



March 27, 2025

CALL AND NOTICE OF A REGULAR MEETING OF THE
EXECUTIVE COMMITTEE
OF THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

NOTICE is hereby given that a regular meeting of the Executive Committee will be held Wednesday, April 2, 2025, at 9:00 a.m., in the Airport Skyroom of Hollywood Burbank Airport, 2627 N. Hollywood Way, Burbank, California 91505.

In addition to attending the meeting in person, members of the public may observe the meeting telephonically and may offer comment in real time through the following number:

*Dial In: (978) 990-5000
Access Code: 880737*

A handwritten signature in black ink that reads "Terri Williams". The signature is fluid and cursive.

Terri Williams, Board Secretary
Burbank-Glendale-Pasadena Airport Authority

REGULAR MEETING
OF THE
EXECUTIVE COMMITTEE
Airport Skyroom
Wednesday, April 2, 2025
9:00 a.m.

The public comment period is the opportunity for members of the public to address the Committee on agenda items and on airport-related non-agenda matters that are within the Committee's subject matter jurisdiction. At the discretion of the presiding officer, public comment on an agenda item may be presented when that item is reached.

Members of the public are requested to observe the following decorum when attending or participating in meetings of the Committee:

- *Turn off cellular telephones and pagers.*
- *Refrain from disorderly or boisterous conduct, including loud, threatening, profane, or abusive language, clapping, whistling, stamping, or other acts that disrupt or otherwise render unfeasible the orderly conduct of the meeting.*
- *If you desire to address the Committee during the public comment period, fill out a speaker request card and present it to the Board Secretary.*
- *Confine remarks to agenda items or to airport-related non-agenda matters that are within the Committee's subject matter jurisdiction.*
- *Limit comments to three minutes or to such other period of time as may be specified by the presiding officer.*



The following activities are prohibited:

- *Allocation of speaker time to another person.*
- *Video presentations requiring use of Authority equipment.*



Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the Authority to the Committee less than 72 hours prior to that meeting are available for public inspection at Hollywood Burbank Airport (2627 N. Hollywood Way, Burbank) in the administrative office during normal business hours.



In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the Board Secretary at (818) 840-8840 at least 48 hours prior to the meeting.

AGENDA

Wednesday, April 2, 2025

1. Roll Call
2. Approval of Agenda
3. Public Comment
4. Approval of Minutes
 - a. March 5, 2025 **[See page 1]**
5. Items for Approval
 - a. Non-Signatory Air Carrier Operating Permit Template **[See page 4]**

In conjunction with the Commission's March 4, 2024 approval of templates for the Amendment to Airport Use Agreement and the replacement Airport Use Agreement, Staff seeks the Executive Committee recommendation to the Commission to approve: (i) a template for the Non-Signatory Air Carrier Operating Permit ("Operating Permit") (Exhibit A) and (ii) authorize the Executive Director to execute the Operating Permit with any airline that wish to serve the Airport as a non-signatory airline between July 1, 2025 and the closing of the current terminal, subject to clerical revisions deemed necessary or appropriate by Authority General Counsel.

6. Items for Discussion
 - a. Electrical Service Agreement with Burbank Water and Power ("BWP")
No staff report attached. Staff and Jacobs Project Management will update the Committee on the progress of discussions with BWP on the Agreement.
7. Items for Information
 - a. Replacement Passenger Terminal Project Construction Update
No staff report attached. An updated video will be presented.
 - b. Committee Pending Items **[See page 6]**
8. Adjournment

**MINUTES OF THE REGULAR MEETING OF THE
EXECUTIVE COMMITTEE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY**

WEDNESDAY, MARCH 5, 2025

A regular meeting of the Executive Committee was called to order on this date in the Airport Skyroom, 2627 N. Hollywood Way, Burbank, California, at 9:06 a.m., by Commissioner Najarian.

1. ROLL CALL

Present:	Commissioners Talamantes, Najarian and Hampton
Absent	None
Also Present:	Staff: John Hatanaka, Executive Director Perry Martin, Sr. Program Manager, Jacobs Project Management Co.; Susan Gray, Susan F. Gray & Co. Authority Counsel: Terence Boga, Esq., Richards, Watson & Gershon

2. Approval of Agenda

Motion	Commissioner Talamantes moved approval of the agenda, seconded by Commissioner Hampton.
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Motion Approved	The motion was approved (3–0).
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3. Public Comment

There were no public comments.

4. Approval of Minutes

a. January 15, 2025	A draft copy of the minutes of the meetings on January 5, January 22, and February 5, 2025 were included in the agenda packet for review and approval.
b. January 22, 2025	
c. February 5, 2025	

Motion	Commissioner Talamantes moved approval of the Committee minutes; seconded by Commissioner Hampton.
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Motion Approved	There being no objections, the motion was approved (3–0).
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5. Items for Approval

a. Burbank Water and Power Material Laydown License Agreement for the Replacement Passenger Terminal Project

Staff requested a recommendation from the Executive Committee to the Commission to approve a Material Laydown License Agreement (“Agreement”), with the City of Burbank. The Agreement authorizes the storage of Burbank Water and Power materials to be used to provide temporary and permanent power to the Replacement Passenger Terminal Project.

Motion

Commissioner Hampton motioned for approval, seconded by Commissioner Talamantes.

Motion Approved

The motion was approved (3–0).

b. Additional Public Artwork Opportunity Artist Outreach and Selection Program Replacement Passenger Terminal

At its meeting on July 15, 2024, the Commission approved design modifications and infrastructure to provide for additional public artwork opportunities in the three modular connectors of the Replacement Passenger Terminal. The Design-Builder has begun this work.

Based on feedback provided by the Commission in the meeting on December 16, 2024, Staff returned to the Executive Committee with more information for consideration, including licensing additional artists’ work for display and rotating artwork more frequently. Staff also has revisited the Art Advisory Group stipends. Due to the timeline of the RPT Project, the project team recommended that the procurement process begin as soon as possible to meet the project schedule.

Motion

Commissioner Talamantes made a motion to carry this item over to the Commission for consideration without a recommendation from the Committee. Commissioner Hampton seconded the motion.

Motion Approved

The motion was approved (3–0).

6. Items for Discussion

a. Project Labor Agreement Update Replacement Passenger Terminal Update

Staff updated the Committee on discussions HPTJV has had with the Los Angeles/Orange Counties Building and Construction Trade Council regarding increasing the number of skilled local construction workers available for the Project.

7. Items for Discussion

a. Replacement Passenger Terminal Project - Construction Update

Jacobs provided a construction update and the latest progress video.

b. Committee Pending Items

Staff informed the Committee of future pending items that will come to the Committee for review.

8. Adjournment

There being no further business, the meeting was adjourned at 10:00 a.m.

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
EXECUTIVE COMMITTEE
APRIL 2, 2025**

NON-SIGNATORY AIR CARRIER OPERATING PERMIT TEMPLATE

Presented by Scott Kimball
Deputy Executive Director, Business and Development

SUMMARY

In conjunction with the Commission's March 4, 2024 approval of templates for the Amendment to Airport Use Agreement ("AUA Amendment") and the replacement Airport Use Agreement ("Replacement AUA"), Staff seeks the Executive Committee recommendation to the Commission to approve: (i) a template for the Non-Signatory Air Carrier Operating Permit ("Operating Permit") (Exhibit A) and (ii) authorize the Executive Director to execute the Operating Permit with any airline that wish to serve the Airport as a non-signatory airline between July 1, 2025 and the closing of the current terminal, subject to clerical revisions deemed necessary or appropriate by Authority General Counsel.

BACKGROUND

On March 4, 2024, the Commission approved revised templates of the AUA Amendment and the Replacement AUA and authorized the Executive Director to execute the same with participating airlines, subject to clerical revisions deemed necessary or appropriate by Authority General Counsel.

As of today, Southwest Airlines and American Airlines have executed AUA Amendments and Replacement AUAs. These two carriers, combined, account for approximately 70% of the passenger traffic at the Airport.

Airlines that have not yet responded are Alaska Airlines, Avelo Airlines, Delta Airlines, Frontier Airlines, JetBlue Airways, Spirit Airlines and United Airlines. These airlines' Airport Use Agreements are expiring on June 30, 2025. Staff has not received indications of their intentions. Staff and Authority General Counsel have prepared the attached Operating Permit for those airlines that wish to serve the Airport as non-signatory airlines after their Airport Use Agreements expire.

Only those airlines with Airport Use Agreements are signatory airlines. Those with Operating Permits are non-signatory airlines.

The Operating Permit will allow a non-signatory airline to operate at the Airport, be scheduled for gate, holdroom space and ticket counter access after the signatory airlines' requirements are fulfilled but at a cost of 135% above a signatory airline's rates. A non-signatory airline will be charged a higher landing fee and be assessed an additional surcharge for each gallon of fuel uplifted at the Airport, currently at \$0.05 per gallon. The non-signatory airline will also be required to submit a higher security deposit. Insurance and environmental requirements will remain the same as a signatory airline. Either the non-signatory airline or the Authority may terminate the Operating Permit upon thirty days' notice.

Execution of this Operating Permit does not preclude an airline from becoming a signatory airline in the future. Whenever an airline wishes to become a signatory airline again, it will be offered an opportunity to do so.

This Operating Permit will govern operations at the current terminal only. Staff will present the template for an operating permit for the RPT for the Commission's approval in the future, to the extent necessary.

RECOMMENDATION

Staff recommends that the Committee recommend to the Commission that it approve the attached Operating Permit template and that the Executive Director be authorized to execute the Operating Permit with each airline wishing to operate at the Airport as a non-signatory airline, subject to clerical revisions deemed necessary or appropriate by Authority General Counsel.

Attachment:

Exhibit A: Non-Signatory Air Carrier Operating Permit

**BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
EXECUTIVE COMMITTEE
APRIL 2, 2025**

COMMITTEE PENDING ITEMS

Future

- | | |
|---|-----|
| 1. Amendment to Fourth Amended and Restated Agreement for Airport Management Services | TBA |
| 2. Approval of M&O Agreement with Burbank Airline Consortium (RPT) | TBA |
| 3. Naming Rights Policy - (RPT) Conference Rooms | TBA |
| 4. Disposition of Bas Relief - Follow-Up Hope Family Foundation | TBA |
| 5. Disposition of Artifacts, Artworks and Models in Current Terminal | TBA |

NON-SIGNATORY AIR CARRIER OPERATING PERMIT

BETWEEN

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

AND

[AIRLINE]

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NON-SIGNATORY AIR CARRIER OPERATING PERMIT

THIS NON-SIGNATORY AIR CARRIER OPERATING PERMIT (this “Permit”) is made and entered into as of _____, 2025, by and between the **BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY**, a public entity formed under a joint exercise of powers agreement among the cities of Burbank, Glendale and Pasadena, California (the “Authority”) and **[AIRLINE]**, a _____ corporation (the “Airline”).

RECITALS:

WHEREAS, the Authority owns and operates the Airport (capitalized terms used but undefined herein shall have the meaning ascribed thereto in Section 1.02) and has full power and authority to grant to Airline rights and privileges concerning its occupancy and use of the Airport;

WHEREAS, Airline is a FAA-certificated air carrier corporation and desires to occupy and use certain Airport premises and facilities and to acquire from the Authority certain rights and privileges in connection with its occupancy and use of the Airport; and

WHEREAS, the Authority and Airline desire to enter into this Permit to set forth the rights, privileges and obligations of both parties with respect to the use and occupancy of the Airport and to facilitate the development, promotion and improvement of air commerce;

NOW, THEREFORE, in consideration of the mutual covenants and considerations herein contained, the Authority and Airline agree as follows:

**ARTICLE I
BASIC INFORMATION; DEFINITIONS; EXHIBITS**

1.01 Basic Information. Each reference in this Permit to any of the following subjects shall incorporate the information specified below:

Authority:	Burbank-Glendale-Pasadena Airport Authority
Authority’s Overnight Delivery and Street Address:	2627 Hollywood Way Burbank, California 91505 Attention: Executive Director
Authority’s Payment Address:	2627 Hollywood Way Burbank, California 91505 Attention: Director, Financial Services
Airline:	[AIRLINE]
Airline’s Overnight Delivery Address:	[Address]
Airline’s Post Office Delivery Address:	[Address]

Effective Date:	July 1, 2025
Term:	The period of time beginning on the Effective Date and ending on the Expiration Date.
Expiration Date:	The Stated Expiration Date unless earlier terminated pursuant to Article II.
Permitted Uses:	As provided in Article IV.
Premises and Legal Description:	As provided in Article III.
Security Deposit:	\$_____, an amount equal to the estimated monthly Rent and Landing Fees due under this Permit.

1.02 Definitions. Unless the context otherwise requires, the words and phrases recited in this Section shall have the following meanings when used elsewhere in this Permit:

“Act” shall mean the Joint Exercise of Powers Act, commencing with Section 6500 of the Government Code of the State.

“Affiliate” shall have the meaning assigned to it in Section 4.09.

“Agency” shall mean any federal, state, regional, municipal or local governmental agency.

“Aircraft Arrivals” shall mean any aircraft arrivals at the Airport (including, without limitation, scheduled flights, charters, sight-seeing flights, test flights, ferry, courtesy flights, inspection flights or any other flights). Aircraft Arrivals shall not include any flight that immediately returns to the Airport after departure due to mechanical, meteorological or other precautionary reasons.

“Airline” shall mean [AIRLINE] and any corporate successor to such corporation and any permitted assignee or other transferee under Section 11.01.

“Airline Party” shall mean Airline and its Affiliates, if any, and their respective shareholders, partners, directors, officers, employees, agents, representatives and contractors. If Airline enters into any Wet Lease for operations at the Airport, Airline Parties shall include the Wet Lease lessor and its directors, officers, employees, agents, representatives, and contractors.

“Airport” shall mean the Hollywood Burbank Airport, as shown on the plot plan attached hereto as Exhibit A and hereby incorporated herein by reference and any other real property acquired or leased by the Authority for Airport Purposes.

“Airport Engineer” shall mean the Authority’s Director of Engineering and Maintenance or his or her designee.

“Airport Layout Plan” shall mean the Airport Layout Plan attached hereto as Exhibit A.

“Airport Manager” shall mean the person or organization designated by the Authority to exercise functions with respect to the rights and obligations of the Authority under this Permit. The term also includes any person expressly designated by the Authority to exercise functions with respect to rights and obligations of the Airport Manager under this Permit or such other person, division, department, bureau or agency as may from time to time exercise functions equivalent or similar to those exercised by Airport Manager.

“Airport Purpose” shall mean any action or undertaking by the Authority reasonably related to (i) the development and preservation of the Airport as a destination for air commerce and as an industrial or commercial site or (ii) the operation and preservation of the Authority.

“Air Transportation” shall mean the carriage of passengers, personal property, cargo and mail by aircraft.

“Alterations” shall have the meaning assigned to such term in Section 10.01.

“Approved Alterations” shall have the meaning assigned to such term in Section 10.01.

“Apron Area” shall mean the aircraft parking and maneuvering areas adjacent to the Terminal Building.

“Authority” shall mean the Burbank-Glendale-Pasadena Airport Authority, a public entity formed under a joint exercise of powers agreement among the cities of Burbank, Glendale and Pasadena, California, pursuant to the Act, or its successors.

“Authority Parties” shall mean the Authority, Airport Manager and the cities of Burbank, Glendale and Pasadena, California, and their respective commissioners, officials, directors, officers, employees, agents, representatives, contractors, successors and assigns.

“Bond Resolution” shall mean the indenture, trust agreement, resolution or similar instrument, howsoever denominated, pursuant to which bonds, notes or other evidences of indebtedness of the Authority have been or will be issued, as originally executed or as the same may be amended, modified or supplemented from time to time pursuant to the provisions thereof.

“Bonds” shall mean notes, revenue bonds and other evidences of indebtedness, heretofore and hereafter issued by the Authority for any Airport Purpose pursuant to a Bond Resolution.

“CFR” shall mean the Code of Federal Regulations.

“Claims” shall mean any and all demands, claims, actions, causes of action, proceedings, judgments, damages, awards, penalties, fines, losses, liabilities, obligations, costs and expenses, including, without limitation, interest, court costs and attorneys’ fees.

“Confidential Information” shall mean information of a confidential or proprietary nature.

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

“CUPPS” shall mean the Common Use Passenger Processing System certified by IATA and described in Section 3.01(e).

“Disability Equipment” shall mean equipment for use in boarding and unloading of passengers in accordance with the specifications set forth in the FAA Advisory Circular dated March 17, 2000, as the same may be amended, modified or supplemented from time to time.

“Disability Laws” shall mean the provisions of 49 U.S.C. 1374(c), 14 CFR 382.23 and 49 CFR 27.71, as the same may be amended, modified or supplemented from time to time.

“Effective Date” shall mean the date set forth in Section 1.01.

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

“Equipment” shall have the meaning set forth in Exhibit J.

“Equipment Maintenance Agreement” shall mean that certain Equipment Maintenance Agreement, entered into by the airlines using the Terminal Building that, with the prior written approval of the Authority, agree to be bound by the provisions of such Equipment Maintenance Agreement, as the same may be amended, modified or supplemented from time to time with the prior written consent of the Authority.

“Event of Default” shall have the meaning set forth in Section 16.01.

