and "personal and advertising injury", including premises and operation, products and completed operations and contractual liability (including, without limitation, indemnity obligations under the Lease) with limits of liability of not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate for bodily injury and property damage, \$1,000,000 per occurrence for personal and advertising injury and \$2,000,000 aggregate for products and completed operations.

B. Commercial Automobile Liability insurance which shall be at least as broad as the most current version of Insurance Services Office (ISO) form CA 00 01 and shall include coverage for "any auto" with limits of liability of not less than \$1,000,000 per accident for bodily and property damage.

C. Workers' Compensation insurance as required under the California Labor Code.

D. Employers' Liability insurance with limits of liability of not less than \$1,000,000 each accident, \$1,000,000 disease each employee and \$1,000,000 disease policy limit.

E. Pollution Liability insurance with limits of liability of not less than \$1,000,000 each occurrence and \$2,000,000 general aggregate.

Defense costs shall be provided as an additional benefit and not included within the above limits of liability. Company shall be responsible for payment of any deductibles contained in any insurance

policies required hereunder and Company shall also be responsible for payment of any self-insured retentions.

The above-described policies of insurance and those as described in Section 705 of this Lease, shall be endorsed to provide an unrestricted thirty (30) day written notice in favor of City, of policy cancellation, change or reduction of coverage, except for the Workers' Compensation policy, which shall provide a ten (10) day written notice of such cancellation, change or reduction of coverage. Upon issuance by the insurer, broker, or agent of a notice of cancellation, change or reduction in coverage, Company shall file with City a certified copy of the new or renewal policy and certificates for such policy.

The General Liability, Automobile Liability and Pollution Liability insurance policies shall be written on an occurrence form and shall name the City of Fresno, its officers, officials, employees, agents and volunteers as an additional insured. Such policy(s) of insurance shall be endorsed so Company's insurance shall be primary and no contribution shall be required of City. Any Workers' Compensation insurance policy shall contain a waiver of subrogation as to City, its officers, officials, agents, employees and volunteers. Company shall furnish City with the certificate(s) and applicable endorsements for all required insurance prior to City's execution of this Lease at the following address:

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

or to such other address as City may, from time to time, provide Company in writing during the Term. Company shall furnish City with copies of the actual policies upon the request of City's Risk Manager at any time during the Term, and this requirement shall survive termination or expiration of this Lease.

Any failure to maintain the required insurance shall be sufficient cause for City to terminate this Lease.

Self-Insurance: Company shall have the right to provide the coverage specified in this Article by a program of self-insurance, which has been approved by the State of California. Company shall furnish City with a self-insured certificate of insurance and applicable endorsements. Said certificate and applicable endorsements shall document that Company's self-insurance program is approved by the State of California; the retention level of such self-insurance program; the City and its officials, officers, employees, agents and volunteers are named as additional insureds; and that the policy of insurance is primary and no contribution shall be required by City. Company shall also supply the name of Company's excess insurance carrier at the time the certificate of self-insurance is supplied to City.

**Section 904: Delivery to Director of Evidence of Insurance.**

Company must deliver, without request or demand, to the Director, a certificate of insurance and all applicable endorsement or other evidence of insurance coverage required by this Article in form and content satisfactory to City's Risk Manager or his/her designee. Company must update such evidence of insurance not less frequently than annually.

**Section 905: Expiration of Insurance Policy.**

Prior to the expiration of any insurance policy required by this Article, Company must submit to the Director a certificate of insurance and all applicable endorsements showing that such insurance coverage

has been renewed. If such coverage is cancelled or reduced, Company, within five (5) business days following the date of written notice from the insurer of such cancellation or reduction in coverage, must file with the Director a certificate of insurance and all applicable endorsements showing that the required insurance has been reinstated or provided through another insurer or insurers.

**Section 906: Adjustment of Claims.**

Company must provide for the prompt and efficient handling of all claims for bodily injury, property damage or theft arising out of the activities of Company under this Lease.

**Section 907: Conditions of Default.**

If, at any time, Company fails to obtain the insurance required herein, City may but shall not be required to effect such insurance by taking out a policy or policies in a company or companies satisfactory to City. The amount of the premium or premiums paid for such insurance must be payable by Company to City with the installment of fees thereafter next due under the terms of this Lease, with interest thereon at the rate of the lesser of (a) one and one-half percent (1.5%) per month, or (b) the then maximum legal rate.

**ARTICLE X - HYPOTHECATION, SUB-LEASE, AND ASSIGNMENT**

**Section 1001. General.**

Nothing within this Lease contained shall be deemed to allow Company or Company's successors or assigns, either voluntarily or by operation of law, to hypothecate, encumber, sell, assign, surrender, or otherwise transfer this Lease, in whole or in part; or to hypothecate, encumber, sell, assign surrender, or otherwise transfer, in whole or in part, any of Company's rights, title and interests in or to any part or all of the Service Facility and/or in or to any part or all of the improvements and appurtenances which existed therein or thereon at the commencement of the Term or which may, at any time and from time to time, be constructed/installed therein or thereon during the Term; or to rent, sub-let or otherwise permit/allow/suffer occupancy and/or use of any part or all of the Facility by any other person or entity, except as herein specifically provided for and in the manner and under the conditions herein expressly set forth, and any and all such action(s) which shall be contrary to and/or not in full conformity with the provisions hereof shall be null and void.

**Section 1002. Hypothecation.**

During the Term, Company shall not offer, mortgage, hypothecate, pledge, or otherwise encumber either this Lease, the Service Facility, any improvement(s) constructed/placed/installed/located on or in said Service Facility, or any of Company's rights, title, and/or interest in or to any one or more of these, for any purpose whatsoever, any and all such actions by Company being expressly prohibited hereby.

**Section 1003. Sub-Lease.**

During the Term, Company shall not rent, sub-lease, or suffer or permit the occupancy and/or use of any part or all of the Service Facility by any other person or entity whomsoever for any reason whatsoever, any and all such actions by Company being expressly prohibited hereby.

#### **Section 1004. Assignment.**

City's Consent Required: Company may not and shall not assign this Lease without first obtaining the written consent of City in advance, provided City will consider and approve such assignment to another qualified rental car company.

Any attempted/purported assignment of this Lease without City's advance written consent shall be null and void and shall constitute a breach of this Lease.

City' shall not be obligated to consent to and may withhold consent to any Assignment of this Lease by Company, e.g., where Company shall be in default of any of its obligations hereunder as of the date on which City's consent to such Assignment would have otherwise been given.

City's consent to any such action shall not constitute a waiver of the conditions, limitations, and restrictions of this Article relative to further or other such actions, which conditions, limitations, and restrictions shall apply to each and every transfer and/or assignment hereof and shall be binding upon each and every assignee, transferee, and/or other successor in interest of Company, subject to the provisions hereof.

In the event of any proposed assignment of this Lease by Company (as "Assignor"), to another rental car company (as Assignee), Company shall, not less than thirty (30) days prior to the proposed effective date of such action, provide City with written notice of the proposed Assignment and Assumption of this Lease, setting forth the following:

- A. The name, address and telephone number of the proposed Assignee; and
- B. The planned effective date of the proposed assignment and assumption action.

The notice provided City by Company pursuant to the provisions of the above shall be accompanied by:

C. Fully executed original set(s) of any and all documents being used to effect the proposed actions set forth within such notice in the number then specified by and in a form acceptable to City.

D. All such documents shall, as, when, and where applicable and appropriate, by a specific provision therein contained, clearly evidence the fact that the Lease Assignment and Lease Assumption actions specified therein are subject to and/or conditioned upon City's consenting thereto and that such actions shall not become effective and shall not be binding on either Company, as Assignor, or the Assignee named therein, unless and until such consent shall be given by City in writing.

The Assignment/Assumption Agreement shall contain:

An "Assignment of Lease" by Company as Assignor whereby Company assigns all of its rights, title and interests in and to this Lease to an assignee (the "Assignee");

An "Assumption of Lease " by Assignee which shall clearly evidence the fact that, as of the effective date of such Assignment, and the Assumption of this Lease, Assignee assumes any and all of the obligations as Company under this Lease and shall, on and after said date undertake, perform, keep and/or observe any and all of the terms, covenants, conditions, warranties, agree-

ments, and/or provisions of this Lease to be undertaken, performed, kept, and/or observed by Company; and

The specific date on which the Assignment and Assumption shall be effective.