“Exclusive Use Space” shall mean the premises in the Terminal Building leased by the Authority to Airline as more particularly described in Exhibit B attached hereto and hereby incorporated herein by reference.

“Expiration Date” shall mean the date determined pursuant to Section 1.01.

“FAA” shall mean the Federal Aviation Administration created under the Federal Aviation Act of 1958 or any federal agency succeeding to its jurisdiction.

“Fiscal Year” shall mean the fiscal year of the Authority, as established from time to time, which, as of the date of this Permit, is the twelve month period commencing on July 1 of any year and ending on June 30 of the succeeding year.

“Fuel Surcharge” shall have the meaning set forth in Section 6.05.

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

“IATA” shall mean the International Air Transport Association, its successors and assigns.

“Joint Use Fees” shall mean Airline’s share of the fees payable by the airlines using the Joint Use Formula.

“Joint Use Formula” shall mean: (i) a formula which (a) equally allocates among those airlines using the Joint Use Space in question 20% of the fees for the use of the Joint Use Space, (b) allocates 80% of such fees among such airlines according to the ratio of the number of each such airline’s enplaning passengers at the Airport during each month of the Fiscal Year to the total number of enplaning passengers of all such airlines (with the number of enplaning passengers determined as provided in Section 6.03(a)(2)), and (c) takes into account that the rate to be paid by any non-Signatory Airline will be 135% of the rate applicable to a Signatory Airline; or (ii) such other formula as may be agreed upon by the Signatory Airlines and the Authority.

“Joint Use Space” shall mean the premises in the Terminal Building available to Airline and the other airlines for the uses specified in Section 4.01(b)(1), which premises are more particularly set forth in Exhibit C attached hereto and hereby incorporated herein by reference.

“Landing Fees” have the meaning given such term in Section 6.03.

“Landing Fee Rate” have the meaning given such term in Section 6.03(a)(1).

“Law” shall mean any federal, state, county, municipal or local statute, rule, regulation or ordinance or any order, restriction or requirement of any Agency having jurisdiction over the Airline, the Airport or the Authority, as the case may be.

“Lockheed” shall mean Lockheed Martin Corporation, or its successors and assigns.

“Major Airline” shall mean an airline that is a “Group III” carrier under 14 C.F.R. 241.04.

“Maximum Gross Landing Weight” shall mean, with respect to an aircraft, the certified maximum weight of such aircraft, as recited in the flight manual governing that aircraft.

“Necessary Action” shall have the meaning set forth in Section 17.01(f)(I).

“Noise Abatement Rules” shall mean the Burbank-Glendale-Pasadena Airport Authority Noise Abatement Rules as they presently exist, attached hereto as Exhibit E and hereby incorporated herein, and as the same may be amended, modified or supplemented by the Authority from time to time.

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

“PFC” shall mean passenger facility charges, as defined in 14 CFR Section 158.3, levied or imposed by the Authority at the Airport pursuant to the PFC Laws.

“PFC Laws” shall mean all federal statutes and regulations applicable to the Authority’s PFC program.

“Premises” shall mean any Exclusive Use Space and Joint Use Space; provided, however, that in the case of Joint Use Space, such areas will only constitute “Premises” during the period of time for which Airline has a license to use such areas.

“Proposed Action” shall mean any contemplated material amendment, modification or supplement to a Bond Resolution.

“Public Areas” shall mean those Terminal Building areas made available by the Authority from time to time for use by Authority, Airline, Airline Parties, passengers and other members of the general public.

“Rental” shall have the meaning set forth in Section 6.01.

“Replacement Passenger Terminal” shall mean the Replacement Passenger Terminal that is being constructed in the northeast quadrant of the Airport.

“Rules and Regulations” shall mean those rules and regulations promulgated by the Authority for the orderly use of the Airport or its facilities by both the Airline and other tenants and users utilizing the same pursuant to agreements with the Authority, as the same may be amended, modified or supplemented from time to time.

“Security Deposit” shall mean the amount set forth in Section 1.01 hereof and described in Article XXVI.

“Security Requirements” shall have the meaning set forth in Section 4.06(a).

“Senior Lien” shall have the meaning set forth in Section 20.01.

“Senior Lienholder” shall have the meaning set forth in Section 20.01.

“Signatory Airlines” shall mean airlines providing scheduled transportation of persons or property by air to and from the Airport which have executed Airport Use Agreements with the Authority, which agreement sets forth the terms under which the Signatory Airline shall operate at the Airport (including the Signatory Airline’s payment of rent, fees, and charges).

“State” shall mean the State of California.

“Stated Expiration Date” shall mean the date determined pursuant to Section 2.01(a).

“Storm Water” shall mean storm water runoff, snowmelt runoff, and storm water surface runoff and drainage.

“Sub-Contractor” shall mean an independent contractor hired to maintain and repair Equipment pursuant to the Equipment Maintenance Agreement.

“Terminal Building” shall mean the terminal building (including Terminal A and Terminal B), as shown on the Airport Layout Plan attached hereto as Exhibit A and incorporated herein by reference, as the same may be modified or improved from time to time.

“Terminal Building Closing Date” shall mean the last date on which the Terminal Building will be open for passenger airline services, after which the Replacement Passenger Terminal will commence operation as the passenger service terminal at the Airport. The Replacement Passenger Terminal operation is targeted to commence October 13, 2026.

“Total Landed Weight,” in reference to Airline, shall mean the sum of the Maximum Gross Landing Weights for all of Airline’s and Airline’s Affiliates’ Aircraft Arrivals over a stated period of time.

“TSA” shall mean the Transportation Security Administration created under the Aviation and Transportation Security Act of 2001 or any federal agency succeeding to its jurisdiction.

“U.S.C.” shall mean the United States Code.

“Wet Lease” shall mean a lease between Airline, as lessee, and an FAA-certificated aircraft operator, as lessor, under which the lessor provides aircraft, crew and maintenance, and lessee provides fuels, airport fees, duties, taxes and other charges.

1.03 Exhibits.

Exhibit A:	Airport Layout Plan
Exhibit B:	Description of Exclusive Use Space
Exhibit C:	Description of Joint Use Space
Exhibit D:	Description of Apron Area
Exhibit E:	Noise Abatement Rules
Exhibit F:	FAA Grant Assurances - Nondiscrimination
Exhibit G:	Landing Fees Report Form
Exhibit H:	Tenant Improvement Request Form
Exhibit I:	FAA Grant Assurances - General
Exhibit J:	Description of Equipment
Exhibit K:	Description and Location of Work
Exhibit L:	Inspection Form

1.04 Construction and Interpretation. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neutral genders. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including agencies and other public bodies, as well as natural persons. Unless otherwise indicated, references herein to subsections, Sections and Articles are to such subsections, Sections and Articles of this Permit. Unless the context requires otherwise, the terms “herein,” “hereof,” “hereunder” and any similar terms, as used in this Permit, shall refer to this Permit as a whole and not to any particular provisions of this Permit. Unless the context otherwise requires, the terms “heretofore” and “hereafter” shall refer to the period of time prior to the execution and delivery of this Permit by the Airline and the Authority and after the execution and delivery of this Permit by the Airline and the Authority, respectively. Defined terms shall include any variant of the terms set forth in this Article. References in this Permit to particular sections of Rules and Regulations, Noise Abatement Rules, Environmental Laws, Disability Laws, any FAA advisory circular or other Law shall include all amendments, modifications and supplements to such and Rules and Regulations, Noise Abatement Rules, Environmental Laws, Disability Laws, FAA advisory circular or other Law sections and any successor provisions.

ARTICLE II
TERM; TERMINATION

2.01 Term. This Permit shall become effective on the Effective Date until the last day of the month in which the Effective Date occurs and thereafter shall automatically be extended on

a month-to-month basis until the earliest of the following: (i) Airline gives written notice of termination pursuant to Section 2.02; or (ii) the Authority gives written notice of termination pursuant to Section 2.03, or (iii) the Terminal Building Closing Date.

2.02 Termination by Airline. Airline may terminate this Permit for convenience at any time on 30 days written notice to the Authority; provided such termination shall occur on the last date of a month. Such notice shall not preclude the Authority from sooner terminating this Permit for cause if a Default Event occurs.

2.03 Termination by the Authority. The Authority shall have the right to terminate this Permit pursuant to Section 16.02 upon the occurrence of an Event of Default hereunder.

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

2.05 Holdover by Airline. Absent the written consent of the Authority, Airline has no right to possess or occupy any of the Premises after the Expiration Date, and any such possession or occupancy of any of the Premises by Airline after the Expiration Date without the Executive Director's consent shall constitute an illegal trespass by Airline and a public nuisance to the Authority.

ARTICLE III GRANT OF RIGHTS TO USE AIRPORT AND FACILITIES

3.01 Grant of Rights to Use.

(a) General. The Authority hereby grants to Airline the right to conduct activities on the Airport directly connected with its business of Air Transportation, upon the terms and subject to the conditions set forth herein.

(b) Exclusive Use Space. Authority hereby leases to Airline, and Airline hereby leases from the Authority, the Exclusive Use Space.

(c) Joint Use Space. The Authority hereby grants to Airline a non-exclusive license to use, in common with others and subject to the direction of the Authority, the Joint Use Space, upon the terms and subject to the conditions set forth in this Permit. The Authority shall have the right, at any time or from time to time during the term hereof and in the Authority's sole

and absolute discretion, to (i) terminate Airline's license to use some or all of the Joint Use Space, (ii) reduce, expand or otherwise modify the Joint Use Space, (iii) grant to others a license to use the Joint Use Space, and/or (iv) grant to Airline a non-exclusive license to use, in common with others and subject to the direction of the Authority, other areas of the Joint Use Space.

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

(e) [RESERVED]

(f) Rights of Ingress and Egress. Subject to the Rules and Regulations, the Authority hereby grants the right of ingress to and egress from the Airport and facilities of the Airport referred to in this Article III to Airline and Airline Parties.

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

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

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

(i) Reservations to the Authority. Airline further accepts the Premises subject to any and all existing easements and encumbrances. The Authority reserves the right, without obligation, to install, lay, construct, maintain and repair utilities and appurtenances necessary or

convenient in connection therewith in, over, upon, through, across, under and along the Premises or any part thereof, and to enter the Premises for any and all such purposes. The Authority also reserves the right to grant franchises, licenses, easements, rights of way and permits in, over, upon, through, across, under and along any and all portions of the Premises. No right reserved by the Authority in this subsection shall be so exercised as to interfere unreasonably with Airline's operations hereunder.

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

ARTICLE IV PERMISSIBLE USES

4.01 Use of Airport and Facilities.

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

(b) Permissible Uses.

(1) Exclusive Use Space. Airline shall use the Exclusive Use Space solely for the purposes described in Exhibit B in connection with Airline's business of Air Transportation.

(2) Joint Use Space. Airline shall use the Joint Use Space solely for the sale of Air Transportation, handling, ticketing, billing and manifesting of passengers and for purposes of taxiing, servicing, loading, unloading and parking of Airline's aircraft and storage of a reasonable amount of equipment required with respect thereto in connection with Airline's business of Air Transportation. In the event that the Authority grants to Airline the right to use other areas of the Joint Use Space pursuant to Section 3.01(c), Airline shall use such other areas of the Joint Use Space solely for the purposes set forth in this subsection.

(3) Airport Areas. Airline shall use all areas and/or facilities, equipment, improvements and services at the Airport made available to Airline pursuant to this Permit, solely for the purposes relating to Airline's Air Transportation specified by the Authority. Said use shall be limited to one or more of the following:

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

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

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

(D) The servicing by Airline, or by the Authority or the Authority's designee, of aircraft and other equipment operated by Airline on the Apron Area, by truck or otherwise, with aviation fuel, propellants, lubricants or any other materials or supplies required by Airline.

(E) The right to land, take-off, fly, taxi, tow, load and unload aircraft or other equipment used by Airline in its conduct of Air Transportation.

(F) The right to install and operate advertising signs representing Airline's business, which signs shall be substantially uniform in size, type and location with those of other airlines using the Terminal Building. The number, type, size, design and location of all of such signs shall be consistent with the Authority's graphic standards and shall be subject to the prior written approval of the Authority and shall comply with all applicable Agency requirements.

(G) The right to install, maintain and operate, by Airline alone or in conjunction with other airlines using the Terminal Building, or through a designee, both air-to-ground communications and communications systems between suitable locations on the Airport, subject to the prior written approval of the Authority.

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

4.02 Conduct of Airline's Business.

(a) Standards. In addition to any and all other terms, conditions and requirements under this Permit, Airline shall comply strictly with the terms, conditions and requirements set forth in this Section 4.02. In its use of the Airport pursuant to this Permit, Airline shall maintain the highest degree and standards of service to meet the needs of the traveling public.

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

(c) Manager. Airline shall designate an individual who shall be authorized to serve as manager of Airline's business and operations at the Airport. Concurrently with the execution and delivery of this Permit, Airline shall notify the Authority in writing of the name, title, qualifications and experience of said manager. Said manager shall be a qualified individual with substantial experience in managing businesses and operations similar to Airline's business and operations conducted at the Airport. Said manager shall be vested with full power and authority with respect to the method, manner and conduct of Airline's business and operations at the Airport and shall be present at the Airport at all times during the hours of 8:00 a.m. to 5:00 p.m. Monday through Friday. Airline shall designate another individual as Airline's authorized substitute manager should the principal manager become unavailable and the same experience and authority requirements specified above in this Section with respect to Airline's principal manager shall apply to the substitute manager.

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

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

(f) Nuisance. Airline shall not use or permit the use of the Premises or any other areas of the Airport in any manner that will (i) tend to create or permit any waste or nuisance, (ii) tend to disturb other tenants, concessionaires, licensees or users of the Airport, (iii) invalidate or cause the cancellation of or be in conflict with any fire or other hazard insurance policies covering the Airport or (iv) increase the premiums for any fire insurance policies covering the Airport or any property located therein. Airline, at its expense, shall comply with all rules, orders, regulations, or requirements of the National Board of Fire Underwriters, or any other similar body.

(g) Vending Machines. Airline shall not place any vending machines or similar devices in or on the Premises or elsewhere at the Airport, except as approved by the Authority.

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

(i) Authority Noise Abatement Rules. Airline hereby acknowledges that Airline has read and understands the Noise Abatement Rules and hereby covenants to conduct its business and flight operations in compliance with the Noise Abatement Rules.

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

4.04 Non-Discrimination and Affirmative Action. Airline shall comply with the provisions of Exhibit F attached hereto and by this reference incorporated herein regarding nondiscrimination, as the same may be amended, modified or supplemented from time to time. In addition, Airline shall undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall, on the ground of race, creed, color, national origin or sex, be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Airline agrees 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 said subpart.

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

(a) Maintenance, Development or Improvement of Landing Area. The Authority reserves the right to maintain and further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or views of Airline, and without interference or hindrance.

(b) Agreements with and Rights of United States. This Permit shall be subordinate to the provisions and requirements of any existing or future agreement between the Authority and the United States, or any lawful requirement of the United States, relative to the development, operation or maintenance of the Airport. This Permit 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 nonexclusive use of the Airport, by the United States during the time of war or national emergency or otherwise.

(c) Reservation of Rights. There is hereby reserved to the Authority, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises and all other areas of the Airport. This public right of flight shall include the right to cause within said airspace any noise inherent in the operation of any aircraft used for navigation or flight through said airspace or landing at, taking off from or operating on the Airport.

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

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

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

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

4.06 Airport Security.

(a) Security Requirements. Within 30 days of the Effective Date, Airline shall submit Airline's security program to Authority, as required by 49 CFR 1542 and 49 CFR 1544 (the "Security Requirements"). Within 30 days of the Effective Date, Airline shall submit to Authority a letter confirming insurance coverage, as required by the Security Requirements.

(b) Unauthorized Access. Airline shall use reasonable precautions which comply with the Security Requirements to prevent unauthorized persons from gaining access to restricted flight and aircraft operational areas.

(c) Security Checks. Airline shall comply with 49 CFR 1544, which requires background checks, including references and prior employment history, for all persons who have unescorted access to the airfield side of the Airport security fence in a manner consistent with the Security Requirements. Airline agrees to maintain records of background checks for all employees, agents, representatives and contractors of Airline and to make such records available to the TSA and the Authority as may be requested from time to time.

(d) Violations by Airline. Upon receipt of any written notice from the Authority of a violation of the Security Requirements by Airline, Airline shall promptly engage security personnel or undertake other necessary security procedures as reasonably requested by the Authority to cure the violation of the Security Requirements described in such notice and Airline shall pay any fine or penalty imposed by the TSA as a result of such violation.

4.07 Special Lift Equipment Requirements.

(a) General. Airline shall comply with the Disability Laws. Without limiting the generality of the foregoing, Airline shall comply with all of the provisions of this Section.

(b) Equipment. Airline shall acquire and maintain, at all times during the term hereof and at Airline's cost and expense, Disability Equipment sufficient to permit Airline to comply with federal and state laws regarding aircraft access by disabled persons. The Disability Equipment shall be compatible with the aircraft and the other facilities and equipment used by Airline in connection with its operations at the Airport.

(c) Training. Airline shall train or cause to be trained each Airline Party who maintains or operates the Disability Equipment in accordance with the specifications of the manufacturer so as to assure the safe, proper and efficient use of the Disability Equipment.