Once City's consent shall be given for any particular Assignment and Assumption Agreement, the documents provided City pursuant to the provisions of this Article, above, shall not be modified, in any way whatsoever, other than in writing, signed by the parties in interest at the time of the modification, and any such modification shall be null and void unless City's consent thereto, in writing, shall have been obtained by Company in advance.

#### **Section 1005: Transfer by Operation of Law.**

Any assignment or transfer of this Lease by operation of law or any issuance, sale or transfer of a sufficient number of shares of stock in Company to result in a change in control of the Company will be deemed an assignment of this Lease for purposes of this section; provided, however, that nothing in this section will be deemed to require such consent solely as a result of issuance, transfer or sale of shares among the existing stockholders of the Company; transfer of shares by devise or descent upon the death of any existing stockholder; merger of the Company into any parent or subsidiary corporation of the Company or sale of all of Company's stock to any such parent or subsidiary corporation.

#### **Section 1006: Modification.**

Unless stated otherwise in this Lease, no provision of this Lease may be waived, modified or amended except by written amendment signed by City and Company.

No act, conversation or communication with any officer, agent, or employee of City, either before or after the execution of this Lease, will affect or modify any term or terminology of this Lease and any such act, conversation or communication will not be binding upon City or Company.

### **ARTICLE XI - DEFAULTS AND REMEDIES**

#### **Section 1101. Default By City.**

City shall not be in default unless City fails to perform obligations required of City under this Lease within a reasonable period of time, but in no event later than thirty (30) days after written notice is served upon City by Company specifying wherein City has failed to perform any such obligation; provided, however, that if the nature of City's obligation is such that more than thirty (30) days may reasonably be deemed to be required for performance, then City shall not be in default if City commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. In the event any default shall occur, Company may declare this Lease and all rights and interests thereby created to be terminated. Company expressly waives any claim against City, its officers, agents, or employees for loss of anticipated profits in any suit or proceeding involving this Lease or any part hereof.

#### **Section 1102. Default By Company.**

The occurrence of any of the following events shall constitute a material default and breach of this Lease by Company:

A. The vacating or abandonment of the Service Facility by Company.

B. The failure by Company to use the Service Facility for lawful purposes only and/or failure by it to comply with or observe any statute, law, ordinance, rule, regulation, standard or requirement of any federal, state, or local government entity with respect to its occupancy(ies) and/or use(s) of any part or all of the Service Facility, as such statutes, laws, ordinances, rules, regulations, standards or requirements exist(ed) on the commencement date of the Term or as such may exist at any time and from time to time during the Term, where any such failure shall be evidenced by either a finding or judgment of any court of competent jurisdiction or where any such failure shall be admitted by Company in any proceeding brought against Company by any Government Entity.

C. The inability of and/or failure by Company to obtain, pay for, and maintain in full force and effect at all times during the Term, without any lapse in coverage, such insurance as shall be required of Company hereunder.

D. The occurrence of any of the following:

1. Company's becoming insolvent or the making by it of any general arrangement or an assignment for the benefit of creditors;

2. The filing by or against Company of a petition to have it adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Company, the same is dismissed within sixty [60] days);

3. The appointment of a receiver to take possession of substantially all of Company's assets located in, on or about, the Service Facility or elsewhere on Airport, or of its interest in this Lease, where possession is not restored to Company within thirty (30) days; or

4. The attachment, execution or other judicial seizure of substantially all of Company's assets located in, on or about the Service Facility or elsewhere on Airport, or of Company's interest in this Lease, where such seizure is not discharged within thirty (30) days.

E. The discovery by City that any financial statement provided to City by Company, or by any Assignee of Company, any sub-lessee of Company, any successor in interest of Company, or any guarantor of Company's obligations hereunder, and/or any one or more of such persons or entities, was materially false.

F. Any attempted/purported hypothecation, encumbrance, sale, assignment, or transfer of either this Lease, in whole or in part; or of any of Company's rights, title and interests in or to any part or all of the Service Facility and/or in or to any part or all of the improvements and appurtenances thereto which exist(ed) therein or thereon at the commencement of the Term or which may at any time and from time to time be constructed or installed therein or thereon during the Term of this Lease or any attempted/purported subletting or permitting occupancy of any part or all of the Service Facility by any person or entity other than Company, without City's prior written consent.

G. The failure by Company to make any payment of rent or fees or any other required payment, or to furnish any Security Deposit or instrument, as and when due hereunder, where such

failure shall continue for a period of ten (10) days following service of notice thereof upon Company by City.

H. The failure by Company to actively conduct a rental car business at Airport for a period of seventy-two (72) consecutive hours, where such failure shall continue for a period in excess of seventy-two (72) hours following service of notice thereof upon Company by City; provided, however, Company shall not be in default and breach under this sub-paragraph of this Section of this Article, where such failure to conduct a rental car business at airport shall have been caused by circumstances beyond Company's control.

I. The failure by Company to keep, observe, undertake, fulfill, or perform any of the terms, covenants, conditions, warranties, agreements, obligations, and/or provisions of this Lease to be kept, observed, undertaken, fulfilled, and/or performed by it, other than those hereinabove within sub-paragraphs "A" through "H" of this Section of this Article expressly set forth, where such failure shall continue for a period of thirty (30) days following service of notice thereof upon Company by City; provided, however, that if the nature of Company's default is such that more than thirty (30) days are reasonably required for its cure, then Company shall not be deemed to be in default and breach of this Lease if Company commenced such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion as soon as reasonably possible following service of such notice upon Company by City.

J. Failure to maintain in full force and effect Concession Agreement at all times during the Term.

City's Remedies:

A. Abandonment: If Company abandons the Service Facility, this Lease shall continue in effect. City 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 Company by City, and City shall have all of the remedies available to City under Section 1951.4 of the Civil Code of the State of California so long as City does not terminate Company's right to possession of the Service Facility, and City may enforce all of City's rights and remedies under this Lease, including the right to recover the rent as it becomes due under the Lease. After abandonment of the Service Facility by Company, City may, at any time thereafter, give notice of termination.

B. Termination: Upon the occurrence of any material default and breach of this Lease by Company as set forth above, City 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 Company and this Lease shall terminate at 11:59:59 p.m., on the termination date specified within such notice.

1. Such notice shall, as a minimum, set forth the following:

(a) The default and breach which resulted in such termination by City;  
and

(b) A demand for possession, which, in the event only ten (10) days advance notice shall be given by City, 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 Company by City in conformity with the 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.

2. Such notice may contain any other notice which City may, at its option, desire or be required to give (e.g., "Demand For Payment" of any and all monies due and owing).

C. Possession: Following termination of this Lease by City pursuant to the provisions of this Article, without prejudice to other remedies City may have by reason of Company's default and breach and/or by reason of such termination, City may:

1. Peaceably re-enter the Service Facility upon voluntary surrender thereof by Company; or

2. Remove company and/or any other persons and/or entities occupying the Service Facility therefrom, and remove all personal property therefrom and store all personal property not belonging to City in a public warehouse or elsewhere at the cost of and for the account of Company, using such legal proceedings as may be available to city under the laws or judicial decisions of the State of California; or

3. Retake possession of the Service Facility or relet the Service Facility 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 shall be determined solely by City, with the right to make reasonable alterations and repairs to the Service Facility.

D. Recovery: Following termination of this Lease by City pursuant to the provisions of this Article, City shall have all the rights and remedies available to City under Section 1951.2 of the Civil Code of the State of California. The amount of damages City may recover following such termination of this Lease shall include:

1. The worth at the time of award of the unpaid rent which had been earned at the time of termination of this Lease;

2. 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 Company proves could have been reasonably avoided;

3. The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period Company proves could be reasonably avoided; and

4. Any other amount necessary to compensate City for all the detriment proximately caused by Company's failure to perform Company's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.

E. Additional Remedies: Following the occurrence of any material default and breach of this Lease by Company as set forth within this Article, above, in addition to the fore-going remedies, City may maintain Company's right to possession, in which case this Lease shall continue in effect whether or not Company shall have abandoned the Service Facility and, so long as this Lease is not terminated by City or by a decree of a court of competent jurisdiction, City shall be entitled to enforce

all of City's rights and remedies hereunder, including the right to recover the rent as it becomes due under this Lease and, during any such period, City shall have the right to remedy any default of Company, to maintain or improve the Service Facility without terminating this Lease, to incur expenses on behalf of Company in seeking a new sub-tenant, to cause a receiver to be appointed to administer the Service Facility and any new or existing sub-leases and to add to the rent payable hereunder all of City's reasonable costs in so doing, with interest at the maximum rate then permitted by law from the date of such expenditure until the same is repaid.

**F. Other:** In the event Company causes or threatens to cause a breach of any of the covenants, terms or conditions contained in the Lease, City shall be entitled to obtain all sums held by Company, 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.

**G. Cumulative Remedies:** Each right and remedy of City 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 City from exercising any other rights or from pursuing any other remedies provided for in this Lease or now or hereafter available to City under the laws or judicial decisions of the State of California.

**H. Indemnification:** Nothing contained within this Section of this Article affects the right of City to indemnification by Company, as herein provided, for liability arising from personal injuries or property damage prior to the termination of this Lease.

## **ARTICLE XII - REDELIVERY**

### **Section 1201: General.**

Upon the expiration of the Term, and any extensions approved by City Council, or upon earlier termination as herein provided, Company shall have no further interest in the Service Facility or the rights granted herein, and Company shall peaceably and quietly quit and deliver possession of the Service Facility to City in as good order and condition as when received, except for reasonable wear and tear, and excepting any maintenance, repairs, reconstruction, and/or restoration which is the obligation of the City pursuant to any provision hereof.

## **ARTICLE XIII - DESTRUCTION OF IMPROVEMENTS**

### **Section 1301: General.**

If the Service Facility and the City-owned improvements, fixtures, and equipment located therein or thereon shall be partially or totally destroyed at any time during the Term, the respective rights and obligations of the parties hereto, with respect to repairing, reconstructing, and restoring said premises and/or with respect to the matter of continuance or termination of this Lease, shall be controlled by the provisions of this Article.

**Section 1302: Partial Destruction.**

A. In the event the Service Facility shall suffer partial destruction at any time during the Term, but shall not be rendered untenable, then the Service Facility shall be repaired, reconstructed, and restored by City, at City's cost and expense, as soon as possible, but within sixty (60) days, and payment of rentals and fees by Company shall continue without any abatement whatsoever.

B. In the event the Service Facility shall suffer partial destruction at any time during the Term, if such damage shall be so extensive as to render the Exclusive Use Premises untenable, but capable of being fully repaired, reconstructed, and restored within sixty (60) days, the premises shall be repaired, reconstructed and/or restored with due diligence by City, at City's cost and expense, during said period of time, and any Exclusive Use Premises Rent payable by Company, hereunder, for such premises shall be prorated and paid up to the date of such destruction but shall thereafter be abated until such time as the premises are restored to a tenantable condition.

**Section 1303: Total Destruction.**

In the event the Service Facility shall suffer total destruction at any time during the Term:

A. City may (but shall not be obligated to so perform) repair/re-construct/restore the Exclusive Use Premises, and the Exclusive Use Premises Rent payable by Company therefore shall be prorated and paid up to the date of such destruction and shall thereafter cease until such time as the premises are restored to a tenantable condition.

B. If within sixty (60) days after the date of such destruction City has not commenced repair/reconstruction/restoration of the premises or, if such action has been commenced during said period but the premises shall not have been fully repaired/ reconstructed/ restored to a tenantable condition within one hundred twenty (120) days following the date of such destruction, then, the provisions of this Article, below, notwithstanding, at any time prior to the completion of such repair/reconstruction/ restoration by City, Company may cancel and terminate this Lease by service of a minimum of thirty (30) days advance written notice upon City to such effect, in which event, this Lease shall terminate as of the date specified within Company's notice.

**Section 1304: Limitation On City's Obligations.**

The foregoing provisions of this Article notwithstanding, City shall not be liable for or obligated to reconstruct/repair/restore/re-install/replace any improvements or any furnishings, fixtures, or equipment, or other personal property installed/ placed/located in, on or about the Service Facility by Company, Company's employees, agents, representatives, tenants, or sub-lessees, or any persons other than the City.

**Section 1305: Company's Obligations.**

In the event of any destruction to the Service Facility which shall result in any reconstruction/ repair/restoration by City pursuant to any of the foregoing provisions of this Article, if such actions shall be taken by City and this Lease remains in full force and effect pursuant to the provisions hereof, then, immediately upon the premises being returned to a tenantable condition by City, Company shall, as soon as possible, but in all events within thirty (30) days of delivery of possession to Company, Company, at Company's cost and expense, shall reconstruct/reinstall/replace such Company-installed improvements,

decorations, furnishings, fixtures and equipment as shall have been destroyed/ damaged so as to result in the Service Facility being restored to substantially the same condition that existed immediately prior to such destruction/damage.

**Section 1306: Use Of Temporary Facilities.**

A. In the event the Service Facility shall suffer destruction to such an extent that it is rendered untenable for any period of time, City may endeavor to make suitable temporary facilities available to Company for Company's temporary use until such time as the Service Facility shall be returned to a tenable condition.

B. In the event such temporary-use facilities are available and City offers such to Company, if Company accepts such temporary facilities, any and all costs and expenses associated with Company's adapting such facilities for its use, locating thereto, conducting its operations therein and therefrom, and relocating back to the premises once they are returned to tenable condition shall be borne by Company.

C. In the event Company accepts such temporary-use facilities and commences operating therefrom, Company shall have use of such temporary-use facilities without payment of any space rental therefore.

**Section 1307: Waiver By Company.**

Company waives the provisions of California Civil Code Sections 1932(2) and 1933(4) which relate to termination of leases when the thing leased is destroyed and agrees that such event shall be governed by the provisions of this Article of this Lease.

**ARTICLE XIV - NON-DISCRIMINATION**

**Section 1401: Non-Discrimination.**

Company, for itself, its successors in interest and its assigns, as a part of the consideration hereof, covenants and agrees, as a covenant running with the land, that:

A. No person, on the grounds of race, religion, color, sex, disability or national origin, shall be excluded from participation in, denied the benefits of or be otherwise subjected to, discrimination in the performance of this Lease; and

B. No person, on the grounds of race, religion, color, sex, disability or national origin, shall be denied the benefits hereof or otherwise be subjected to discrimination in the performance of this Lease.

C. Company shall comply with City's Disadvantaged Business Enterprise Concession Plan for Airport in accordance with U.S. Department of Transportation regulations 49 CFR Part 23, Subpart F, which plan establishes policies and procedures designed to promote City's interest in establishing Airport concession opportunities for Disadvantaged Business Enterprises and sets lawful, realistic and reasonable goals therefore.

1. This Lease is subject to the requirements of the U.S. Department of Transportation's regulations 49 CFR Part 23, Subpart F. Company agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or gender in connection with the award or performance of any agreement covered by 49 CFR Part 23, Subpart F.

2. Company agrees to include the above statements in any agreement between Company and its subcontractors which is in any way related to, subsequent to, or derived from this Lease; and to cause the other parties to such agreement to similarly include the statements in further agreements.

D. Should Company intentionally and materially fail, refuse or neglect to comply with the terms of this Article, such failure shall be deemed a total breach of this Lease, and this Lease may be terminated, canceled or suspended, in whole or in part, as provided above, and Company may be declared ineligible and/or debarred from any further City agreements for any period provided by law, and Company shall have no claims for damages against City on account of such termination, cancellation, suspension or declaration of ineligibility.

## **ARTICLE XV - OFF AIRPORT PROVIDERS**

### **Section 1501: Governmental Compliance.**

City agrees that all Off-Airport Rental Car Companies will be required to comply with all City laws, regulations and operating policies applicable thereto.