(d) Passengers. Airline shall maintain, operate and use the Disability Equipment and provide all other necessary assistance in connection with boarding and unloading of handicapped passengers of Airline in accordance with the Disability Laws. Airline shall use the Disability Equipment in accordance with the manufacturer's specifications and in a safe, proper and efficient manner.

4.08 Air Quality Improvement Plan. Airline shall comply with the following provisions of the Authority's Air Quality Improvement Plan:

(a) Ground Support Equipment Emissions Policy. Airlines and other entities own and operate ground support equipment ("GSE") to support arriving, departing, and parked aircraft at the Airport. The Authority's GSE policy will ensure that the Authority achieves airport-wide GSE emissions targets. Airline will use commercially available efforts to achieve an airport average composite emissions factor for its GSE fleet which is equal to or less than 1.66 horsepower-hour of nitrogen oxides (g/hp-h of NO_x) by January 1, 2023, and 0.74 g/hp-h of NO_x by January 1, 2031. Upon achieving the 2023 and 2031 emissions targets, Airline shall be required to ensure its fleet average continues to meet the Airport emissions targets. Airline's obligation to meet the 2031 target shall be contingent on the installation of adequate infrastructure to support zero-emission GSE, which is operationally feasible and commercially available. Airline's "Burbank Airport GSE fleet" shall be comprised solely of GSE operated at the Airport. Emissions

performance of GSE operating at the Airport cannot be averaged with emissions performance of GSE operating at other airports to demonstrate compliance with the Airport GSE emissions targets.

(b) Clean Construction Policy. The Authority has adopted a Clean Construction Policy, which may be accessed/found at <http://hollywoodburbankairport.com/green-initiatives/>. For all Airport capital improvement projects undertaken by Airline, Airline shall comply, and shall cause its contractors to comply, with such Clean Construction Policy, and shall otherwise ensure its contractors follow clean construction policies to reduce emissions of NOx such as using low-emission vehicles and equipment, recycling construction and demolition debris, and minimizing non-essential trips through better schedule coordination.

(c) Burbank Airport Employee Ride Share Policy. The Authority has joined the Burbank Transportation Management Organization (“BTMO”), which serves all Airport employees and all Airport tenant employers, including employers with less than 250 employees. Airline is encouraged to also join and to actively participate in the BTMO as an individual member.

4.09 Affiliates. Airline may designate another FAA-certificated aircraft operator to be an “Affiliate” of Airline under this Agreement, subject to the following requirements:

(a) The designation shall be in writing and shall be given to the Authority no later than 30 days before becoming effective.

(b) The Affiliate shall either: (i) be a parent or subsidiary of Airline; (ii) share an IATA code with Airline at the Airport (code-sharing partner); or (iii) otherwise operate under essentially the same trade name as Airline at the Airport and use essentially the same livery as Airline. Notwithstanding the preceding, no Major Airline that is a mainline air carrier shall be classified as an Affiliate of another Major Airline unless the relationship between such airlines satisfies either clause (i) or (iii). Furthermore, the Affiliate's passenger tickets shall be sold in the name of Airline, and not in the Affiliate's own name.

(c) While an aircraft operator is Airline's Affiliate, the Affiliate may operate at the Airport as if it is part of Airline and, for all purposes of this Agreement, the Authority shall treat the Affiliate as part of Airline (for example, the calculation of Airlines' Landing Fees shall include the Affiliate's Total Landed Weight, and Airline's monthly reports under Section 6.03(c) shall include the information for the Affiliate). Airline shall be responsible for all reporting and submissions to the Authority, and compliance with all provisions of this Agreement, related to the Affiliate's activities at or pertaining to the Airport.

(d) Without limiting the foregoing, all actions of (or inaction by) the Affiliate at or related to the Airport shall be deemed to be those of Airline, regardless of any arrangement between the Affiliate and Airline; and the Authority shall have the right to enforce any violation by the Affiliate as if the violation was committed by Airline.

(e) Airline shall notify the Authority in writing of the cessation of any Affiliate designation at least 45 days in advance; provided that any obligation or liability incurred before such cessation date shall survive.

4.10 Wet Leases. Airline may enter into one or more Wet Leases for its operations at the Airport, subject to all of the following with respect to each Wet Lease:

(a) Airline shall be responsible for complying with all applicable law with respect to the Wet Lease arrangement.

(b) The Wet Lease shall impose no liability or obligation on the Authority, unless otherwise agreed to in writing by the Authority.

(c) For purposes of this Agreement, all actions of (or inaction by) the Wet Lease lessor at or related to the Airport shall be deemed to be those of Airline, regardless of any arrangement between the lessor and Airline.

(d) Airline shall remain fully liable for all Airline obligations, liabilities and duties under this Agreement (and the Authority shall not be bound by the delegation of any such obligation, liabilities or duties under the Wet Lease).

ARTICLE V AUTHORITY IMPROVEMENTS TO PREMISES

5.01 Alteration to Premises. The Authority shall have the right to make any additions, improvements, alterations, equipping or furnishing of or to the Premises it deems appropriate. The Authority shall take such steps as it deems appropriate to mitigate any adverse effect of the construction or installation of any such additions, improvements, alterations, equipping, or furnishing of the Premises on Airline's operations at the Airport.

5.02 Notice to Airline. The Authority shall give Airline 30-day advance written notice of any additions, improvements, alterations, equipping, or furnishing of or to the Premises that may adversely affect Airline's operations at the Airport; provided if a 30-day advance notice is not feasible due to legal, public health, or safety considerations (as determined by the Authority), then the notice shall be given as soon as practicable.

ARTICLE VI RENTALS, CHARGES AND FEES

6.01 Rental.

(a) Airline shall pay rent to the Authority for the Exclusive Use Space ("Rental") during the term hereof, without notice or demand and without deduction or setoff.

(b) The Rental shall be payable monthly, in advance, on or before the first (1st) day of each month.

(c) Each month, the Rental shall be one-twelfth (1/12th) of the sum of: (i) the square footage of each type of space included in the Exclusive Use Space (as shown on Exhibit B), multiplied by (ii) the applicable rate determined by the Authority for such Fiscal Year.

(d) The Authority shall determine the Rental rates before the start of each Fiscal Year; provided that the Authority may adjust the rates at any time during the Fiscal Year and the new rates will go into effect the first month that is at least 30 days from the adjustment date.

(e) Airline acknowledges that the Rental rate hereunder shall be at least 135% of the rate payable by a Signatory Airline for the same type of space.

6.02 Joint Use Fees.

(a) Airline shall pay to the Authority Airline's share of the following amounts (the "Joint Use Fees"), for the license to use the Joint Use Space during the term hereof, which Joint Use Fees and Airline's share shall be calculated and paid pursuant to this Section 6.02.

(b) The Joint Use Fee shall be computed based on the sum of (i) the square footage of each type of space included in the Joint Use Space, multiplied by (ii) the applicable rate determined by the Authority for such Fiscal Year. The Authority shall determine the Joint Use Fee rates before the start of each Fiscal Year; provided that the Authority may adjust the rates at any time during the Fiscal Year and the new rates will go into effect the first month that is at least 30 days from the adjustment date. Airline acknowledges that the Joint Use Fee rate hereunder shall be at least 135% of the rate payable by a Signatory Airline for the same type of space.

(c) The Joint Use Fees shall be payable on a monthly basis. Not later than the last day of each month during the term hereof and the month following the termination hereof, the Authority shall deliver to Airline an invoice setting forth the Joint Use Fees and Airline's share of such Joint Use Fees for such month. The Joint Use Fees for each month shall be allocated among the airlines using the Terminal Building according to the Joint Use Formula.

(d) The Joint Use Fees for each month during the term hereof shall be paid by Airline to the Authority within 15 days following the delivery to Airline of the Authority's written invoice therefor, without deduction or set off.

6.03 Landing Fees.

(a) Airline shall pay the Authority, without notice or demand and without deduction or setoff, fees for the use of the facilities of the Airport, other than the Exclusive Use Space and the Joint Use Space, monthly landing fees (the "Landing Fees").

(b) The monthly Landing Fees shall be calculated and determined as provided in this Section.

(c) The Authority shall determine the rate for computing the Landing Fee (the "Landing Fee Rate") before the start of each Fiscal Year; provided that the Authority may adjust the rate at any time during the Fiscal Year and the new Landing Fee Rate shall go into effect the first month that is at least 30 days from the adjustment date. Airline acknowledges that the Landing Fee Rate hereunder shall be at least 135% of the landing fee rate payable by a Signatory Airline, and in any event not less than \$1.56 per 1,000 pounds of Maximum Gross Landing Weight.

(d) The Airline's Landing Fees for a month shall be the product of the then applicable Landing Fee Rate multiplied by Airline's (including Affiliates') Total Landed Weight for the month. Airline shall furnish to the Authority on or before the 20th day of each month, commencing in the month following the Effective Date and including the month following the Expiration Date, an accurate report of Airline's and any Affiliates' operations at the Airport during the preceding month, setting forth the Landing Fees due under this Permit for such month. Said report shall include, but not be limited to, (i) Airline's and any Affiliates' total number of Aircraft Arrivals, by type of aircraft and Maximum Gross Landing Weight of each type of Aircraft, (ii) the calculation of the Landing Fees for each type of aircraft and a total of the Landing Fees for that month as shown in the space provided on the report form, as the same may be changed by the Authority from time to time, the current sample of which is attached hereto as Exhibit G and hereby incorporated herein by reference, (iii) the total number of Airline's and any Affiliates' enplaning and deplaning passengers, and (iv) the amount, expressed by weight, of Airline's and any Affiliates' freight, mail and other cargo for such month. The Maximum Gross Landing Weight for each Aircraft Arrival shall be rounded up to the nearest one thousand pound unit for Landing Fees computation. In the event that Airline fails to furnish the Authority with a report for any month pursuant to this Section, Airline's and any Affiliates' Landing Fees for such month shall be determined by assuming that the Total Maximum Gross Landed Weight for Airline and any Affiliates for such month was the same as during the most recent month for which such figure is available for Airline and any Affiliates. Any necessary adjustment in such Landing Fees shall be calculated after an accurate report is delivered to the Authority by Airline for the month in question, and resulting surpluses or deficits shall be applied to Airline's Landing Fees for the next succeeding month after such accurate report is made available to the Authority.

(e) The Landing Fees for each month during the term hereof shall be paid by Airline to the Authority on the first day of the second month following the month of Aircraft Arrivals to which the Landing Fees relate. For purposes of illustration, the Landing Fees for the month of January are due and payable on the following March 1.

6.04 Passenger Facility Charge. Airline agrees to the imposition by the Authority of a PFC at the Airport. Airline agrees to comply with the Airport's PFC program and all PFC Laws. Without limiting the generality of the foregoing, Airline issuing an air travel ticket or whose ticket stock is used in issuing such ticket by an agent shall collect from its passengers the funds required by the Airport PFC program and shall remit to the Authority said funds in accordance with the Airport's PFC program and the PFC Laws.

6.05 Fuel Surcharge.

(a) Airline shall pay the Authority a surcharge ("Fuel Surcharge"), at the rate established by the Authority, for fuel purchased by or on behalf of Airline and delivered to the fuel yard located at the Airport.

(b) To the extent not paid by the supplier of such fuel, the Fuel Surcharge for each gallon of fuel purchased by or on behalf of Airline and delivered to the fuel yard located at the Airport in each month shall be paid by Airline to the Authority by the fifth day of the next succeeding month, without deduction or set off. For purposes of illustration, the Fuel Surcharge for the month of January is due and payable by the following February 5.

6.06 Late Charge. Any payment required hereunder and not received on or before the due date thereof shall be assessed a late charge at the rate of 1.5% per month, in addition to all other remedies available to the Authority with respect to such failure, including but not limited to the provisions of Article XVI.

6.07 Interest on Past Due Payments. Any amount due from Airline pursuant to this Article VI or any other provision of this Permit which is not paid within ten days of when due shall bear interest from the due date until paid at a rate equal to 5% in excess of the prevailing prime rate established by banks located in Los Angeles, California for pricing commercial loans, on the first day of the month during which such payment default begins (but not more than the maximum rate permissible by Law); provided, however, that the payment of any late fee or interest pursuant to this Section shall not excuse or cure any default by Airline with respect to its obligations to pay any amount due from Airline pursuant to this Article VI or any other provision of this Permit.

6.08 Maintenance of Books and Records. Airline hereby agrees to keep and preserve, at all times during the term hereof and for a period of 24 months following the termination hereof, at Airline's office, full, true and accurate books of account and records of all Airline aircraft landings at the Airport during the term of this Permit, and Airline agrees to make said books and records available to the Authority's representatives for inspection and audit during the usual business hours at Airline's office at the Airport.

6.09 Acceptance of Payments. The acceptance by the Authority of any payment made by Airline shall not preclude the Authority from verifying the accuracy of any of Airline's reports submitted hereunder or from recovering any additional payment actually due from Airline.

6.10 Furnishing Information. Airline shall, upon request and to the greatest extent possible, furnish the Authority information pertinent to the Authority's planning purposes regarding Airline's current or future operations (including forecasts) at the Airport. Except for consolidated statistics for all airlines, the Authority shall not release such information without first obtaining Airline's consent, unless (i) required to do so by Law, or (ii) required to do so to facilitate the sale of Bonds by the Authority.

6.11 Changes in Scheduling. Airline shall, at the earliest date possible, but in any event no later than 15 days prior to any change in schedule, discuss with the Authority its consideration of any changes to its schedule of operations or the type and series of aircraft used at the Airport. Such discussions will be kept confidential unless disclosure is required by Law.

6.12 Inspection and Audit. The Authority, at its expense and upon reasonable notice, shall have the right from time to time to inspect and audit, during regular business hours, the books, records, and other data of the Airline relating to the provisions and requirements hereof. In the event that any audit determines that Airline has a deficiency in the amounts due and payable to the Authority, Airline shall pay to the Authority the deficiency so determined within ten days after receipt of an invoice therefor, and in the event that the deficiency is more than 5% of the amounts paid by Airline with respect to the relevant category of charges (i.e., Rental, Joint Use Fees or Landing Fees, or additional rental pursuant to Section 6.13). Airline shall also pay to the Authority the cost of such audit within such ten day period.

6.13 Additional Rental. The Authority, after due notice to Airline, may, but is not obligated to, cure any default of Airline. Airline shall pay all amounts paid or costs incurred by the Authority to cure any such default and any amounts levied or assessed by the Authority for violations by Airline of the Noise Abatement Rules or the Rules and Regulation shall be payable with the next succeeding installment of monthly Rental due under this Permit.

6.14 Payments. All reports and payments required to be delivered or paid by Airline to the Authority pursuant to this Permit shall be delivered to the Authority as set forth in Section 1.01, or to such other place as may hereafter be designated by the Authority.

6.15 Taxes.

(a) Airline shall pay all taxes (including any possessory interest tax or personal property tax), assessment, and charges, if any, which at any time during the term of this Permit may be levied against Airline or become a lien by virtue of any levy, assessment or charge against Airline by any Agency, including the federal government, the State, any municipal corporation or any other tax or assessment levying body, in whole or in part, upon or in respect of the Premises or such facilities of the Airport as are made available for use by Airline hereunder, or in respect to or upon any personal property belonging to Airline situated on the Premises or any of the other facilities of the Airport under this Permit. Payment of such taxes, assessments and charges, when and if levied or assessed, shall be made by Airline directly to the taxing or assessing authority charged with collection thereof.

(b) Airline may, at its own expense, contest the amount or validity of any tax or assessment, or the inclusion of the Premises as taxable or assessable property, directly against the taxing or assessing authority.

(c) Upon any termination of this Permit, all lawful taxes then levied, or which constitute a lien upon any of the Premises or such facilities of the Airport as are made available for use by Airline or any taxable interest therein, shall be paid in full by Airline forthwith, or as soon as a statement thereof has been issued by the tax collector if termination occurs during the interval between the attachment of the lien and issuance of statement.

6.16 Survival. Airline's obligation pertaining to any due but unpaid amount owing under this Permit shall survive the termination of this Permit.

**ARTICLE VII
[RESERVED]**

**ARTICLE VIII
[RESERVED]**

**ARTICLE IX
MAINTENANCE OF AIRPORT FACILITIES AND PUBLIC AREAS**

9.01 Airline's Responsibilities. Airline shall, at its sole cost and expense and in a manner acceptable to the Authority, perform all of the following:

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

(b) Remove all oil and grease spillage or other damage which is attributable to Airline's aircraft and other equipment.

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

(d) Immediately repair any damage occasioned by the fault or negligence of Airline or the Airline Parties.

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

9.02 Authority's Responsibilities.

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

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

9.03 Waiver. Airline expressly agrees that the Authority shall not be liable to any Airline Party for loss or damage occasioned by flood, fire, earthquake, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, vandalism,

malicious mischief, civil authority or any other cause beyond the reasonable control of the Authority.