## **ARTICLE XVI - MISCELLANEOUS PROVISIONS**

### **Section 1601: No Personal Liability.**

No City Councilmember, Director, officer employee or other agent of either party shall be personally liable under or in connection with this Lease.

### **Section 1602: Agreements with the United States.**

This Lease is subject and subordinate to the provisions of any agreements heretofore made between City and the United States relative to the operation, security or maintenance of the Airport, the execution of which has been required as a condition precedent to the transfer of federal rights or property to City for airport purposes, or to the expenditure of federal funds for development of the Airport, in accordance with the provisions of the Federal Aviation Act as it has been amended from time to time. This may include rules and regulations promulgated by the TSA. These FAA Grant Assurances attached hereto as Exhibit "D" are incorporated herein.

### **Section 1603: Modifications for Grant FAA Funds and Reimbursement from Bond Proceeds.**

In the event that the FAA requires modifications or changes to this document, Company agrees to consent to such reasonable amendments, modifications, revisions, supplements or deletions of any of the terms, conditions or requirements of this Lease as reasonably may be required to enable City to obtain FAA funds.

The Company acknowledges that the City intends to reimburse Project expenditures with proceeds of a revenue bond issuance. This Lease shall be deemed modified or upon the mutual agreement of the parties amended or terminated, to any extent necessary to comply with bond-reimbursement requirements and/or the Indenture between the City and the bond trustee.

**Section 1604: Notices.**

A. All notices required to be served by City or Company, one upon the other, under the terms of this Lease shall be in writing.

B. All notices or demands of any kind which City shall have cause to serve upon Company under the terms of this Lease shall be served upon Company by mailing a copy thereof by certified or registered mail, return receipt requested, to Company at the address shown below or to such other address as Company may, from time to time, specify to City in writing.

Vanguard Car Rental USA Inc.  
dba Alamo/ National Car Rentals  
6929 North Lakewood Avenue, #100  
Tulsa, OK 74117

C. All notices or demands of any kind which Company shall have cause to serve upon City under the terms of this Lease shall be served upon City by mailing a copy thereof by certified or registered mail, return receipt requested, to City at the address shown below or to such other address as City may, from time to time, specify to Company in writing.

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

D. In the event of any service of notice or demand by mail, as aforesaid, such notice or demand shall be deemed to have been sufficiently served as of 12:00:01 a.m., on the fourth (4th) calendar day following the date of deposit in the United States mail of such certified or registered mail properly addressed and postage prepaid.

**Section 1605: Amendments.**

This Lease may be amended from time to time by written Amendment, duly authorized and executed by representatives of both parties hereto.

**Section 1606: Headings; Construction of Lease; Gender.**

The headings of each section of this Lease are for reference only. Unless the context of this Lease clearly requires otherwise, all terms and words used herein, regardless of the number and gender in which used, shall be construed to include any other number, singular or plural, or any other gender, masculine, feminine or neuter, the same as if such words had been fully and properly written in that number or gender. Words of any gender in this Lease will be held and construed to include any other gender.

**Section 1607: Force Majeure.**

Neither City nor Company will be deemed in violation of this Lease if either is prevented from performing any of the obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, shortages of materials, acts of God, acts of public enemy, acts of superior governmental authority, weather conditions, riots, rebellion, sabotage, or any other circumstances for which it is not responsible or which are not within its control.

**Section 1608: Exclusiveness of Company's Rights.**

Nothing herein contained shall be deemed to grant to Company any exclusive right or privilege within the meaning of Section 308 of the Federal Aviation Act for the conduct of any activity on the Airport.

**Section 1609: Withholding Required Approvals.**

Whenever the approval of City or Director or Company is required herein, no such approval shall be unreasonably, conditioned, delayed or withheld.

**Section 1610: Inspection of City Records.**

Company, at its expense and upon reasonable notice, shall have the right to inspect the books, records and other data of City relating to the provisions and requirements hereof, provided such inspection is made during regular business hours and related to public records.

**Section 1611: Successors and Assigns.**

All of the terms, provisions, covenants, stipulations, conditions and considerations in this Lease shall extend to and bind the representatives, successors and assigns of the respective parties hereto.

**Section 1612: Accord and Satisfaction.**

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

**Section 1613: Observation of Governmental Regulations.**

City's Airport Rules and Regulations: City reserves the right to adopt, amend and enforce reasonable rules and regulations governing the Service Facility. Such rules and regulations shall be consistent with the safety, security and overall public utility of Airport and with the rules, regulations and orders of the Federal Aviation Administration (FAA) (or such successor agency[ies] as may, at any time and from time to time during the Term be designated by the Federal Government to perform either similar, new, additional, and/or supplemental functions, powers and/or duties with respect to air transportation, aircraft, Airports, etc.), and such rules and regulations shall not be inconsistent with the provisions of this Lease or the procedures prescribed and approved, from time to time, by the FAA with respect to the

operation of aircraft at the Airport. Company agrees to observe, obey and abide by all such rules and regulations heretofore or hereafter adopted or amended by City, including compliance with all FAA and Airport security rules, regulations and plans, including any and all measures mandated by the FAA from time to time to provide increased levels of security at Airport, and Company shall be fully liable to City for any and all claims, demands, damages, fines and/or penalties of any nature whatsoever which may be imposed upon City by the United States Government as a result of any unauthorized entry by Company, Company's employees, agents, representatives, servants, tenants, and/or sub-lessees, or vehicle operated by any of these or by a customer of Company, into any area of the Airport to which access by persons or vehicles is restricted/controlled pursuant to FAA/Airport Security Rules and Regulations.

**Other Governmental Regulations:** Company shall, at all times during the Term, observe, obey and comply with any and all laws, statutes, ordinances, codes, rules, regulations, and/or orders of any governmental entity(ies) lawfully exercising any control(s) over either the Airport or over any part or all of Company's activities/ operations thereon and/or therefrom, including, without limitation, any and all local business license and/or permit requirements.

**Increased Levels of Security:** In the event City must provide for an increased level of security in the areas occupied or used by the Companies as mandated by the TSA, the parties hereto agree that the City shall have the following options:

- A. Require Company to take whatever steps are necessary to meet the security requirements of the TSA mandate, at its own cost and expense; or
- B. Temporarily provide an alternate location for Company's activities, but shall not be required to do so; or
- C. Take the steps necessary to provide the required additional security measures and assess the cost of those steps to Company. Such costs will be allocated between the Companies based on each company's proportionate share of the CRCF. City shall invoice Company directly, in arrears, for its share, and payment to the City shall be due upon receipt of such invoice. In the event that Federal reimbursement for such costs is made available to City, the City shall apply for such funds prior to seeking reimbursement from Company.

**Section 1614: Governing Law and Venue.**

This Lease shall be construed and governed in accordance with the laws of the State of California. The parties submit to the jurisdiction of the courts of the State of California, Fresno County judicial district.

**Section 1615: Waiver.**

Waiver by City of any term, covenant, or condition hereof shall not operate as a waiver of any subsequent breach of the same or of any other term, covenant or condition. No term, covenant, or condition of this Lease can be waived except by written consent of City, and forbearance or indulgence by City in any regard whatsoever shall not constitute a waiver of same to be performed by Company to which the same may apply and, until complete performance by Company of the term, covenant or condition, City shall be entitled to invoke any remedy available to it under this Lease or by law despite any such forbearance or indulgence.

**Section 1616: Modification.**

Unless stated otherwise in this Lease, no provision of this Lease may be waived, modified or amended except in writing and signed by City.

**Section 1617: Severability of Provisions.**

Except, as specifically provided in this Lease, all of the provisions of this Lease shall be severable. In the event that any provision of this Lease is found by a court of competent jurisdiction to be unconstitutional or unlawful, the remaining provisions of this Lease shall be valid unless the court finds that the valid provisions of this Lease are so essentially and inseparably connected with and so dependent upon the invalid provision(s) that it cannot be presumed that the parties to this Lease could have included the valid provisions without the invalid provision(s); or unless the court finds that the valid provisions, standing alone, are incapable of being performed in accordance with the intentions of the parties.

**Section 1618: Conflicts of Interest.**

Company certifies that no officer or employee of City has, or will have, a direct or indirect financial or personal interest in this Lease, and that no officer or employee of City, or member of such officer's or employee's immediate family, either has negotiated, or has or will have an arrangement, concerning employment to perform services on behalf of Company in this Lease.

**Section 1619: Employee Parking.**

City has provided off-street parking facilities to meet the employee parking requirements of all persons whose primary place of duty is in the Airport complex/area, and, except as provided within paragraph 3 of this Section below, Company's employees shall be required to use such employee parking facilities/lots as are designated by Director and to pay appropriate employee parking fees for such use at such rates as are from time to time established therefore by the City Council.

Employee parking fees for Company's employees shall be paid to City by Company, as and when due, whether or not Company includes the costs of such parking in the benefits it provides its employees or requires its employees to reimburse it for the costs of such parking.

Nothing in this Section of this Article shall be construed to represent a prohibition against Company's allowing one, more or all of its employees to use, for employee parking purposes, space located at the Service Facility, and, in such event, no parking fees shall accrue to City with respect to those employees of Company who park their vehicles at the Service Facility.

**Section 1620: Special Provisions Regarding Environmental.**

A. Company's Responsibility Regarding Hazardous Substances:

1. Definitions: The following definitions shall control this Section:

(a) The term "Hazardous Substances", as used in this Lease, shall include, without limitation, flammables, explosives, radioactive materials, asbestos, polychlorinated biphenyls (PCBs), chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous

wastes, toxic substances or related materials, petroleum and petroleum products, and substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any governmental authority.

(b) The terms “Environmental Law” or “Environmental Laws”, as used in this Lease, shall mean any and all federal, state, local laws, statutes, ordinances, rules, regulations and/or common law relating to environmental protection, contamination, the release, generation, production, transport, treatment, processing, use, disposal, or storage of Hazardous Substances, and the regulations promulgated by regulatory agencies pursuant to these laws, and any applicable federal state, and/or local regulatory agency-initiated orders, requirements, obligations, directives, notices, approvals, licenses, or permits, including but not limited to those for the reporting, investigation, cleaning, or remediation of any Hazardous Substances in, on under or about the Service Facility.

2. Restrictions: Company shall not cause or permit to occur:

(a) Any violation of any federal, state, or local law, ordinance, or regulation now or hereafter enacted, related to environmental conditions in, on, under or about the Service Facility, or arising from Company’s use(s) or occupancy(ies) thereof, including, but not limited to, soil and ground water conditions; or

(b) The use, generation, release, manufacture, refining, production, processing, storage, or disposal of any Hazardous Substance in, on, under or about the Service Facility, or the transportation to or from the Service Facility of any Hazardous Substance, except where: (1) such use, generation, release, manufacture, refining, production, processing, storage or transportation shall be expressly authorized in this Lease; or (2) City’s advance written consent to any such use, generation, release, manufacture, refining, production, processing, storage or transportation shall have first been requested in writing and received by Company. Any and all such authorizations/consents of City shall be deemed given subject to and conditioned upon Company’s fully and faithfully complying with any and all federal, state, or local statutes, laws, ordinances, rules and/or regulations, now or hereafter enacted, applicable to the use, generation, manufacture, refining, production, processing, transport, transfer, storage, disposal and/or sale of that/those Hazardous Substances to which any such authorization/consent of City may, in any way whatsoever, be deemed to apply.

3. Notwithstanding Subsection (b) immediately above, City’s consent/approval shall not be required for the use, storage and disposal of materials/supplies containing hazardous substances where such materials/supplies are used on the Service Facility in commercially reasonable quantities as a consumer and generator thereof, and in connection with the rental, leasing and storage of Rental Cars, for the cleaning and preparation of such vehicles, for fuel storage and dispensing fuel, for office, administrative and other uses incidental or related; and

(a) So long as the use, storage and disposal of any and all of such materials/supplies shall be in full compliance with any and all federal, state and local statutes, laws, ordinances, codes, rules and regulations applicable thereto now or hereafter enacted (including, without limitation, any and all Occupational Safety and Health statutes, laws, codes, rules and regulations of the Federal Government and the State of California).

4. Company, at the written request of City, must make available for inspection and copying, at City’s cost and expense, upon reasonable notice and at reasonable times, any or all of the documents and materials Company has prepared to satisfy the requirements of any Environmental

Law(s) or submitted to any governmental regulatory agency; provided, that such documents and materials relate to environmental issues or Environmental Laws and are pertinent to or relate to the Airport or the Service Facility.

5. City must have access to the Common Areas and the Exclusive Use Premises upon notice to Company and at reasonable times, to inspect the same in order to confirm Company is using the Common Areas and Exclusive Use Premises in accordance with Environmental Laws. The costs of any testing deemed necessary by the City as a result of an environmental inspection in order to establish compliance as above, will be the responsibility of the Company.

6. If Company receives a notice of violation for an alleged failure to comply with an applicable Environmental Law from the regulatory agency responsible for implementation of said Environmental Law, Company shall immediately provide a copy thereof to the City, and if Company fails to correct the alleged noncompliance within a reasonable period or does not appeal the Notice of Violation, then City, in addition to its rights and remedies provided elsewhere within this Lease, may enter the Common Areas and Exclusive Use Premises upon reasonable written notice to Company and at reasonable times, and take all reasonable and necessary measures as required by Environmental Laws, at Company's expense, to ensure compliance with Environmental Laws.

7. Company must not store, use or dispose of any Hazardous Substances on Common Areas or the Exclusive Use Premises, except those Hazardous Substances used in the ordinary course of car rental operations, unless Company first secures the written authorization of the City, which shall not be unreasonably withheld, and complies with any reasonable conditions City may impose, which reasonable conditions shall be consistent with Environmental Laws, including the submission to City of all Material Safety Data Sheets for the Hazardous Substances to be stored.

8. In the event of Company's knowledge of a release or threatened release of Hazardous Substances, as defined under this Section, into the environment relating to or arising out of Company's use or occupancy of the Common Areas and/or the Exclusive Use Premises, Company must notify the City by contacting the Aviation Department Environmental Manager or the Airport's Communication Center immediately after release at (559) 621-6670. In the event any written claim, demand, action or notice is made against Company by a regulatory agency regarding Company's failure or alleged failure to comply with any Environmental Laws, Company must notify City in writing and must provide City with copies of any written claims, demands, notices, or actions so made.

9. Company must undertake such steps to remedy and/or remove any Hazardous Substances and any other environmental contamination that arises out of Company's use of the Service Facility that are necessary and required by Environmental Laws to protect the public health and safety and the environment from actual or potential harm as determined by the responsible regulatory agency and to bring the Common Areas and/or the Exclusive Use Premises into compliance with all Environmental Laws. Such work must be performed at no cost or expense to City. The City must cooperate with the Company so as not to inhibit such work. Company must submit to City its proposed plan for completing such work at the time submitted to responsible regulatory agency. Upon reasonable written notice to Company, City must have the right to review and inspect all such work at any time using consultants and representatives of its choice at City's cost and expense.

10. The Company shall maintain fuel systems and oil water separators to prevent discharge of petroleum contaminants into the waterways that would negatively impact the City's National Pollutant Discharge Elimination System (NPDES) permit. Outside use of soaps, surfactants or

materials that would ultimately enter the storm water and negatively impact the City's NPDES permit is prohibited. The Company will be responsible for immediately containing spills and immediately cleaning/remediation any release that can or will impact the storm water systems. Any release or spill, whether or not of a quantity reportable under Environmental Law must be reported to the City immediately, if it cannot or will not be cleaned up prior to entering any storm water systems. In the event a release is determined to be beyond the Company's ability to safely address or should the release present an immediate hazard to life or property, the Company shall immediately notify the City.