ARTICLE X ALTERATIONS AND IMPROVEMENTS

10.01 Construction. Airline shall not, without in each instance obtaining the prior written consent of the Authority, which consent may be granted or withheld in the Authority's sole and absolute discretion, construct, install or make any modifications, alterations, improvement, or additions ("Alterations") in, on or to the Premises. Airline shall have no right to construct, install or make any Alterations in any areas of the Airport, other than Airline's rights granted in the preceding sentence. The Authority may impose, as a condition of the Authority's written consent to any Alterations to the Premises approved by the Authority hereunder ("Approved Alterations"), such requirements as to the contractor, time, manner, method, design and construction in which the Approved Alterations shall be done as the Authority determines, in its sole and absolute discretion. No such Approved Alterations shall be undertaken until Airline shall have procured and paid for all permits, licenses, approvals and authorizations of all required Agencies having jurisdiction thereof and the Authority's written consent to commence work. Prior to the commencement of any Approved Alterations, Airline shall comply with the Authority's policy on tenant improvements attached hereto as Exhibit H and hereby incorporated herein by reference, as the same may be amended, modified or supplemented from time to time. All plans shall be subject to the Authority's approval and, when required by the Airport Engineer, shall be prepared, stamped and signed by a State-licensed architect or engineer. Engineers shall be licensed for the particular discipline required. All work done in connection with any Approved Alterations shall be done at Airline's sole expense and with reasonable diligence, in a good and workmanlike manner, and in compliance with all Laws of any Agency having jurisdiction thereof. In order to expedite plan review and approval and to insure that the proposed Approved Alterations will be compatible with the Airport uses, Airline first shall submit to the Authority for approval a schematic or conceptual plan. The Authority shall have the right to inspect and reject any work not done in accordance with the plans and specifications approved by the Authority, and Airline shall immediately repair or remove such work. Within 30 days following the completion of any Approved Alterations, Airline shall furnish to the Authority a set of "as built" plans and specifications.

10.02 Assignment. Airline hereby assigns to the Authority any and all warranties or guaranties of contractors and subcontractors furnishing labor, materials, equipment and services in connection with the Approved Alterations, which assignment shall be effective upon the expiration or earlier termination of this Permit.

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

10.04 Authority's Property. Except for personal property and trade fixtures not permanently affixed to the Premises, all Approved Alterations made by or on behalf of Airline pursuant to Section 10.01, upon the Expiration Date, shall become the Authority's property and shall be surrendered with the Premises, unless the Authority shall elect otherwise not less than 15 days prior to the Expiration Date. In the event of such election, such Approved Alterations made by or on behalf of Airline in the Premises, as the Authority may select, shall be removed by Airline, at its sole cost and expense prior to the Expiration Date, and the Premises shall be restored and repaired to the condition existing as of the Effective Date, subject to reasonable wear and tear, casualty and damage by the elements.

ARTICLE XI ASSIGNMENT OR SUBLEASE

11.01 Assignment or Sublease. Except for any Wet Lease permitted under Section 4.10, use of the Premises by Affiliates on 30 days' notice to the Authority, or unless previously agreed to in writing by the Authority, the Airline shall not voluntarily assign, transfer, sublease, convey, mortgage, grant a security interest in, hypothecate or otherwise encumber all or any part of Airline's rights or interest in or to the Premises or this Permit or take any action which results in any of the foregoing by operation of law. Any attempted assignment, sublease, transfer, conveyance, mortgage, hypothecation, grant of a security interest in, or other encumbrance in violation of this Section shall be wholly void. For purposes of this Section, if Airline is a corporation, any assignment, transfer, conveyance, mortgage, hypothecation, grant of a security interest in or other encumbrance or other event which results, or upon foreclosure would result, in the reduction of the interest of the present shareholders of record to less than a majority of any class of voting stock of Airline, or if Airline is a partnership, any assignment, transfer, conveyance, mortgage, hypothecation, grant of security interest in partnership interest or other encumbrance or other event which results, or upon foreclosure would result, in the reduction of the profit and loss participation of the present general partners to less than fifty-one percent (51%), or if Airline is a corporation, partnership, trust or other entity, any change in the direct or indirect power to direct or cause the direction of the management and policies of such business or entity, shall be deemed to be a prohibited assignment, sublease, transfer, conveyance, mortgage, hypothecation, grant of a security interest or other encumbrance under this Section.

ARTICLE XII DAMAGE OR DESTRUCTION

12.01 Repairable Damage. Should the Premises, or any portion thereof, be damaged by fire or other casualty not caused by any Airline Party, and if the damage is repairable within a reasonable time from the date of the occurrence, the space shall be repaired with due diligence by the Authority; provided, however, the Authority will exert its reasonable effort to provide Airline with temporary substitute space, if available, until such time as the repairs are completed.

12.02 Complete Destruction. Should the Premises, or any portion thereof, be completely destroyed by fire or other casualty, or should they be damaged to such an extent that the damage cannot, in the opinion of the Authority, be repaired within a reasonable time after the occurrence, the Authority shall have the option to terminate this Permit to the extent that it shall apply to the affected building, rooms or other space. In the event that this Section shall become applicable, the

Authority shall advise Airline within 30 days after the happening of any such damage whether the Authority has elected to continue the Agreement in effect as to the space damaged or destroyed or to terminate it. If the Authority shall fail to notify Airline of its election within said 30 day period, the Authority shall be deemed to have elected to terminate this Permit as to the space damaged or destroyed, and the Agreement shall automatically terminate as to such space 90 days after the occurrence of the damage. If the Authority shall elect to continue this Permit in effect with respect to such damaged space, it shall commence and prosecute with due diligence any work necessary to restore or repair the space; provided, however, the Authority will exert its reasonable efforts to provide Airline with temporary substitute space, if available.

12.03 Waiver by Airline. Airline hereby waives the provisions of Sections 1932, 1933, and 1941 through 1942, inclusive, of the California Civil Code and of any other Law now or hereafter in effect which is contrary to the obligations of Airline under this Permit or which relieves Airline therefrom, or which places upon the Authority obligations in addition to those provided for in this Article.

ARTICLE XIII INSURANCE

13.01 Obligation to Maintain Insurance. At all times during the term of this Permit and at its sole cost and expense, Airline shall maintain in effect the insurance coverage and limits of liability as provided in this Article (“Required Insurance”). In the event that Airline fails to maintain any of the Required Insurance, the Authority shall have the right, but not the obligation, to obtain some or all of the Required Insurance at Airline’s sole expense. In addition, the Authority, at the Authority’s election, exercised by delivery to Airline of written notice thereof, shall have the right to maintain some or all of the Required Insurance, provided that (i) the Authority reserves the same right in all new or renewal Airport use agreements, and (ii) the cost to Airline of insurance maintained by the Authority does not exceed the cost of such insurance if obtained by Airline. In the event the Authority elects to maintain some or all of the Required Insurance, either because of Airline’s failure to provide Required Insurance or the Authority’s election to provide some or all of the Required Insurance, Airline shall pay to the Authority its proportionate share of the premiums for all Required Insurance maintained by the Authority within ten days following the delivery to Airline of each written statement setting forth the amount of said premiums and the applicable premium period.

13.02 Liability and Workers’ Compensation Coverages. Airline shall maintain in effect insurance protecting Airline and each Authority Party from and against claims arising out of, resulting from or relating to the conduct by Airline of its business of Air Transportation and otherwise relating to Airline’s use of the Airport pursuant to this Permit as follows:

(a) Comprehensive Airline Liability Insurance. Comprehensive Airline liability covering bodily injury, death, property damage and passenger liability insurance, including war and allied perils coverage under extended coverage endorsement AVN52D or equivalent, airport premises and operations liability, aircraft liability, contractual liability, products and completed operations liability and independent contractors liability, all written on an occurrence basis in an amount not less than \$300,000,000 combined single limit for bodily injury, death, property damage and passenger liability each occurrence and each aircraft, and, with respect

to products and completed operations liability, in the annual aggregate, and, provided that Airline has complied with the requirements of subsection (b) below, as respects the coverage provided for bodily injury and property damage under extended coverage endorsement AVN52D or equivalent (war and allied perils coverage), subject to a sub-limit of \$25,000,000 any one occurrence and in the annual aggregate, as respects non passenger third party liability only, within the full policy limit and not in addition thereto.

(b) FAA Insurance. So long as the FAA is issuing war risk insurance for aircraft hull, passenger, crew and third party liability as representative of the United States of America under 49 U.S.C. Ch. 443 (as amended by the Air Transportation Safety and System Stabilization Act—Public Law 107-42), Airline shall obtain and maintain the maximum amount of coverage available to Airline from the FAA or other available sources. During the period that such FAA insurance is available to Airline, the provisions of Section 14.02 shall apply.

(c) Automobile Liability Insurance. Automobile liability insurance covering all owned, non-owned and hired vehicles written on an occurrence basis in an amount not less than \$5,000,000 combined single limit for each occurrence for bodily injury, death and property damage.

(d) Workers' Compensation and Employer's Liability Insurance. Workers' compensation insurance written in accordance with California statutory limits and employer's liability insurance, in amounts not less than the following:

- (i) Bodily injury by accident - \$5,000,000 - each accident
- (ii) Bodily injury by disease - \$5,000,000 - policy limit
- (iii) Bodily injury by disease - \$5,000,000 - each employee

The employer's liability insurance shall not contain an occupational disease exclusion.

(e) War Risk Liability Coverages. All policies of liability insurance required hereunder shall include war risk liability extensions.

13.03 Property Insurance. Airline shall maintain in effect property insurance written on an all risk of direct physical loss basis covering Airline's fixtures, tenant improvements and betterments, personal property and equipment located at the Airport in an amount not less than 100% of the replacement value thereof. The proceeds of such insurance shall be used to repair or replace the insured property. Airline shall also maintain in effect aircraft physical damage insurance (aka hull insurance) covering all aircraft operated by Airline against "All Risks" of loss or damage in an amount not less than 100% of the replacement value thereof.

13.04 Business Interruption Coverage. Airline shall maintain in effect business interruption insurance, insuring against damage or economic loss caused by any interruption of Airline's business of Air Transportation or use of the Airport due to an insured peril in an amount at least equal to the sum of the then current annual Rental, Landing Fees, Joint Use Fees and PFC charges required to be paid by Airline to the Authority pursuant to this Permit.

13.05 Adjustment of Required Insurance. Airline understands and agrees that the types and amounts of Required Insurance may become inadequate during the term of this Permit, and Airline agrees that it shall add such insurance or coverage and increase such minimum limits of liability by such amounts as may be required at any time and from time to time by the Authority, if the Authority shall adopt a resolution or other written policy requiring such additional insurance coverage or limits of liability from all airlines at the Airport.

13.06 Policy Requirements. Each policy of Required Insurance shall be obtained from an insurance company, or pool of multiple insurance companies, each authorized to conduct business in the State and having a rating of not less than A X in A.M. Best's Insurance Guide or such other similar guide acceptable to the Authority and/or otherwise acceptable to the Authority. Within ten days prior to the Effective Date and ten days prior to policy renewal dates thereafter, Airline shall deliver to the Authority certificates of insurance issued by the insurance companies and evidencing that all Required Insurance has been obtained and is being maintained by Airline, together with copies of endorsements (i) requiring the insurers to give to the Authority at least 30 days' prior written notice of the cancellation or non renewal of any Required Insurance, (ii) with respect to the "all risk" property insurance, naming the Authority as a loss payee, (iii) providing that all Required Insurance is primary insurance without right of contribution of any other insurance carried by or on behalf of any Authority Party, (iv) requiring insurers to provide a waiver of subrogation in favor of Authority Parties and (v) with respect to the comprehensive airline liability, automobile liability and employer's liability insurance, naming (A) Airline and the Airline Parties as named insureds, and (B) except for workers' compensation insurance, all of the Authority Parties as "additional insureds." Unless otherwise approved in writing by the Authority, the definition of "additional insured" and the coverage of the Authority as an additional insured under Airline's liability insurance policies shall be as provided in the 1997 Insurance Services Office CG 20 10 Additional Insured endorsement. The failure of Airline to provide said certificates of insurance, together with said endorsements, or, if a notice of cancellation or non renewal of any Required Insurance has been delivered to Airline, the failure of Airline to replace the Required Insurance which is the subject matter of such notice of cancellation or non renewal prior to the effectiveness of such cancellation or non renewal, shall in either case constitute an Event of Default hereunder. In no event shall any Authority Party be responsible or liable for the payment of any premiums for the insurance required to be obtained and maintained by Airline pursuant to this Article.

13.07 No Limitation of Liability. Airline acknowledges and agrees that the limits of liability provided in the Required Insurance shall in no event be considered as limiting the liability of Airline under this Permit.

ARTICLE XIV INDEMNIFICATION

14.01 General. In addition to any other claim or indemnity hereunder, or by operation of law to which the Authority is entitled to, to the fullest extent permitted by law, Airline shall defend, indemnify and hold harmless the Authority Parties from and against any and all Claims arising out of, resulting from, relating to or in connection with this Permit, the conduct of Airline's Air Transportation business or operations at the Airport, or Airline's use of the Premises or other areas of the Airport by Airline or any Airline Party, including but not limited to, any breach or violation of, or failure to comply with, any provision of the Noise Abatement Rules, Security Requirements, Rules and Regulations or Disability Laws or arising out of, resulting from or relating to any Approved Alteration or other improvement, alteration or facility constructed, installed or made by Airline on the Premises.

14.02 War Risk Indemnification. During the period that the FAA makes available to Airline war risk insurance coverage as described in Section 13.02(b), to the fullest extent permitted by law, Airline shall release, indemnify, defend and hold harmless the Authority Parties from and against any and all Claims, which in any way arise out of or result from flight activities of Airline, the screening, ticketing, boarding or transporting of passengers by Airline, the use or occupancy by Airline of any space or facilities at the Airport or the performance of services by the Authority for the use or benefit of Airline, including but not limited to injury to or death of any person, damage to or destruction of any property, real or personal (including but not limited to property owned, leased or under the control of Airline), and liability or obligations under or with respect to any violation of federal, state and local laws, regulations, rules, codes and ordinances, but in all cases only to the extent that (i) such Claims are not covered by other insurance of the Authority and (ii) coverage in the form of war risk insurance under the Airline's insurance policies as required by Sections 13.02(a) and 13.02(c), including extended coverage endorsement AVN52D and/or insurance provided by the FAA as described in Section 13.02(b) is available to Airline. Airline's indemnification obligations hereunder shall apply regardless of whether or not the damage, loss or injury complained of arises out of or relates to the negligence (whether active, passive or otherwise) of, or was caused in part by, an Authority Party. Airline's indemnification obligations hereunder shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits paid or payable by Airline under Workers' Compensation Acts, disability benefits acts or other employee benefit laws or regulations.

14.03 Exculpation of the Authority from Liability. Airline, on behalf of itself and the Airline Parties, hereby waives any and all Claims against the Authority Parties, and the Authority Parties shall not be liable for any Claim arising out of, resulting from, relating to or in connection with any cause whatsoever, including, but not limited to: (i) latent or patent defects in the construction or condition of the Airport, including, without limitation, any Contamination; (ii) fire, steam, electricity, gas, water or rain which may leak or flow from or into any part of the Airport; (iii) flood, fire, earthquake, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, vandalism, malicious mischief, civil authority or any other cause beyond the reasonable control of the Authority; (iv) breakage, leakage, obstruction or other defects of the pipes, wires, appliances, plumbing, heating, ventilation and air conditioning systems, or lighting fixtures of or serving the Airport; (v) the use of the Airport by any Airline Party, whether said damage or injury results from conditions arising upon the Airport, or from other

sources; or (vi) any damage or loss arising from any negligent acts or omissions or willful misconduct of any other tenant, licensee, concessionaire or customer of the Airport or any other person or entity; except to the extent any of the foregoing arises from the gross negligence or willful misconduct by the Authority.

14.04 Survival. Airline's indemnification obligations under this Article shall survive termination or expiration of this Permit to the extent the applicable Claims arose during the term of this Permit.

ARTICLE XV EMINENT DOMAIN

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

15.02 Partial Taking. In the event of any taking under the power of eminent domain which does not result in a termination of this Permit pursuant to Section 15.01, the Authority and Airline shall each, at its own expense, promptly restore the remaining portion or the Premises for which they are obligated hereunder to repair to as near its former condition as is reasonably possible, and this Permit shall continue in full force and effect.

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

15.04 Condemnation by the Authority. Nothing in this Permit shall impair, limit or otherwise affect the power of eminent domain of the Authority or the exercise of such power by the Authority.

ARTICLE XVI EVENTS OF DEFAULT; REMEDIES

16.01 Event of Default. Each of the following shall constitute an Event of Default under this Permit:

(a) (i) The voluntary or involuntary appointment of a receiver, trustee or liquidator to take possession of all or substantially all of the assets of Airline when such appointment is not dismissed, terminated or vacated in 60 days; or (ii) a general assignment by Airline for the benefit or protection of creditors; or (iii) Airline's admission of its inability to pay its debts as they become due; or (iv) any action taken against or suffered by Airline under any

federal, state or other statute relating to insolvency, bankruptcy, reorganization, arrangement, composition, liquidation, dissolution or other relief for debtors; unless, in the case of an involuntary petition filed against Airline to have Airline adjudged a bankrupt or for reorganization or arrangement, the petition is dismissed within 60 days.

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

(c) An attempted or purported assignment, sublease, transfer, conveyance, mortgage, grant of security interest, hypothecation or other encumbrance of all or any part of Airline's rights or interests under this Permit or in the Premises in violation of Section 11.

(d) Vacation or abandonment of the Premises or of possession of the Premises, except in conjunction with the exercise by Airline of any express right of Airline to terminate this Permit.

(e) The failure by Airline to cure a violation of the Security Requirements within 30 days of Airline's receipt of the notice described in Section 4.06(d).