11. The City shall build, own, and insure, and each of the Companies shall use, maintain, and be responsible for their use of a consolidated fuel tank. The Company and the other Companies shall be responsible for regularly monitoring, testing and inspecting any and all of the regulated storage tanks, underground storage tanks (UST) and above ground storage tanks (AST) in accordance with all applicable Environmental Laws, including the cost thereof, unless the City agrees otherwise in writing. The Company shall immediately notify the City of any reportable release(s) as defined by the applicable environment laws. In the event that the Company removes and or replaces the storage tank, or abandons the Service Facility, the Company shall conduct or cause to be conducted an appropriate environmental subsurface investigation such as a Phase II environmental investigation. A copy of the Phase II report and any other related reports shall be made available to the City immediately after completion. Throughout the Term the Company will maintain as applicable, petroleum UST insurance provided by an insurance company approved by the City. The Company may self insure provided that it maintains reserves and coverage similar to that provided by the state operated UST insurance fund. Refer to Article IX, Section 903, subsection E of this Lease.

12. In addition to the indemnification set forth elsewhere in this Lease, Company hereby indemnifies and agrees to defend and hold harmless City, its agents, partner, officer, representatives and employees, from all costs, claims, demands, actions, liabilities, complaints, fines, citations, violations or notices of violation arising from or attributable to: (i) the presence of Hazardous Substances at Airport or the subsurface thereof in excess of levels allowable by Environmental Laws or the violation of any Environmental Laws due to Company's management of Hazardous Substances into the environment (as environment is defined in CERCLA), or (ii) any material breach by Company of any of its warranties, representations or covenants in this Section provided, that, Company shall have no obligation under subsection (i) of this Section if the presence of Hazardous Substances at the Airport or the subsurface thereof arises from activities not under the management, control or authorization of the Company. Company's obligations hereunder will survive the termination or expiration of this Lease, and will not be affected in any way by the amount of, or the absence in any case of, covering insurance, or by the failure or refusal of any insurance carrier to perform any obligation on its part under insurance policies affecting Airport or any part thereof, except that, in the event that City recovers funds from insurance carriers in connection with claims associated with (i) and (ii) above, City may not recover the same funds from Company.

13. The Company must conduct on its Service Facility including any and all regulated storage tanks, UST/AST locations, and Common Areas a Subsurface Environmental Study or other such environmental testing as necessary thirty (30) days prior to the end of this Lease to determine if any environmental contamination exists in excess of the established baseline remediation and the extent of the contamination, if any. Findings from the study and applicable remediation plan must be submitted to the City within thirty (30) days prior to the end of this Lease. For purposes of this Section the baseline shall mean the level of environmental contamination, if any, established by the City studies prior to DBO. Company acknowledges that the Subsurface Phase 1 Environmental Investigation of the Premises will be performed prior to the delivery to Company and, if necessary, a Phase 2 Environmental

Investigation and any required remediation (Phase 3) as well. Company may view all such documents and by taking possession acknowledges and accepts the Service Facility is then free from contaminants and Hazardous Substances. Company shall, at the expiration or earlier termination of this Lease, return the Service Facility to City as contaminant and Hazardous Substance – free as at the Date of Beneficial Occupancy. To meet this covenant, Company shall, at the time and at its sole cost and expense, cause to be conducted by a qualified firm, a new Phase 1 Investigation and, if necessary, a Phase 2 Investigation and any and all required remediation (Phase 3). This clause shall survive the expiration or earlier termination of this Lease.

**Section 1621: Personal Property not Removed.**

Any personal property of Company which shall remain in or on the Service Facility after the termination of this Lease may, at the option of City, be deemed to have been abandoned by Company and either may be retained by City as its property or be disposed of, without accountability, in such manner as City may see fit, or if City shall give written notice to Company to such effect, such property shall be removed immediately by Company at Company's sole cost and expense.

**Section 1622: Advertising and Public Displays.**

The Company shall not install or have installed or allow to be installed upon or within the Service Facility any sign, either lighted or unlighted, poster or other display of advertising media, including material supplied by manufacturers of merchandise offered for sale, as well as other types of display.

**Section 1623: Company to Maintain its Legal Existence; Conditions Under Which Exceptions Permitted.**

The Company agrees that during the Initial Term it will maintain in good standing its legal existence, will remain duly qualified to do business in California, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation/entity; provided, however, that the Company may, without violating this Lease, in accordance therewith, consolidate with or merge into another corporation/entity either incorporated and existing under the laws of California or qualified to do business in California as a foreign corporation, or sell or otherwise transfer to another such corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided (i) the resulting, surviving or transferee corporation, as the case may be, is not "insolvent" within the meaning of the California Uniform Commercial Code, (ii) the City is provided with a certificate from the chief financial officer of the resulting, surviving or transferee corporation stating that such corporation has not ceased to pay its debts in the ordinary course of business and can pay its debts as they become due and is not insolvent within the meaning of the federal bankruptcy law, (iii) the resulting, surviving or transferee corporation irrevocably and unconditionally assumes in writing and agrees to perform by means of an instrument which is delivered to the City, all of the obligations of the Company herein, and (iv) the City Attorney receives an opinion of the counsel to the transferee business, in form and substance satisfactory to the City Attorney, to the effect that such consolidation, merger, sale or transfer complies with this Lease.

**Section 1624: Time of the Essence. Time is of the essence of this Lease.**

**Section 1625: Further Assurances Regarding Structures.**

Company agrees to comply with the notification and review requirements of Federal Aviation Regulation Part 77 in the event future construction of a structure is planned for the Service Facility, or in the event of a planned modification of a structure on the Service Facility. Company covenants for itself, its successors and assigns that it will not erect or permit the erection of any structure or permit the growth of any tree, on the Service Facility above the mean sea level elevation that is defined as an object that affects navigable airspace as defined in Federal Aviation Regulations Part 77. As a remedy for the breach of said covenant the City of Fresno, California, reserves the right to enter upon the Common Use Areas and/or Exclusive Use Premises and remove the offending structure or cut the offending tree, all at the expense of Company.

**Section 1626: Immigration Reform and Control Act of 1986 (“IRCA”).**

Company understands and acknowledges the applicability of the IRCA to it. Company agrees to comply with the provisions of IRCA as it applies to its activities under this Lease and to permit the City to inspect its personnel records to verify such compliance.

**Section 1627: Entire Agreement.**

This Lease and the documents referenced herein and attached hereto constitutes the entire agreement between the parties. All other representations or statements heretofore made, verbal or written, are merged herein.

IN WITNESS WHEREOF, the parties hereto, for themselves, their successors and assigns, have executed this Facilities Lease, the day and year first above written.

CITY:

COMPANY:

CITY OF FRESNO,  
A Municipal Corporation Of California

Vanguard Car Rental USA Inc.  
A Delaware Corporation

By: [Signature]  
Russell C. Widmar, AAE  
Director of Aviation

By: [Signature]

Name: James G. East, VP of Govt & Airport Relations  
(Please Print)

Date: June 22, 2007

Date: 7-09-2007

ATTEST:  
Rebecca E. Klisch, City Clerk

By: [Signature]

Name: J. Scott Stonehocker  
(Please Print) Asst. Mgr.

[Signature]  
Deputy

Date: 07-09-2007

7/16/07

Date

APPROVED AS TO FORM:  
James C. Sanchez, City Attorney

Vanguard Car Rental USA Inc.  
d/b/a Alamo and National  
6929 North Lakewood Avenue, #100  
Tulsa, OK 74117  
958-830-2202

[Signature]  
Deputy Robert P. Coyle

7-12-07  
Date

[Exhibits:]

- "A" Leased Premises Description/Depiction
- "B" Exclusive Use Areas Description/Depiction/Space Allocations
- "C" Common Use Areas Description/Depiction
- "E" FAA Grant Assurances
- "F" Project Budget Proforma
- "G" Tenant Allowance Proforma (re Allocation for Equipment at Facility)



# DEFERRED EXCLUSIVE USE PREMISES AND COMPLETE FACILITY

EAST ANDERSEN AVENUE

COMMON LEASE AREA  
3,719 SQUARE FEET

EAST ANDERSEN AVENUE

NORTH FINE AVENUE

COMMON LEASE AREA  
55,635 SQUARE FEET

## DEFERRED EXCLUSIVE USE PREMISES

NORTH CLINTON WAY

NORTH ASHLEY WAY  
S 35°08'31" W 491.76'

SOUTHWEST CORNER OF EAST  
HALF OF NORTHWEST QUARTER  
OF SECTION 30, T13S, R21E

N 89°58'50" E  
1,440'

NORTH FINE AVENUE  
N 0°00'05" E 315.26'

NORTH CLINTON WAY  
344.72'

R=1000.00' D=53°23'29" L=931.85'

LEASE 6  
A  
59,893  
SQUARE FEET

LEASE 5  
B  
35,045  
SQUARE FEET

LEASE 4  
C  
30,464  
SQUARE FEET

LEASE 3  
D  
36,826  
SQUARE FEET

LEASE 2  
E  
39,445  
SQUARE FEET

LEASE 1  
F  
80,041  
SQUARE FEET

COMMON SWITCH GEAR  
ROOM (14'-7" x 11'-6")  
168 SQUARE FEET

### DEPARTMENT OF AIRPORTS

FRESNO YOSEMITE INTERNATIONAL AIRPORT  
RENTAL CAR SERVICE FACILITY LEASE AGREEMENT  
ALL AREAS

REV. NO.	DATE	DESCRIPTION

CITY OF FRESNO AIRPORTS  
4400 EAST CLINTON WAY  
FRESNO, CALIFORNIA 93727  
PHONE: 509-421-4000  
CONSULTANT INFORMATION

DIRECTOR  
OF AVIATION  
RUSSELL C. WIDMAR, M.E.

APPROVED

CONST. ENG.  
OFFICE ENG.  
CITY DESIGN ENG.

KRA # 12202

FUND #

ORG #

ACTIVITY #

PROJECT I.D. #

DRAWN BY: LNS

CHECKED BY: MND

DATE: 2-13-07

SCALE: 1" = 100'

FILE #

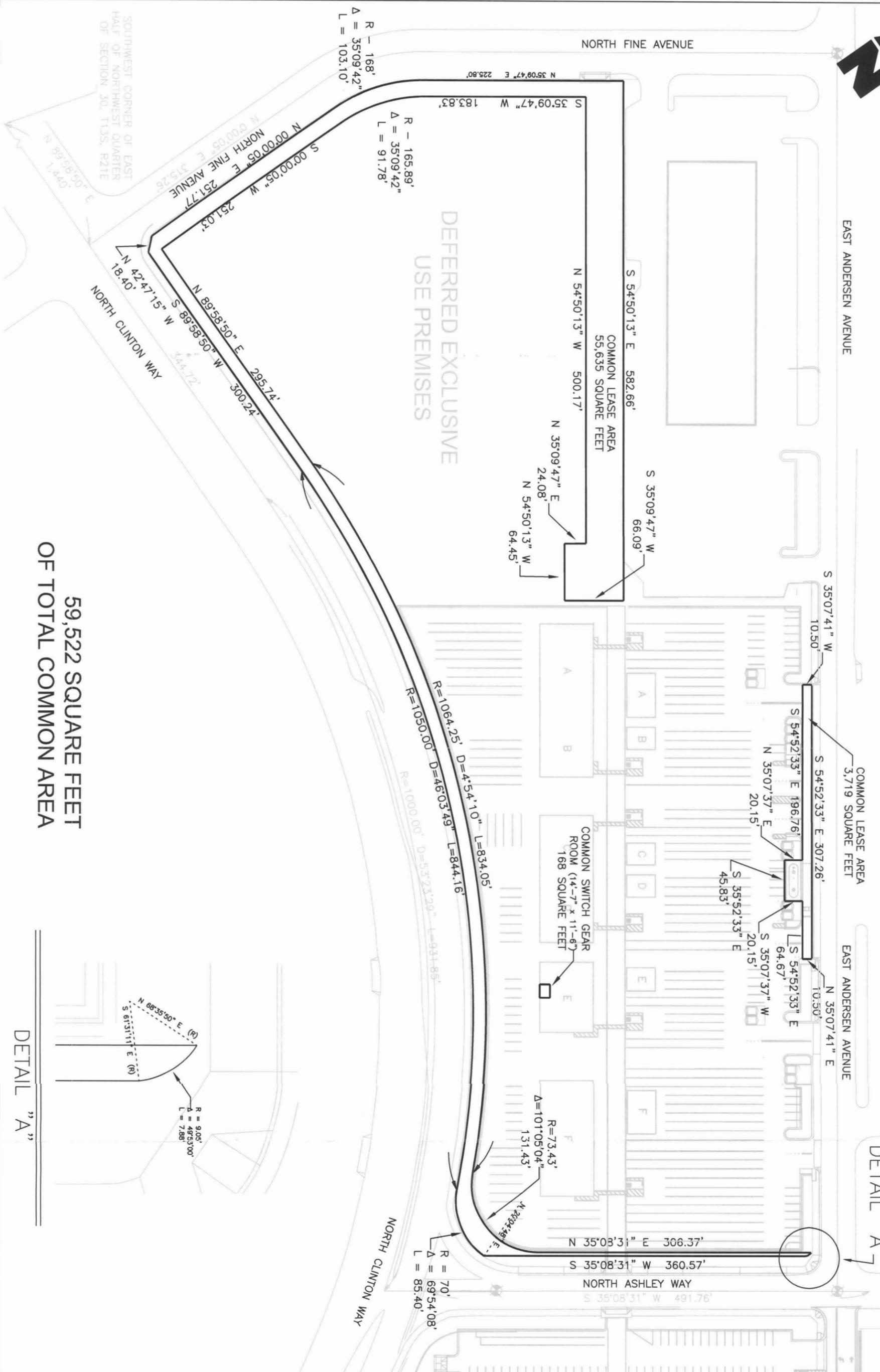
CITY DRAWING NO.  
25-44-327

PAGE 1  
EXHIBIT A  
OF 1 PAGES





**COMMON USE AREA**



59,522 SQUARE FEET  
OF TOTAL COMMON AREA

DETAIL "A"

DETAIL "A"

FRESNO YOSEMITE INTERNATIONAL AIRPORT  
CITY OF FRESNO  
DEPARTMENT OF AIRPORTS  
4895 EAST CLINTON WAY #2  
FRESNO, CA 93727  
PHONE: 559-481-4500  
CONSULTANT INFORMATION

REV. NO.	DATE	DESCRIPTION

**DEPARTMENT OF AIRPORTS**  
FRESNO YOSEMITE INTERNATIONAL AIRPORT  
RENTAL CAR SERVICE FACILITY LEASE AGREEMENT  
COMMON AREA

DIRECTOR OF AVIATION  
RUSSELL C. WIDMAR, AAE  
APPROVED  
CONSTR. ENG.  
OFFICE ENG.  
CITY DESIGN ENG.  
KRA # 12202  
ORG #  
ACTIVITY  
PROJECT ID.  
DRAWN BY: LNS  
CHECKED BY: 2-13-07  
DATE: 2-13-07  
SCALE: 1 = 100'  
FILE: CITY DRAWING NO. 25-AA-328  
PAGE 1  
EXHIBIT C  
OF 1 PAGES

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ASSURANCES REQUIRED BY THE FEDERAL AVIATION ADMINISTRATION  
(August 1998 Edition)

SECTION A  
PURPOSE, CLASSES OF ACTIVITIES, APPLICABILITY OF ASSURANCES  
AND  
DEFINITION OF TERMS

1. PURPOSE:

The City of Fresno, California, an airport owner subject to both Federal Grant Agreement obligations and terms, covenants and conditions of Surplus Property Instruments of Disposal at the Fresno Yosemite International Airport (FYI) and Federal Grant Agreement obligations at Fresno-Chandler Downtown Airport (FCH), is required by the Federal Aviation Administration (FAA) to include specific provisions, addressing, among other things, the requirements of Title VI of the Civil Rights Act of 1964, Exclusive Rights prohibitions, and Affirmative Action items contained in Title 14 Code of Federal Regulations Part 152, within all agreements (including, without limitation, leases, licenses, permits, and contracts) between said City and any and all entities who use or perform work or conduct activities on City-owned airport premises for aeronautical or non-aeronautical purposes; therefore, the purpose of this Exhibit is to appropriately incorporate within the "Agreement," to which it is attached and made a part of by reference therein, the sixteen (16) numbered provisions contained within Section "B", "ASSURANCES," below.