(f) The failure by Airline to pay any amount when due and payable hereunder, where such failure to pay continues for ten days following the date that such amount was due.

(g) Any violation by Airline of a provision of Article XIII.

(h) The failure by Airline to obtain and/or maintain in effect all licenses, permits, approvals, authorizations and registrations required by applicable Laws in connection with the conduct of Airline's business.

(i) The failure by Airline to comply with the Authority's Rules and Regulations within 30 days of Airline's receipt of the notice described in Article XXII.

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

(k) Any violation by Airline or any of its agents or employees of any Hazardous Substances laws, rules, or regulations as provided in Article XVII.

(l) The failure by Airline to replenish the Security Deposit within 10 days of Airline's receipt of the notice described in Section 26.02.

(m) (i) The occurrence of any non-curable default in the keeping or performance of any provision of this Permit to be kept and performed by Airline other than those described in subsections (a) through (l) of this Section, or (ii) failure to remedy any curable default in the

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

(n) The occurrence and continuation of any default, breach or non-performance by Airline under this Permit or any other written agreement between the Authority and Airline, or by Airline or Sub-Contractor under the Equipment Maintenance Agreement, after giving effect to any applicable grace period, notice requirement or opportunity to cure such default, breach or non-performance.

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

(a) Terminate Airline's right to possession of the Premises by notice to Airline, in which case this Permit shall terminate and Airline shall immediately surrender possession of the Premises to the Authority. In such event, the Authority shall be entitled to recover from Airline:

(i) The unpaid amounts (including late charges and interest) payable by Airline under this Permit which have accrued to the date of termination; and

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

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

(c) If the Authority terminates this Permit pursuant to subsection (a) of this Section, unless and until removed in accordance with Section 2.04, take exclusive possession of all of Airline's fixtures, furniture, equipment, improvements, additions, alterations and other personal property on the Premises or other areas of the Airport, and to use the same, without rent

or charge, until all defaults are cured, or, at its option, at any time during the term of this Permit, to require Airline to forthwith remove to same.

16.03 Waiver. Airline hereby waives all claims and demands against the Authority for damages or loss arising out of or in connection with any re-entering and taking possession of the Premises, as provided in Section 16.02.

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

16.05 Cumulative Remedies. The various rights and remedies reserved to the Authority herein shall be cumulative, and, except as otherwise provided by law, the Authority may pursue any or all such rights and remedies, whether at the same time or otherwise, and no single right shall be deemed to be exclusive of any of the other or of any right or remedy allowed by law or in equity. No delay or omission of the Authority to exercise any right or remedy shall be construed as a waiver of any such right or remedy or waiver of any Event of Default.

16.06 Performance of Airline's Covenants by the Authority. In the event that Airline at any time fails to make any payment or perform any other act under this Permit, the Authority shall have the right, but not the obligation, immediately or at any time thereafter, without notice or demand and without waiving any right or releasing Airline from any obligation to the Authority, to make such payment or perform such other act for the account of Airline, to the extent the Authority may deem desirable. In connection therewith, the Authority may pay reasonable expenses and employ counsel in instituting, prosecuting or defending any action or proceeding under this Permit. All sums so paid by the Authority and all expenses incurred in connection therewith, together with interest thereon at the annual rate specified in Section 6.07, shall be payable to the Authority on demand.

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

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

ARTICLE XVII
ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

17.01 Hazardous Substances and Environmental Compliance. Airline agrees that it shall abide by all Hazardous Substances laws, rules and regulations, relating to hazardous substances including, but not limited to, 49 CFR, Part 171, et seq. Airline agrees it will carry no Hazardous Substances onto the Airport which are not permitted by law to be carried by passenger aircraft except those items required to maintain Airline's aircraft.

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

Airline shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental Agency or Environmental Law for clean-up and removal of any Contamination caused by Airline or an Airline Party. In conducting a clean-up of a Hazardous Substance release under this Permit, Airline shall comply with applicable Environmental Laws.

Airline shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Storm Water drainage system unless authorized by Environmental Law and the Airport's Storm Water discharge permit. Airline shall not allow or cause the entry of any unauthorized Non-Storm Water Discharge that is under its control into the Storm Water drainage system of the Airport or into the Storm Water drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the Authority for that purpose, and Airline complies with recommendations made by the State and/or federal Environmental Protection Agency and the Airport's Storm Water discharge permit requirements. Airline shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by Environmental Law.

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

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

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

(b) The Airline's release of Hazardous Substances upon or within the Airport.

(c) The Airline's violation of any Environmental Law, except that Airline's obligations under this paragraph shall not extend to known conditions that are, as of the date of this Permit, the subject of investigation and remediation by Lockheed or others, or remediation conditions that arise from operations of third parties that are not affiliated with Airline that take place off of the Airport. A party shall be deemed to be affiliated with Airline if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of Airline or if it is controlled by, or under common control with, Airline.

(d) The Airline's causing or allowing any discharge into the Airport Storm Water drainage system that is prohibited by Section 17.01 of this Permit.

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

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

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

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

17.03 Disclosure. Airline shall keep sufficient records such that, within 15 days of the Authority's written request, Airline shall submit to the Authority the following documents: (i) an inventory or list of all compounds or products that contain Hazardous Substances which were used, stored or disposed of by each Airline Party on or about the Airport during the prior year, (ii) all Material Safety Data Sheets for said compounds or products containing Hazardous Substances,

(iii) an estimate of the quantity or volume of such products or compounds used, stored or disposed of on or about the Airport during the prior year, and (iv) copies of all hazardous waste manifests for wastes generated on the Airport and sent offsite for treatment, storage, disposal or recycling.

(a) Delivery of Documentation. Airline shall deliver to the Authority true and correct copies of the following documents related to compliance with Environmental Laws concurrently with the receipt from or submission to an Agency: (i) permit applications; (ii) permits and approvals; (iii) notices of violations of Environmental Laws and Airline's responses thereto; (iv) environmental assessments, and (v) any other documents related to compliance with Environmental Laws that the Authority may reasonably request from time to time.

(b) Notice. If any Airline Party is required by Law to give notice to any Agency about any Contamination, Airline shall immediately give notice of such Contamination to the Authority's Director of Environmental and Noise Programs or such other person as may be designated by the Authority in writing by telephone at (818) 840-8840, which shall be confirmed by written notice not later than the next business day. This obligation to notify the Authority shall also extend to any personal injuries or property damage to third parties resulting directly or indirectly from said Contamination. If Airline becomes aware of the presence of or use of any Hazardous Substances not authorized in accordance with the terms of this Permit, or of any Contamination not subject to the notification provisions of the first sentence of this Section, Airline shall immediately give written notice of such condition to the Authority to the extent required by California Health and Safety Code Section 25359.7.

17.04 Annual Site Investigation. Without limiting its other rights with respect to the Premises, the Authority shall have the right, but not the obligation, to conduct annually an environmental inspection and assessment of the Airport during each year of the term of this Permit, and to utilize the services of an environmental consultant or consulting firm for such inspection and assessment. Airline shall pay its share (as determined by the Authority) of the reasonable cost of each such annual inspection of the Airport. If the environmental inspection and assessment of the Airport discloses the existence of any Airline Contamination, Airline shall take any and all action as provided in Section 17.01. In the event that the Authority elects not to conduct an annual environmental inspection and assessment, or if the Authority's environmental inspection and assessment fails to discover or disclose any Airline's Contamination, Airline shall not be excused from performing its obligations or relieved from liability to the Authority under this Article.

17.05 Air Quality Improvement Plan. Airline shall comply with the following provisions of the Authority's Air Quality Improvement Plan.

(a) Ground Support Equipment Emissions Policy. Airlines and other entities own and operate GSE to support arriving, departing, and parked aircraft at the Airport. The Authority's GSE policy will ensure that the Authority achieves airport-wide GSE emissions targets. Airline will use commercially available efforts to achieve an airport average composite emissions factor for its GSE fleet which is equal to or less than 1.66 horsepower-hour of nitrogen oxides (g/hp-h of NO_x) by January 1, 2023, and 0.74 g/hp-h of NO_x by January 1, 2031. Upon achieving the 2023 and 2031 emissions targets, Airline shall be required to ensure its fleet average continues to meet the Airport emissions targets. Airline's obligation to meet the 2031 target shall be contingent on the installation of adequate infrastructure to support zero-emission GSE, which

is operationally feasible and commercially available. Airline's "Burbank Airport GSE fleet" shall be comprised solely of GSE operated at the Airport. Emissions performance of GSE operating at the Airport cannot be averaged with emissions performance of GSE operating at other airports to demonstrate compliance with the Airport GSE emissions targets.

(b) Clean Construction Policy. The Authority has adopted a Clean Construction Policy, which may be accessed/found at <http://hollywoodburbankairport.com/green-initiatives/>. For all Airport capital improvement projects undertaken by Airline, Airline shall comply, and shall cause its contractors to comply, with such Clean Construction Policy, and shall otherwise ensure its contractors follow clean construction policies to reduce emissions of NOx such as using low-emission vehicles and equipment, recycling construction and demolition debris, and minimizing non-essential trips through better schedule coordination.

(c) Burbank Airport Employee Ride Share Policy. The Authority has joined the BTMO, which serves all Airport employees and all Airport tenant employers, including employers with less than 250 employees. Airline is encouraged to also join and to actively participate in the BTMO as an individual member.

ARTICLE XVIII NO OBLIGATION TO PROVIDE UTILITIES OR SERVICES

18.01 The Authority Not Responsible. Airline acknowledges that the Authority has no obligation to provide utilities or services to the Exclusive Use Space. Airline shall comply with all rules, regulations and other requirements which any provider or supplier of utilities or services may establish for the use, proper functioning and protection of any said utility or service.

18.02 Fire and Security. The Authority is not obligated to Airline to furnish any fire fighting services or security services for the Premises or other areas of the Airport. Airline acknowledges that the Airport are within the municipal service areas of the City of Burbank and the City of Los Angeles.

ARTICLE XIX PUBLIC AREAS

19.01 Public Areas. During the term of this Permit, Airline and the Airline Parties shall be entitled to use all Public Areas located in the Terminal Building, including waiting rooms, restrooms and toilet facilities, in common with the Authority and with other persons authorized by the Authority from time to time to use said facilities.

19.02 Restrictions on Use. The Authority reserves the right, in its sole and absolute discretion, to make changes at any time and from time to time in the size, shape, location, number and extent of the Public Areas, or any of them, and specifically further reserves the right to designate portions of the Public Areas for the exclusive or non-exclusive use of certain tenants concessionaires, licensees, vendors and other users of the Airport.

19.03 Parking. Notwithstanding that the Authority may lease motor vehicle parking spaces to employees of Airport tenants as such parking spaces may be available, it is expressly understood and agreed that the Authority is not responsible or obligated to provide Airline or

Airline Parties with any motor vehicle parking spaces within the Airport or otherwise, as an appurtenance to this Permit. Airline shall be solely responsible for arranging any and all necessary motor vehicle parking incidental to this Permit.

ARTICLE XX SUBORDINATION

20.01 Subordination. This Permit is subject and subordinate to all mortgages, deeds of trust, bond indentures, liens, encumbrances and other security interests now or hereafter affecting the Premises or any other areas of the Airport, and to all renewals, modifications, replacements, consolidations and extensions thereof (“Senior Lien” and the holder thereof being a “Senior Lienholder”). Airline shall execute and deliver to the Authority or any other party requiring confirmation of such subordination, within ten calendar days following receipt of a request for such confirmation, any and all documents which may be required to effectuate such subordination. Airline further agrees that this Permit shall be amended, modified or supplemented in accordance with the reasonable requirements of a Senior Lienholder, so long as such amendment, modification or supplement does not alter the rights or duties of Airline under this Permit and that Airline’s written consent to any such amendment, modification or supplement shall not be unreasonably withheld or delayed. Airline shall give prompt written notice to each Senior Lienholder of which Airline has written notice, of any default of the Authority, and Airline shall allow such Senior Lienholder a reasonable length of time (in any event, not less than 30 days from the date of such notice) in which to cure such default.

20.02 Attornment. Subject to the terms of any nondisturbance agreement between Airline and a Senior Lienholder, in the event that any Senior Lien is foreclosed, Airline, with and at the election of the purchaser or, if there is no purchaser, with and at the election of the holder of the fee title to the Premises or any other area of the Airport, agrees to (i) enter into a new Non-Signatory Air Carrier Operating Permit for the remainder of the term of this Permit with substantially the same provisions herein provided or (ii) attorn to the purchaser and recognize the purchaser as the Authority under this Permit, provided such purchaser agrees to assume in writing all obligations of the Authority under this Permit.

20.03 Subordination to Bond Resolution. Without limiting any of the foregoing:

- (a) This Permit is made subject and subordinate to each Bond Resolution.
- (b) In conflicts between this Permit and any Bond Resolution, such Bond Resolution shall govern.
- (c) So long as any Bonds secured by a Bond Resolution are outstanding, all Airport Revenue, including interest income, shall be deposited, maintained, and paid as set forth in such Bond Resolution.

ARTICLE XXI QUIET ENJOYMENT

Upon payment of all the amounts due hereunder and the observance and performance by Airline of all the provisions on Airline’s part to be observed and performed pursuant to this Permit,

Airline may peaceably and quietly enjoy the Exclusive Use Space, subject to the provisions of this Permit and to any mortgages, deeds of trust, bond indentures, security interests, liens and other encumbrances secured by the Airport or its revenues.

ARTICLE XXII RULES AND REGULATIONS

Airline shall comply with the Rules and Regulations established by the Authority for use of the Premises and the other areas of the Airport. The Authority shall provide Airline with a copy of the Rules and Regulations and any and all supplements, modifications and amendments thereto. Upon receipt of any written notice from the Authority of a violation of the Rules and Regulations by Airline, Airline shall cure the violation specified in such notice. The Authority shall not be responsible to Airline for the nonperformance of any other airline, tenant, occupant, licensee, concessionaire or user of the Airport of any of the Rules and Regulations.

ARTICLE XXIII CONFIDENTIAL INFORMATION

23.01 Prohibition Against Disclosure. Each party covenants and agrees, for itself and its employees, agents, representatives and contractors, that, except as provided in Section 23.02, such party and its employees, agents, representatives and contractors shall maintain and keep in strict confidence and shall not disclose to any other person or entity any Confidential Information relating to the other party or the other party's business or properties. Each party acknowledges and understands that legal remedies may not be adequate in connection with a breach of the provisions of this Article, and, therefore, each party consents to injunctive relief in connection with the enforcement of this Article.

23.02 Permitted Disclosures. Notwithstanding the provisions of Section 23.01, each party shall have a right to disclose Confidential Information (i) to such party's officers, employees, agents, representatives, contractors and consultants as may be necessary in connection with the performance of this Permit and of such persons' duties; (ii) in connection with litigation, including in response to discovery requests; (iii) in connection with any applicable Law or any Agency, including any and all notices, plans or other documents required to be filed with any regulatory agency; (iv) in connection with the California Public Records Act, California Government Code §§6250, et seq.; (v) in connection with the issuance by the Authority of Bonds; (vi) in connection with the Authority's application for or compliance with the requirements of any federal, state or local funding program, grant or other financing; (vii) in connection with the preparation and issuance of financial statements of such party; or (viii) as otherwise is required by Law.

23.03 Exclusion from Definition. Notwithstanding the provisions of Section 23.01, the term "Confidential Information," as used herein, shall not include any information relating to a party to the extent that the information (i) was already known by the other party at the time of disclosure to the other party; (ii) is or becomes publicly available through no fault of the other party; or (iii) is disclosed by the other party to a third party, provided that at the time of such disclosure such third party was lawfully in possession of such information.

23.04 Survival. The provisions of this Article shall survive the expiration or termination of this Permit.

**ARTICLE XXIV
[RESERVED]**

**ARTICLE XXV
[RESERVED]**

**ARTICLE XXVI
SECURITY DEPOSIT**

26.01 Security Deposit. Airline shall deposit with the Authority on the Effective Date an irrevocable letter of credit, surety bond or cash (“Security Deposit”) in the amount set forth in Section 1.01 to guarantee the faithful performance by Airline of its obligations under this Permit and the payment of all rentals, fees and charges due hereunder. Authority may use the Security Deposit to pay delinquent rentals, fees and other charges payable by Airline hereunder (including but not limited to PFCs) in order to ensure prompt payment thereof. The Authority may adjust such Security Deposit requirement from time to time upon a determination that an additional amount is warranted due to increased flight levels or, in the Authority’s sole and absolute discretion, for any other purpose reasonably necessary to protect Authority and the Airport from changed circumstances. Airline shall be obligated to maintain such Security Deposit during the term of this Permit. If such Security Deposit shall be in the form of an irrevocable letter of credit or surety bond, then such Security Deposit shall be in a form and with a company reasonably acceptable to Authority and licensed to do business in the State. In the event that any such Security Deposit shall be for a period less than the full period required by this Section or if the Security Deposit shall be canceled, Airline shall provide a renewal or replacement Security Deposit for the remaining required period at least 60 days prior to the date of the expiration or cancellation of such Security Deposit and it shall contain a provision allowing for a draw on the then Existing Security Deposit if a renewal or replacement is not provided by such date. The Authority shall not pay interest on the Security Deposit and shall not be required to keep the Security Deposit separate from its other funds and accounts. If Airline shall have fully performed all terms and conditions of this Permit, any cash constituting the Security Deposit shall be paid to Airline no later than 30 days after the Expiration Date, without interest, provided, however, if Airline does not vacate the Premises in violation of the provisions of Section 2.04, the Authority shall retain such Security Deposit but such retention shall not limit any rights of the Authority arising from Airline’s violation of Section 2.04.

26.02 Continuing Obligation. The obligation of Airline to provide and maintain the Security Deposit mentioned above shall be a continuing obligation in the nature of a payment obligation. In the event the Authority is required to draw down or collect against Airline’s Security Deposit for any reason, Airline shall, within ten business days after the Authority’s written notice to Airline of such draw down or collection, take such action as may be necessary to replenish the existing Security Deposit to its original amount or to provide additional or supplemental Security Deposit from another source so that the aggregate of all Security Deposits is equal to the required amount. Notwithstanding anything set forth herein to the contrary, Authority shall not be barred from drawing down or collecting against Airline’s Security Deposit by (i) the insolvency of

Airline, (ii) the election of Airline to take the benefit of any present or future insolvency statute, (iii) a general assignment by Airline for the benefit of creditors, or (iv) any action of Airline to seek a reorganization or the readjustment of its indebtedness under any Law including the filing by Airline of a voluntary petition of bankruptcy or the institution of proceedings against Airline or the adjudication of Airline as bankrupt pursuant thereto.

ARTICLE XXVII MAINTENANCE AND REPAIR OF EQUIPMENT

27.01 Equipment Maintenance Agreement. Airline agrees that it shall enter into and maintain in full force and effect during the term hereof, the Equipment Maintenance Agreement to assume responsibility and provide for all labor, material and equipment for the maintenance and repair of all Equipment throughout the term of this Permit, including all costs associated with the maintenance and repair of the Equipment. The Authority, in its sole discretion, may upon reasonable notice, add, delete, shift or adjust the Equipment without amending this Permit. The Authority shall not pay for any work performed on the Equipment. A Sub-Contractor acceptable to the Authority may be hired by Airline to generally maintain and repair the Equipment. Any Sub-Contractor so hired shall not have any possessory rights in Airport facilities but may, in a nonexclusive and non-possessory manner, enter the Airport for the purpose of performing the obligations set forth in the Equipment Maintenance Agreement. Airline agrees that the Equipment Maintenance Agreement shall include the terms and conditions set forth in Section 27.02.

27.02 Terms of Equipment Maintenance Agreement. Airline agrees that the Equipment Maintenance Agreement shall provide for the:

(a) Ensure that daily, monthly and semi-annual inspections are performed and reported using the inspection form(s) attached hereto as Exhibit L and by the 20th day of each month, the Authority shall receive a report detailing routine and non-routine maintenance/repairs completed in the prior month on each item of Equipment. Authority shall retain the right at any time to inspect the Equipment and review its maintenance records.

(b) Any work conducted pursuant to the Equipment Maintenance Agreement shall comply with then-current advisory circulars from the FAA or any other government agency, which relate to aviation operations. If in the sole opinion of the Authority, the Equipment is not maintained in good condition and repair in accordance with any applicable Law, or is maintained in a manner which is deemed to be hazardous or harmful to Airport personnel or the public, Authority may remove the Equipment from operation and require the unsatisfactory condition(s) be corrected within 15 days after receipt of written notice. If the condition is not corrected within 15 days after receipt of written notice, Authority shall have the right, but not the obligation, to effect the repair and any costs for parts and labor shall be borne by the parties to the Equipment Maintenance Agreement.

(c) Should any Equipment become inoperative, the Authority's Airport Operation Department shall be advised within one hour of such inoperation.

(d) If the Authority, in its sole discretion, determines that the maintenance and repair of any Equipment are insufficient, the Authority shall provide written notice to the Sub-

Contractor and if Sub-Contractor's performance does not improve to the satisfaction of the Authority, the Authority shall notify the Chairperson of the Airlines/Airport Affairs Committee or his or her designee in writing that it is in default of this Permit, and specify the requirements to cure the default by a specified time. Should the default fail to be cured within the specified time, the Authority may terminate this Permit upon ten days written notice.

(e) Prior to effecting repairs or replacing parts the Authority's written consent shall be obtained. No alterations and changes shall be made and no structures, machines, appliances, utilities, signs or other improvements shall be made, built or installed, on or within, the Equipment. Notwithstanding the foregoing, repairs and parts replacement may be made on an emergency basis with verbal approval from Airport Operations.

(f) Authority shall receive a copy of Sub-Contractor's invoices describing the services performed by Sub-Contractor and the costs for those services within a month of their performance. Attached to the invoices shall be all supporting documentation detailing the work performed and any other information required by the Authority from time to time.

(g) The Authority shall have the right to audit any cost, payment, settlement or supporting documentation resulting from the Equipment Maintenance Agreement during the term of this Permit and for three years following the Expiration Date. The Sub-Contractor shall maintain all necessary records and documentation for the entire length of the audit period within a 25 mile radius of the Airport or will reimburse the Authority for travel expenses to the site where located, and shall fully cooperate with any such audit(s). The cost of any such audit shall be borne by the Authority unless the audit reveals a discrepancy of more than two percent between the amounts described in the documentation, and the amounts determined by the Authority audit. In the event of a greater discrepancy, the parties to the Equipment Maintenance Agreement shall pay the cost of the audit.

(h) The Sub-Contractor, shall act in an independent capacity and not as officers or employees of the Authority. The Equipment Maintenance Agreement shall expressly provide that the Authority is not liable for Sub-Contractor's actions and performance, or taxes, bonds, payments or other commitments, implied or explicit, by or for Sub-Contractor. Sub-Contractor shall have no authority to act as an agent on behalf of the Authority unless specifically authorized in writing by the Authority and shall be an independent contractor and not a lessee. Sub-Contractor shall disclaim the right to any fee or benefit.

(i) Sub-Contractor shall satisfy all substantive requirements for the work set forth in this Permit, including insurance, indemnification and FAA and TSA regulations. The Authority shall be advised in writing at least three business days prior to Airline revokes, amends, supersedes or revises its agreement with Sub-Contractor and Airline shall not execute any agreement with any proposed Sub-Contractor to perform services without the prior written approval by the Authority of the Sub-Contractor and a transition plan, which is to be submitted to the Authority in writing at least 60 days in advance of executing such an agreement. If Sub-Contractor requests space at the Airport, the Authority reserves the right to charge Sub-Contractor the current rental rate for such space, or a processing fee if the Authority elects to provide that space without rent.

**ARTICLE XXVIII
MISCELLANEOUS**

28.01 Offset Statement.

(a) Airline shall from time to time, upon not less than ten days' prior written notice from the Authority, execute, acknowledge and deliver to the Authority a statement in writing:

(1) Certifying that this Permit is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Permit, as so modified, is in full force and effect);

(2) Setting forth the dates to which the Rental, Joint Use Fees, Landing Fee and other charges, if any, are paid; and

(b) Acknowledging that there are not, to Airline's knowledge, any uncured defaults on the part of the Authority hereunder (or specifying such defaults if any are claimed).

(c) Any such statement may be relied upon by any encumbrancer of the Premises or any other areas of the Airport. Airline's failure to deliver such statement within such time shall be conclusive evidence upon Airline that:

(1) This Permit is in full force and effect, without modification except as may be represented by the Authority;

(2) There are no uncured defaults in the Authority's performance; and

(3) Not more than one month's installment of the Rental, Joint Use Fees or Landing Fee has been paid in advance.

28.02 Notices. Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth in Section 1.01, or at such other address as such party may provide to the other party in writing from time to time. Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by e-mail, telex, telegram or telecopier, upon the sender's receipt of an electronically generated confirmation of delivery; provided that such electronic communication is sent on a business day during business hours, (c) if given by registered or certified mail, return receipt requested, when deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail or (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier.

28.03 Recording. Airline shall not record this Permit without the prior written consent of the Authority. In the event the Authority consents to recordation of this Permit or a memorandum thereof, any documentary transfer taxes shall be paid by Airline.

28.04 Governing Law. This Permit shall be governed by and construed pursuant to the Law of the State, including any choice of law principles which would result in use of other states' law.

28.05 Attorneys' Fees. In the event of any action or proceeding (including, without limitation, any bankruptcy proceeding) to enforce or construe any of the provisions of this Permit, the prevailing party in any such action or proceeding shall be entitled to attorneys' fees and costs.

28.06 Amendment; Modification. No change or modification of the terms or provisions of this Permit shall be valid unless in writing and signed by both parties.

28.07 Integration. This Permit constitutes the entire agreement of the parties and supersedes all prior and contemporaneous negotiations, understandings and agreements of the parties with respect to the subject matter hereof.

28.08 No Waiver. No waiver of any breach or default shall be construed as a continuing waiver of any provision or as a waiver of any other or subsequent breach of any provision contained in this Permit. The waiver by either party of any provision of this Permit shall not be deemed to be a waiver of any other provision hereof or of any subsequent breach of the same or any other provision. The Authority's consent to any act by Airline requiring the Authority's consent shall not be deemed to render unnecessary the obtaining of the Authority's consent to any subsequent act by Airline, whether or not similar to the act so consented. The subsequent acceptance by the Authority of any amount due from Airline hereunder shall not be deemed to be a waiver of any preceding breach or Event of Default by Airline of any provision of this Permit, other than the failure of Airline to pay the particular amount so accepted, regardless of the Authority's knowledge of such preceding breach at the time of acceptance of such amount. No waiver on the part of the Authority with respect to any provision of this Permit shall be effective unless such waiver is in writing.

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

28.10 Generally Accepted Accounting Principles. Whenever any report or disclosure referred to in this Permit consists, either in whole or in part, of financial information, said report or disclosure shall be prepared in accordance with generally accepted accounting principles.

28.11 No Representations by the Authority. Airline acknowledges that neither the Authority nor any of the Authority Parties have made any representations, warranties or promises with respect to the Premises or any other areas of the Airport, except as herein expressly set forth. Airline acknowledges that it has not executed this Permit in reliance upon any representations, warranties or promises of the Authority or any of the Authority Parties, with respect to the Airport, the Premises or any other areas of the Airport, except as herein expressly set forth.

28.12 Relationship Between Parties. Nothing contained in this Permit shall be construed to create the relationship of principal and agent, partnership, joint venture or any other relationship between the parties hereto, other than the relationship of landlord and tenant and licensor and

licensee. Neither the Authority nor Airline are the legal representatives or agents of the other party for any purpose whatsoever and neither party shall have the power or authority to assume or create, in writing or otherwise, any obligation or responsibility of any kind, express or implied, to transact business, to make any warranty or otherwise to act in any manner in the name of or on behalf of the other party. This Permit shall not be construed as constituting or creating a partnership between the Authority and Airline or as creating any other form of legal association between the Authority and Airline which would impose liability upon one party for the act or the failure to act of the other party.

28.13 Trademarks. Airline acknowledges and agrees that any and all names, trademarks, tradenames and logos (collectively, "Trademarks") owned or used by the Authority are proprietary to the Authority, and Airline shall not use any of the Trademarks for any purpose whatsoever.

28.14 Successors and Assigns. The provisions contained in this Permit shall bind and inure to the benefit of the Authority, Airline and, except as otherwise provided in this Permit, their respective successors and assigns.

28.15 Authority JPA. The Supermajority Vote requirements of Section 2.3.5 of the Authority's governing Amended and Restated Joint Exercise of Powers Agreement, which apply to certain decisions of the Authority Commission, are incorporated by reference.

28.16 Depreciation / Tax Credit Claim Waiver. Airline makes an irrevocable election (binding on itself and all successors in interest, if any) that it will not claim depreciation or investment tax credits with respect to any of the property being leased hereunder.

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

ATTEST:

**BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY**

By: _____

By: _____
President of its Commission

By: _____

By: _____
Secretary of its Commission

ATTEST:

[AIRLINE]

By: _____

By: _____

Title: _____

EXHIBIT B

Description of Exclusive Use Space

<u>Area</u>	<u>Square Footage</u>
Operations Office Space	
Airline Ticket Office	
Breakroom	
Ramp Storage Space	
Baggage Service Office Space	
Cargo Bay and Associated Office Space	
Cargo Public Parking	
Baggage Make up Space	

EXHIBIT C

Description of Joint Use Space

Terminal A

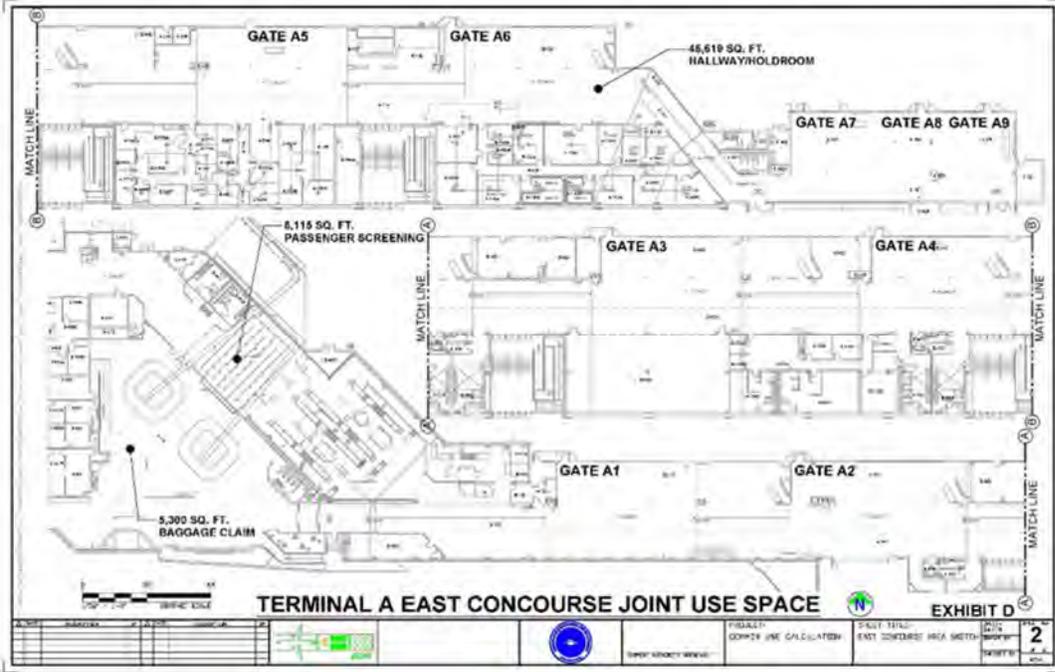
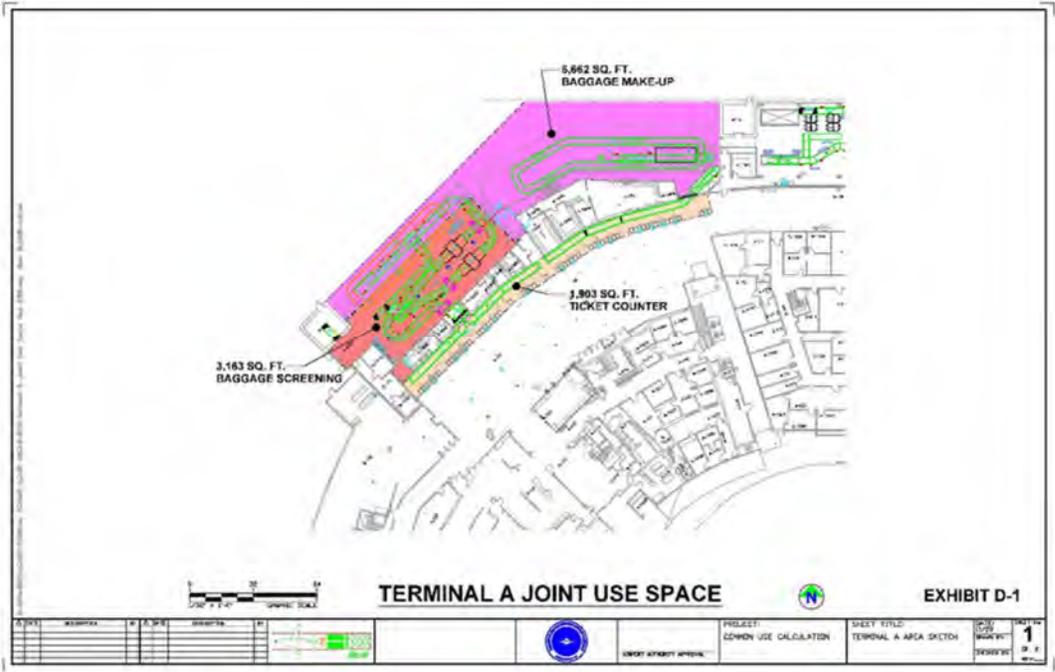