2. CLASSES OF ACTIVITIES:

The applicability of each of the sixteen (16) numbered provisions contained within Section "B," "ASSURANCES," below, to that certain "Agreement" to which this Exhibit is attached and made a part of by reference therein, is, among other things, dependent upon the type of work to be performed and/or the type of activities to be conducted at the airport(s) by the Lessee, Permittee, Licensee, Operator, etc., named therein, pursuant to and in accordance with those certain rights, privileges, uses, and operations, expressly granted and/or authorized thereunder; therefore, the following activity classifications, as established by the FAA, are provided for the information and guidance of all concerned:

a. Direct and Supportive Aeronautical: The following activities, commonly conducted on airports, are AERONAUTICAL ACTIVITIES:

- (1) Air Carrier
- (2) Charter Operations
- (3) Pilot Training
- (4) Aircraft rental and sightseeing
- (5) Aerial Photography
- (6) Crop dusting
- (7) Aerial Advertising and Surveying
- (8) Aircraft Sales and Services
- (9) Sale of Aviation Petroleum products (whether or not conducted in conjunction with other included activities)
- (10) Repair and Maintenance of Aircraft
- (11) Sale of Aircraft Parts

- (12) Any other activities which, because of their direct relationship to the operation of an aircraft, can appropriately be regarded as an "aeronautical activity."

b. **Complimentary Aeronautical:** The following activities, when conducted on airports, are COMPLIMENTARY AERONAUTICAL ACTIVITIES:

- (1) Ground Transportation (taxis, car rentals, limousines)
- (2) Restaurants
- (3) Barber Shops
- (4) Auto Parking Lots
- (5) Recreational Facilities
- (6) Any other commodities, services or accommodations made available to the general public.

c. **Non-Aeronautical:** The following activities, when conducted on airports, being neither "Direct and Supportive Aeronautical" nor "Complimentary Aeronautical," as defined above, are NON-AERONAUTICAL ACTIVITIES.

- (1) Manufacturing
- (2) Agriculture
- (3) Any other activity not appropriately falling within the abovesaid "Direct and Supportive Aeronautical" and/or "Complimentary Aeronautical" classifications.

**3. APPLICABILITY OF NUMBERED PROVISIONS WITHIN SECTION "B," "ASSURANCES," BELOW TO CLASS(ES) OF ACTIVITIES SPECIFIED WITHIN PARAGRAPH 2, ABOVE:**

The applicability of the numbered provisions within Section "B," "Assurances," below, to the respective classes of activities specified within subparagraphs 2a, b, and c, of this Section "A," above, is as follows:

<u>ACTIVITY CLASS</u>	<u>NUMBERED PROVISIONS APPLICABLE TO CLASS</u>	
	<u>FYI AGREEMENTS</u>	<u>FCH AGREEMENTS</u>
Direct and Supportive Aeronautical	1 thru 16	1 thru 15
Complimentary Aeronautical	1 thru 14 & 16	1 thru 14
Non-Aeronautical	1 thru 14 & 16	1 thru 14

**4. DEFINITION OF TERMS USED WITHIN SECTION "B," "ASSURANCES," BELOW**

In order to facilitate ease of fulfillment of the requirement specified within paragraph 1 of this Section "A," this Exhibit is designed to be attached to and made a part of all City of Fresno Airport's "Agreements," including, without limitation, leases, licenses, permits, contracts, etc.; therefore, in the event the "Agreement" to which this Exhibit is attached and made a part of by reference therein shall be other than a lease or be a lease within which the parties thereto are therein called or referred to other than "Lessor" and "Lessee," then, where the terms "LESSOR," "LESSEE," and "LEASE" appear, as shown, within the sixteen (16) numbered "ASSURANCES" listed within Section "B," below, said terms shall be deemed to mean "CITY OF FRESNO, CALIFORNIA," "THE OTHER PARTY TO THE PARTICULAR AGREEMENT" (e.g., Licensee, Permittee, Concessionaire, Operator, etc.), and the "AGREEMENT" itself (regardless of title, type and/or description, including, without limitation, Leases, Agreements, Licenses, Permits, and Contracts) respectively; and where the terms "LAND LEASE" and "LEASED PREMISES"

(and all the terms "LAND LEASED" and "LEASED PREMISES" (and all reasonably readily identifiable derivations thereof) appear, said terms shall be deemed to mean the land(s) and/or premises specifically identified within the "Agreement" as being that/those to which leasehold interests are expressly granted and/or those in, upon, to and/or from which tenancies, occupancies, use(s), operation(s), and/or access(es) by the Lessee, Permittee, Licensee, Operator, Concessionaire, etc., are expressly authorized. In all cases, where the term "AIRPORT" appears, as shown, it shall be deemed to mean the particular airport(s) (i.e., either the Fresno Yosemite International Airport or the Fresno-Chandler Downtown Airport, or both) as identified within the "Agreement" between the parties as being the Airport(s) to which the "Agreement" pertains.

## **SECTION B** **ASSURANCES**

1. The "LESSEE," for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (as a covenant running with the land if the "Agreement" to which this Exhibit is attached is a lease) 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 U.S. Department of Transportation (DOT) program or activity is extended or for another purpose involving the provision of similar services or benefits, the "LESSEE" shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Sub-title A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

2. The "LESSEE," for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (as a covenant running with the land if the agreement to which this Exhibit is attached is a lease) that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services there on, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, (3) that the "LESSEE" shall use the "premises" in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-Assisted Programs of the Department of Transportation Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

3. That in the event of breach of any of the above nondiscrimination covenants, "LESSOR" shall have the right to terminate the "LEASE" and to reenter and repossess said land and the facilities thereon, and hold the same as if said "LEASE" had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.

4. "LESSEE" shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; PROVIDED, THAT the "LESSEE" may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

5. Non-compliance with Provision 4 above shall constitute a material breach thereof and in the event of such non-compliance the CITY OF FRESNO, CALIFORNIA ("LESSOR") shall have the right to terminate this "LEASE" and the estate hereby created without liability therefor or at the election of the "LESSOR" or the United States either or both said Governments shall have the right to judicially enforce Provisions 1, 2, 3 and 4 above.

6. "LESSEE" agrees that it shall insert the above five (5) provisions in any lease, agreement, contract, etc., by which "LESSEE" grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the "premises" herein "LEASED."

7. The "LESSEE" assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Sub-part E. The "LESSEE" assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The "LESSEE" assures that it will require that its covered suborganizations provide assurances to the "LESSEE" that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR 152, Subpart E, to the same effect.

8. The "LESSOR" reserves the right to further develop or improve the landing area of the "Airport" as it sees fit, regardless of the desires or view of the "LESSEE" and without interference or hindrance.

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

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

11. There is hereby reserved to the "LESSOR," its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the "premises" herein "LEASED." This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation on the "Airport."

12. "LESSEE" agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the "LEASED PREMISES," or in the event of any planned modification or alteration of any present or future building or structure situated on the "LEASED PREMISES."

13. The "LESSEE," by accepting this "LEASE," expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object, nor permit the growth of any tree on the "land leased" hereunder which would exceed the height limits of Part 77 of the Federal Aviation Regulations. In the event the aforesaid covenants are breached, "LESSOR" (the owner) reserves the right to enter upon the "land leased" hereunder and to

remove the offending structure or object and cut the offending tree, all of which shall be at the expense of the "LESSEE."

14. The "LESSEE," by accepting this "LEASE," agrees for itself, its successors and assigns, that it will not make use of the "LEASED PREMISES" in any manner which might interfere with the landing and/or taking off of aircraft at and/or from the "AIRPORT" (either the Fresno Yosemite International Airport or the Fresno-Chandler Downtown Airport, or both, as applicable) or otherwise constitute a hazard. In the event the aforesaid covenant is breached, the "LESSOR" (owner) reserves the right to enter upon the "premises hereby leased" and cause the abatement of such interference at the expense of the "LESSEE."

15. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349a).

16. This "LEASE" and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of said "AIRPORT" or the exclusive or non-exclusive use of the "AIRPORT" by the United States during the time of war or national emergency.