EXHIBIT D

Description of Apron Area

See attached plot plan for layout of such space at Airport

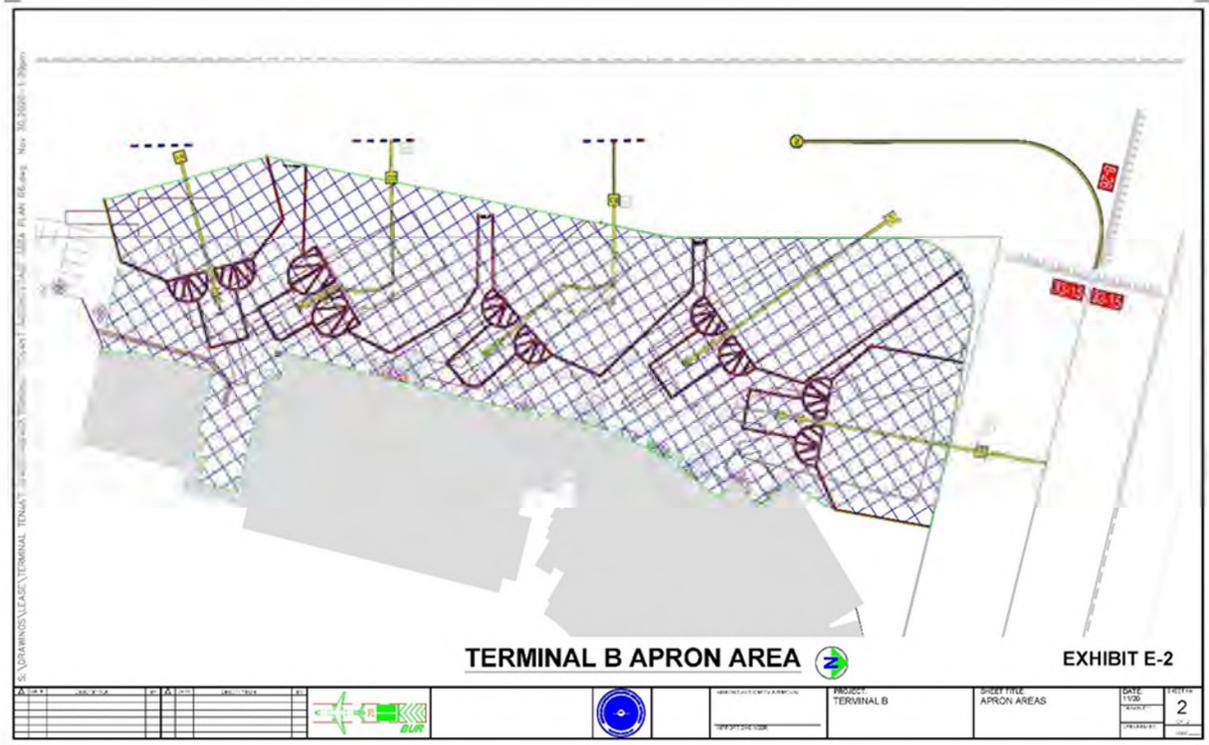


EXHIBIT E

Notice Abatement Rules



NOISE RULES

The Airport Noise Rules were originally adopted in the 1980s and have been enforced as follows since the late 1980s. This restatement and clarification is not intended to modify the enforceability of the Noise Rules under federal law.

Rule 1

All subsonic transport category airplanes and all subsonic turbojet powered airplanes regardless of category operating at the Burbank-Glendale-Pasadena Airport shall be in compliance with all Federal Air Regulations respecting noise, as the same may be amended from time to time.

This Rule has been and shall continue to be enforced by requiring all aircraft to be FAA certified under Part 36 (provision governing aircraft noise levels).

Rule 2

Each air carrier jet operator shall implement appropriate FAA approved takeoff and arrival procedures consistent with the standard of Case 9A as contained in the Final Environmental Impact Statement approved by FAA on September 12, 1977.

This Rule has been and shall continue to be enforced by requiring that all aircraft meet the noise performance levels of certified Stage 3 aircraft.

Rule 3

All other jet operators shall use the National Business Aircraft Association's noise abatement procedures established January 1978.

This Rule has been and shall continue to be enforced by requiring that all general aviation turbojet aircraft (including Stage 2 hush-kitted aircraft that are certified as Stage 3) use the applicable NBAA noise abatement procedures as amended from time to time.

Rule 4

Each air carrier that operates, for any reason, after 10:00 p.m. or before 7:00 a.m. shall pay the full amount of any costs charged to or incurred by the Authority for maintaining the crash rescue service on duty.

C-1

This Rule has not been enforced since the mid-1980s due to grant assurances adopted by the federal government in the 1980s that prohibit such enforcement, and shall not be enforced going forward.

Rule 5

This Rule was repealed in 1986 and shall not be enforced going forward. (It specified departure runways for flights to the east and south.)

Rule 6

Each aircraft operator and maintenance and repair facility shall adhere to the Authority Engine Test Run-up Policy as contained in the Airport Operations Manual, as the same may be amended from time to time.

This Rule has been and shall continue to be enforced by requiring all operators to comply with the run-up policy in the Airport's Operations Manual as amended from time to time.

Rule 7

A. No air carrier shall: (1) inaugurate any operations; (2) implement any increase in operations; (3) substitute aircraft types producing higher noise levels for aircraft already in service (except on a temporary basis because of emergency maintenance, weather, payload, or other unanticipated conditions beyond the carrier's control); or (4) substitute aircraft which do not comply with the Stage 3 requirements of F.A.R. Part 36 for aircraft which meet those requirements (except on a temporary basis because of emergency maintenance, weather, payload, or other unanticipated conditions beyond the carrier's control) without having first obtained the written approval of the Commission, which approval shall not be granted except upon a determination by the Commission that such proposed operations or increase will not result in or contribute to an increase in the noise impact area of the Airport from all aircraft operations based on the annual CNEL of 70 for the period ending June 30, 1978.

B. As used herein, the term "operations" shall mean takeoffs and landings other than emergency procedures or takeoffs or landings resulting from the use of the Airport as weather alternate. The term "weighted operations" shall mean operations weighted on the basis of time of occurrence as provided in Section 5006 of the California Noise Standards, 21 Cal. Admin. Code Section 5000 et. seq. As used herein, noise levels are defined as sound exposure levels measured at, or calculated for, Airport noise monitor system positions.

C. Any air carrier desiring to: (1) inaugurate any operations; (2) implement any increase in operations or weighted operations; (3) substitute aircraft types producing higher noise levels for aircraft types already in service (except on a temporary basis because of emergency maintenance, weather, payload, or other unanticipated conditions beyond the carrier's control); or (4) substitute aircraft which do not comply with the Stage 3 requirements of F.A.R. Part 36 for aircraft which meet those requirements (except on a temporary basis because of emergency maintenance, weather, payload, or other unanticipated conditions beyond the carrier's control) pursuant to Part (A) hereof shall, not less than 30 days prior to the proposed effective date of such service apply in writing for permission to the Airport Operations Committee. Such application shall include information as to the nature of the proposed operations or increase, and the projected

effect thereof on the Airport's June 30, 1978 noise impact area and other material which the applicant air carrier wishes to bring to the attention of the Operations Committee. Upon review of the application and such other information as it deems appropriate, the Operations Committee shall recommend to the Commission that it grant or deny the permission requested, or any portion thereof. The Commission shall consider the recommendation of the Operations Committee, together with any other additional information which the applicant air carrier desires to present to it, and act thereon at its next regularly scheduled meeting.

D. The Commission may approve an application, in whole or in part, for a period not to exceed one year from the commencement of such approved operations or weighted operations. Any air carrier desiring to continue such operations or weighted operations beyond said period shall have the burden of demonstrating to the Commission prior to the expiration thereof that such increase did not result in or contribute to an increase in the Airport's June 30, 1978 noise impact area.

E. Any air carrier violating the provision of this Rule may, in the discretion of the Commission and in addition to any other remedies, including injunctive remedies available, be subject to civil penalties in the amount of One Thousand Dollars (\$1,000) for each operation which has not been approved by the Commission pursuant to the provisions of this Rule.

This Rule has been and shall continue to be enforced by a public report by Airport Staff to the Commission of schedule changes and a report of the anticipated impact, if any, on the Airport's Noise Impact Area of those changes. No approval of the Authority has been or shall be needed by an air carrier for any changes as long as the Noise Impact Area incompatible land within the 70db CNEL contour of the Airport does not exceed the 403 acres existing in 1978. If the acreage of incompatible land within the Airport's 70db CNEL contour ever exceeds 403 acres, the Airport shall attempt to prevent the increase in operations. That effort may or may not be successful.

Rule 8

A. Between the hours of 10:00 p.m. and 7:00 a.m.:

1. No intersection takeoffs shall be permitted;
2. No maintenance engine run-ups shall be permitted, unless a delay of such maintenance engine run-up would cause an aircraft to arrive and/or depart after 10:00 p.m. in the succeeding 24 hour period; and
3. No flight training operations, including practice instrument approaches and touch-and-go operations, shall be permitted.

B. Any pilot in command or maintenance facility violating the provisions of these Rules may, in the discretion of the Commission, and in addition to other remedies (including injunctive remedies) available, be subject to civil penalties for each violation of this Rule as follows: (1) For the first violation, one thousand six hundred and three dollars (\$1,603); (2) For subsequent violations, two thousand three hundred twenty-eight dollars (\$2,328).

This Rule has been and shall continue to be enforced as written.

Rule 9

A. Except as provided in Parts (B) and (C) hereof, no aircraft may land at or take off from the Burbank-Glendale-Pasadena Airport between the hours of 10:00 p.m. and 7:00 a.m.

B. The following aircraft shall be permitted to land at and take off from the Burbank-Glendale-Pasadena Airport between the hours of 10:00 p.m. and 7:00 a.m.:

1. Public aircraft, military aircraft, aircraft owned or operated by the armed forces of the United States, and aircraft operated in support of military operations.

2. Aircraft operated by commercial air carriers whose schedules comply with Rule 7 of these Rules and Regulations.

3. Aircraft, other than those listed in FAA Advisory Circular 36-1B or 36-2C, whose total rated maximum brake or shaft horsepower is 200 or less.

4. Propeller-driven aircraft whose certificated takeoff weights are 12,500 pounds or less and whose measured or estimated flyover noise levels, as contained in FAA Advisory Circular 36-1H or 36-2C (as said Advisory Circulars may be revised, supplemented, or replaced from time to time), are equal to or less than 85.6 dBA.

5. Aircraft whose estimated sideline noise levels, as set forth in FAA Advisory Circular 36-3 (or in any revision, supplement, or replacement thereof listing sideline noise levels), are equal to or less than:

a. for aircraft whose noise levels have been determined at a sideline distance of 450 meters, 82.2 dBA;

b. for aircraft whose noise levels have been determined at a sideline distance 0.25 nautical miles, 82 dBA; and

c. for four-engine aircraft whose noise levels have been determined at a sideline distance of 0.35 nautical miles, 79.1 dBA.

6. Aircraft whose maximum noise levels, under normal operating conditions and procedures, have been determined by the Airport Authority, upon a showing by the aircraft manufacturer or operator, are equal to or less than either:

a. when measured or estimated at a sideline distance of 450 meters, 0.25 nautical miles, or 0.35 nautical miles pursuant to F.A.R. Part 36 Appendix C, 82.2 dBA, 82 dBA, or 79.1 dBA, as applicable respectively, or

b. when measured or estimated at a flyover altitude of 1,000 feet pursuant to F.A.R. Part 36 Appendix F, 85.6 dBA.

C. Aircraft other than those specified in Paragraph (B) shall be permitted to land at or take off from the Burbank-Glendale-Pasadena Airport between the hours of 10:00 p.m. and 7:00 a.m. only under the following circumstances:

1. in the event such landing and/or takeoff results from the existence of a declared emergency;

2. in the event such landing and/or takeoff results from the use of the airport as a weather alternate; and

3. in the event such landing and/or takeoff results from a weather, mechanical, or air traffic control delay; provided however, that this exception shall not authorize any landing or takeoff between the hours of 11:00 p.m. and 7:00 a.m.

D. Upon the request of the Airport Authority, the aircraft operator or pilot in command shall document or demonstrate the precise emergency conditions resulting in a landing and/or takeoff between the hours of 10:00 p.m. and 7:00 a.m. or the precise weather, mechanical, or air traffic control conditions resulting in a landing and/or takeoff between the hours of 10:00 p.m. and 11:00 p.m.

E. Any aircraft operator or pilot in command violating the provisions of this Rule may, in the discretion of the Commission, and in addition to any other remedies (including injunctive remedies) available, be subject to civil penalties in the amount of four thousand six hundred sixty-one dollars (\$4,661) for each unauthorized landing and each unauthorized takeoff.

This Rule has been and shall continue to be enforced consistent with the ongoing enforcement of Clarified Rule 7 with respect to aircraft other than public aircraft, military aircraft, aircraft owned or operated by the armed forces of the United States, and aircraft operated in support of military operations. In particular, this Rule has been and will be enforced by allowing Stage 3 certified aircraft to fly between 10 p.m. and 7:00 a.m. With respect to Stage 2 hush-kitted aircraft that are certified as Stage 3, such aircraft operating between 10 p.m. and 7:00 a.m. shall continue to have to demonstrate compliance with the Rule as written. Stage 2 aircraft not certified as Stage 3 are not permitted to fly at any time.

Rule 10

A. Except as provided in Parts (B) and (C) hereof, no aircraft operating pursuant to an Operating Certificate issued by the Federal Aviation Administration may land at or take off from the Burbank-Glendale-Pasadena Airport.

B. The following aircraft operated pursuant to an Operating Certificate issued by the Federal Aviation Administration shall, subject to all other applicable Rules and Regulations, be permitted to land at and take off from the Burbank-Glendale-Pasadena Airport:

1. Transport category large airplanes and turbojet powered airplanes certificated under F.A.R. Part 36 or ICAO Annex 16 whose certificated sideline noise levels are equal to or less than:

a. for aircraft whose certificated noise levels have been determined at a sideline distance of 0.25 nautical miles, 105.0 effective perceived noise decibels;

b. for aircraft whose certificated noise levels have been determined at a sideline distance of 450 meters, 105.1 effective perceived noise decibels; and

c. for four-engine aircraft whose certificated noise levels have been determined at a sideline distance of 0.35 nautical miles, 103.5 effective perceived noise decibels.

2. Aircraft whose average sound exposure levels (SEL) on takeoff from Runway 15, under normal operating conditions and procedures, as measured at Airport Monitoring Stations 1, 2, and 3, are equal to or less than 104.5 dB, determined as follows:

a. for aircraft types regularly operating at the Airport during the year ending June 30, 1981, the average level shall be determined from the energy average of the SEL values measured at Monitoring Stations 1, 2, and 3 during April, May, and June, 1981.

b. for aircraft types not regularly operating at the Airport during the year ending June 30, 1981, the aircraft operator shall submit estimates of the energy average SEL values expected at Monitoring Stations 1, 2, and 3, accompanied by noise level and takeoff performance calculations sufficient to show the basis for obtaining the estimates. Where the average combined noise level estimates fall within the range of 101.5 to 104.5 dB, the Airport shall have the option of allowing the aircraft to operate at the Airport for a demonstration period of 90 days. The noise levels measured at Stations 1, 2, and 3 during this 90-day demonstration period shall be the basis for determining whether or not the aircraft meets the noise limits under this Part. The permission granted under this Part (B) (3) (b) shall continue only for so long as the approved aircraft continues to be operated at an average combined noise level at or below 104.5 dB as set forth above.

C. Aircraft operated pursuant to an Operating Certificate issued by the Federal Aviation Administration, whose noise levels exceed the limits specified in Part (B) shall be permitted to land at and take off from the Burbank-Glendale-Pasadena Airport only under the following circumstances:

1. in the event such landing and takeoff results from the existence of a declared emergency;

2. in the event such landing and takeoff results from use of the Airport as a weather alternative; or

3. in the event such landing and takeoff occurs in connection with FAA certificated maintenance, repair and modification.

D. Upon request of the Airport Authority, the aircraft operator or pilot in command shall document or demonstrate the precise emergency conditions or FAA certificated maintenance, repair, or modification resulting in the landing and takeoff of an aircraft whose noise levels exceed those set forth in Part (B) above.

E. Any aircraft operator or pilot in command violating the provisions of this Rule may, in the discretion of the Commission, and in addition to any other remedies (including injunctive remedies) available, be subject to civil penalties in the amount of One Thousand Dollars (\$1,000) for each unauthorized landing and takeoff.

This Rule has been and shall continue to be enforced as written as all modern commercial and general aviation aircraft in service meet these standards.

Rule 11

Subject to the provisions of Rule 7 of these Rules and Regulations:

A. No air carrier shall inaugurate or reinstitute scheduled turbojet operations at the Burbank-Glendale-Pasadena Airport ("the Airport"), except as provided in Part C below, unless all turbojet operations of that carrier are to be conducted solely with aircraft which comply with the noise level criteria of F.A.R. Part 36 Stage 3 (section C36.5 (a) (3) of Appendix C), as the same may be revised, supplemented, or replaced from time to time ("Stage 3 aircraft").

B. Each air carrier that has continuously provided scheduled passenger service at the Airport using non-Stage 3 aircraft since March 1, 1982, shall:

1. Utilize only Stage 3 aircraft in increases in its scheduled turbojet operations above the number of such operations in effect on June 30, 1982;
2. Conduct at least twenty-five percent (25%) of its scheduled turbojet operations with Stage 3 aircraft until March 31, 1986; and
3. From April 1, 1986, to March 31, 1987, conduct at least fifty percent (50%) of its scheduled turbojet operations with Stage 3 aircraft.

C. Air carriers seeking to inaugurate or reinstitute scheduled passenger operations at the Airport between the effective date of this Rule and March 31, 1987, will be permitted to make use of non-Stage 3 aircraft to the extent such aircraft may be used during that period by air carriers that have continuously utilized such aircraft at the Airport in scheduled passenger service since March 1, 1982, if the air carrier seeking to inaugurate or reinstitute scheduled passenger service demonstrates that the non-Stage 3 aircraft sought to be utilized will produce, at the average gross weight reasonably expected in operations at the Airport, an energy average Sound Exposure Level ("SEL") no greater than 98 decibels at Airport Monitoring Stations 1, 2, and 3 for departures on Runway 15 and no greater than 93 decibels at Station 9 for arrivals on Runway 8.

D. After March 31, 1987, each air carrier providing scheduled passenger service at the Airport shall conduct one hundred percent (100%) of its scheduled turbojet operations with Stage 3 aircraft.

E. Air carriers may substitute higher noise level aircraft in operations required to be flown with lower noise level aircraft only if the required lower noise level aircraft is removed from service on a temporary basis for unanticipated conditions beyond the carrier's control, but only for so long as is necessary to correct such unanticipated conditions.

F. Each scheduled air carrier shall demonstrate, in writing, its intention and ability to fulfill the requirements of this Rule not less than 30 days prior to the commencement (including reinstatement) of scheduled passenger service or any proposed increase in operations at the Airport. Each such air carrier shall also, upon request of the Authority, provide written documentation of the reasons for and duration of any substitution of aircraft pursuant to Part E hereof.

G. Each scheduled air carrier violating the provisions of this Rule may, in the discretion of the Commission, and in addition to the other remedies (including injunctive remedies)

available, be subject to civil penalties in the amount of Ten Thousand Dollars (\$10,000) for each day on which operations are conducted in violation of the provisions of this Rule.

This Rule has been and shall continue to be enforced by requiring all air carriers to use aircraft that are certified Stage 3 or quieter at the Airport.

Rule 12

In the event one or more clauses, sections or provisions of these Rules shall be held to be unlawful, invalid or unenforceable, the remainder of such Rule (or Rules) shall not be affected thereby.

This Rule has been and shall continue to be enforced as written.

Noise Rules Enforcement

The following procedures shall govern the enforcement of the Noise Abatement Rules.

1. Alleged violations of the Noise Abatement Rules shall be investigated by the Noise & Environmental Department or such other airport staff member as the Executive Director may designate.

2. In each instance of a potential violation identified by the Noise & Environmental Department, the Noise & Environmental Department staff shall notify the owner or operator of the aircraft in question. In the case of potential violations of Rules 8 or 9, or in any other instance in which a violation, if confirmed, would result in the imposition of a monetary fine or operational restriction, such notice shall be in writing and shall be delivered by certified mail or other form of registered delivery. Such written notice shall specify the nature of the alleged violation, the time, date and location of its occurrence, the rule allegedly violated, and shall include a copy or description of these enforcement procedures.

3. The owner or operator shall have fifteen (15) business days from the date of such notice to: pay the proposed fine; contest in writing the finding of a violation; or request in writing an informal conference with the Director, Noise & Environmental Programs ("Director"). The Director shall, based upon information received in writing or through an informal conference, determine whether a violation has occurred and shall promptly give written notice of such determination to the owner or operator.

4. The owner or operator shall have ten (10) business days from the date of such notice of determination to appeal the determination of the Director to the Authority's Operations Committee. Such appeal shall be in writing, submitted to the Noise & Environmental Department, and shall set forth all information the owner or operator believes necessary to support such appeal. The Operations Committee shall have the discretion to request further information from the owner or operator, either in writing or in person, and may affirm, overrule or modify the determination of the Director. The Operations Committee shall give written notice of its decision to the owner or operator.

5. The owner or operator may, within ten (10) business days of the date of the notice of decision of the Operations Committee, appeal that decision to the full Airport Authority

Commission, by submitting a notice of appeal, together with such written information as it deems appropriate, to the Noise & Environmental Department. The Commission may request further information from the owner or operator, either in writing or in person, and may affirm, overrule or modify the decision of the Operations Committee. The Commission shall give written notice of its decision to the owner or operator.

EXHIBIT F

FAA Grant Agreement Assurances - Nondiscrimination

During the performance of the Agreement, Airline agrees as follows:

1. Compliance with Regulations. Airline shall comply with the regulations relative to nondiscrimination in federally assisted programs of the Department of Transportation which are herein incorporated by reference and made a part of the Agreement.

2. Nondiscrimination. Airline shall not discriminate on the grounds of race, color, or national origin in the selection and retention of its employees. Airline shall not participate either directly or indirectly in the discrimination prohibited by Section 20.5 of the Nondiscrimination Regulations, including employment practices when the contract covers a program set forth in Appendix B of the Nondiscrimination Regulations.

3. Information and Reports. Airline shall provide all information and reports required by the Nondiscrimination Regulations or directives issued pursuant thereto and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or other FAA to be pertinent to ascertain compliance with such regulations, orders, and instructions. Where any information required of Airline is in the exclusive possession of another who fails or refuses to furnish this information, Airline shall so certify to the sponsor or the FAA, as appropriate, and shall set forth what efforts it has made to obtain the information.

4. Sanctions for Noncompliance. In the event of Airline's noncompliance with the nondiscrimination provisions of the Agreement, the Authority shall impose such contract sanctions as it or the FAA may determine to be appropriate, including but not limited to:

4.1 Withholding of payments to Airline under the Agreement until Airline complies, and/or

4.2 Cancellation, termination or suspension of the Agreement, in whole or in part.

EXHIBIT H

Tenant Improvement Request Form

**REQUEST FOR APPROVAL
PROPOSED TENANT IMPROVEMENT**



**MUST BE SUBMITTED AT LEAST TEN BUSINESS DAYS PRIOR TO PROJECT
START DATE. LARGER PROJECTS REQUIRE ADDITIONAL LEAD TIME.**

1. INFORMATION

Tenant _____ Building # _____
Name of Contact _____ Phone # _____
Address _____ Email: _____
Describe Proposed Improvements * _____

Estimated cost of improvements _____
Estimated start date _____ Completion date _____

*****Attach sketches or drawings as required to clearly indicate the type, size, height
and location of proposed improvements*****

2. PRE-CONSTRUCTION

Contractor _____ License # _____
Address _____
Contract Price _____ Phone # _____
Construction Commencement Date _____ End Date _____

*****Applicant must submit required Certificate of Insurance, Material and Labor Bond
two weeks prior to the start of construction*****

Tenant Representative (Signed) _____ Date _____

3. INITIAL APPROVALS

Operations	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Business & Properties	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Engineering Department	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Environmental & Noise	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Fire Department	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
ICT Department	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Maintenance Department	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Safety Department	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Police & Security	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		

4. FINAL APPROVAL

Airport Administration (Reviewed by) _____ Date _____

INSTRUCTIONS FOR COMPLETING THIS FORM

The following procedures are to be followed by all Airport Tenants desiring to make improvements to their leasehold. Close adherence to the procedures and regulations outlined below will greatly aid in expediting the processing and approval of each Proposed Improvement.

1. Tenant shall complete Section 1 and 2 of this form and submit to: Burbank Glendale-Pasadena Airport Authority, Business, Property and Administrative Services Department, 2627 Hollywood Way, Burbank, CA 91505.
2. Upon receipt of this Request Form, the Business, Property and Administrative Services Department will review the Proposed Improvement and, if the proposal is considered to be basically acceptable, it will then be forwarded to Airport Engineering for further review and evaluation. However, if the proposal is not considered to be basically acceptable, the Request Form will be returned to the Tenant accompanied by a written statement from the Authority as to why the request is being denied at this stage or if additional information is required.
3. In addition to the submission of the Tenant Improvement Form, Tenant shall also provide final plans and specifications for the Proposed Improvement. The plans and specifications shall conform to the following requirements: five (5) sets of plans and specifications shall be submitted by the Tenant with this form to Business, Property and Administrative Services Department for review by all applicable Airport Departments with final review and approval by Airport Administration.
4. The Business, Property and Administrative Services Department and Engineering Department will determine any impact of the Proposed Improvement on the Airport Master Plan, Airport Facilities, Navigable Airspace Requirements of Federal Aviation Regulations Part 77, and/or if it conforms to the Airport Rules and Regulations.
5. Prior to the start of construction and after all insurance and bond requirements have been satisfied, an Indemnification & Defense Agreement has been submitted to the Authority, and Building permits and any other necessary permits are on file with the Authority, a pre-construction meeting must be held in the Authority Administrative offices. When all of these requirements have been satisfied, approval to begin construction will be granted on the Tenant Improvement Form and a copy returned to the Tenant. The form will indicate whether approval has been granted, and if not granted, the reason for denial.
6. All Tenants shall, within thirty (30) days after completion, submit to Business, Property and Administrative Services Department one set of "as built" plans. Also, an itemized summary of construction costs shall be forwarded to Business, Property and Administrative Services Department. The itemized summary shall be signed by the contractor and notarized.

NOTES: a.) For smaller projects costing less than \$5,000, the Authority may, at its discretion, waive any or all of the above requirements.
b.) Airport approval does not constitute a substitution of approval from any other governmental agency having jurisdiction.

PLANS AND SPECIFICATIONS

Plans shall be drawn to scale and dimensioned on standard size drawing sheets for future reference and file retention, and shall be of sufficient clarity to indicate the nature and extent of the work proposed and show in detail that it conforms to the provisions of the governing codes, ordinances, rules and regulations. The minimum number of drawings normally acceptable with each set of plans submitted for final review and approval will generally consist of a plot plan, foundation plan, floor plan, elevations, framing section and details, Electrical, plumbing, heating and air conditioning plans and details shall be submitted when applicable. Foundation recommendations, including calculations and a soils investigation report shall be submitted when appropriate or requested by Airport Engineering. All design documents, including required calculations, shall be prepared, stamped, and signed by a licensed professional engineer or architect registered in the State of California. Engineers shall be licensed for the specific discipline required. Drawings/specifications and/or calculations prepared by contractors and/or fabricators will not be acceptable.

OTHER REQUIREMENTS INSURANCE REQUIREMENT

Contractor shall take out and maintain during the period of the Contract the following insurance and amounts unless a larger amount is specified on the Approval Request Form:

Comprehensive General Liability:	\$1,000,000 single limit for combined Bodily Injury and Property Damage for each occurrence. \$1,000,000 for Personal Injury for each occurrence.
Comprehensive Automobile Liability:	\$1,000,000 single limit for combined Bodily Injury and Property Damage for each occurrence.
Workers' Compensation:	California statutory requirements

Liability policies shall name the Burbank Glendale-Pasadena Airport Authority as an Additional Insured. Certificates of Insurance on all policies shall be filed with Business, Property and Administrative Services Department. Each of said insurance policies shall contain a provision requiring the insurer to notify the Burbank Glendale-Pasadena Airport Authority ten (10) days prior to the cancellation or material change in the Policy.

BOND REQUIREMENT

The Tenant shall require the contractor to obtain a material and labor bond equal to the contract price of the work. A copy of said bond shall be forwarded to Airport Engineering.

INDEMNIFICATION & DEFENSE AGREEMENT

The Tenant and its Contractor agree to and do hereby indemnify, defend and hold harmless the Burbank Glendale-Pasadena Airport Authority, and its officers, agents, employees and contractors from all claims, demands, liabilities, losses, damages, costs and expenses, of any nature whatsoever, caused by or arising from, directly or indirectly, any act or omission (including, without limitation, negligent acts, negligent omissions, willful misconduct and any violation of the terms of that certain Lease between Tenant and Authority in, on or near the Bob Hope Airport by Contractor, or its subcontractors, agents or employees (including without limitation work done by Contractor for Tenant's leased premises).

PREVAILING WAGES

As part of Tenant's obligations under the terms of the Lease to comply with applicable law, Tenant acknowledges and agrees that if Tenant is provided improvement funds from the Burbank Glendale-Pasadena Airport Authority, or a rent credit based on timely construction of improvements, then Tenant shall (and shall cause its contractors to) pay prevailing wages for such improvements and shall otherwise comply with California Labor Code Sections 1720 et seq. (including all recordkeeping and reporting requirements).

EXHIBIT I

FAA Grant Agreement Assurances - General

ASSURANCES Airport Sponsors

A. General.

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

B. Duration and Applicability.

1. **Airport development or Noise Compatibility Program Projects Undertaken by a Public Agency Sponsor.** The terms, conditions and assurances of the grant agreement shall remain in full force and effect throughout the useful life of the facilities developed or equipment acquired for an airport development or noise compatibility program project, or throughout the useful life of the project items installed within a facility under a noise compatibility program project, but in any event not to exceed twenty (20) years from the date of acceptance of a grant offer of Federal funds for the project. However, there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the airport is used as an airport. There shall be no limit on the duration of the terms, conditions, and assurances with respect to real property acquired with federal funds. Furthermore, the duration of the Civil Rights assurance shall be specified in the assurances.
2. **Airport Development or Noise Compatibility Projects Undertaken by a Private Sponsor.** The preceding paragraph 1 also applies to a private sponsor except that the useful life of project items installed within a facility or the useful life of the facilities developed or equipment acquired under an airport development or noise compatibility program project shall be no less than ten (10) years from the date of acceptance of Federal aid for the project.

3. **Airport Planning Undertaken by a Sponsor.** Unless otherwise specified in the grant agreement, only Assurances 1, 2, 3, 5, 6, 13, 18, 30, 32, 33, and 34 in section C apply to planning projects. The terms, conditions, and assurances of the grant agreement shall remain in full force and effect during the life of the project.

C. **Sponsor Certification.** The sponsor hereby assures and certifies, with respect to this grant that:

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

Federal Legislation

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

Executive Orders

Executive Order 11246 - Equal Employment Opportunity¹

Executive Order 11990 - Protection of Wetlands
Executive Order 11998 – Flood Plain Management
Executive Order 12372 - Intergovernmental Review of Federal Programs.
Executive Order 12699 - Seismic Safety of Federal and Federally Assisted New Building Construction¹
Executive Order 12898 - Environmental Justice

Federal Regulations

- a. 14 CFR Part 13 - Investigative and Enforcement Procedures.
- b. 14 CFR Part 16 - Rules of Practice For Federally Assisted Airport Enforcement Proceedings.
- c. 14 CFR Part 150 - Airport noise compatibility planning.
- d. 29 CFR Part 1 - Procedures for predetermination of wage rates.¹
- e. 29 CFR Part 3 - Contractors and subcontractors on public building or public work financed in whole or part by loans or grants from the United States.¹
- f. 29 CFR Part 5 - Labor standards provisions applicable to contracts covering federally financed and assisted construction (also labor standards provisions applicable to non-construction contracts subject to the Contract Work Hours and Safety Standards Act).¹
- g. 41 CFR Part 60 - Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (Federal and federally assisted contracting requirements).¹
- h. 49 CFR Part 18 - Uniform administrative requirements for grants and cooperative agreements to state and local governments.³
- i. 49 CFR Part 20 - New restrictions on lobbying.
- j. 49 CFR Part 21 - Nondiscrimination in federally-assisted programs of the Department of Transportation - effectuation of Title VI of the Civil Rights Act of 1964.
- k. 49 CFR Part 23 - Participation by Disadvantage Business Enterprise in Airport Concessions.
- l. 49 CFR Part 24 - Uniform relocation assistance and real property acquisition for Federal and federally assisted programs.^{1,2}
- m. 49 CFR Part 26 – Participation By Disadvantaged Business Enterprises in Department of Transportation Programs.
- n. 49 CFR Part 27 - Nondiscrimination on the basis of handicap in programs and activities receiving or benefitting from Federal financial assistance.¹
- o. 49 CFR Part 29 – Government wide debarment and suspension (non-procurement) and government wide requirements for drug-free workplace (grants).
- p. 49 CFR Part 30 - Denial of public works contracts to suppliers of goods and services of countries that deny procurement market access to U.S. contractors.
- q. 49 CFR Part 41 - Seismic safety of Federal and federally assisted or regulated new building construction.¹

Office of Management and Budget Circulars

- a. A-87 - Cost Principles Applicable to Grants and Contracts with State and Local Governments.
- b. A-133 - Audits of States, Local Governments, and Non-Profit Organizations

¹ These laws do not apply to airport planning sponsors.

² These laws do not apply to private sponsors.

³ 49 CFR Part 18 and OMB Circular A-87 contain requirements for State and Local Governments receiving Federal assistance. Any requirement levied upon State and Local Governments by this regulation and circular shall also be applicable to private sponsors receiving Federal assistance under Title 49, United States Code.

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

2. Responsibility and the Authority of the Sponsor.

- a. **Public Agency Sponsor:** It has legal authority to apply for the grant, and to finance and carry out the proposed project; that a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.
- b. **Private Sponsor:** It has legal authority to apply for the grant and to finance and carry out the proposed project and comply with all terms, conditions, and assurances of this grant agreement. It shall designate an official representative and shall in writing direct and authorize that person to file this application, including all understandings and assurances contained therein; to act in connection with this application; and to provide such additional information as may be required.

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

4. Good Title.

- a. It, a public agency or the Federal government, holds good title, satisfactory to the Secretary, to the landing area of the airport or site thereof, or will give assurance satisfactory to the Secretary that good title will be acquired.

- b. For noise compatibility program projects to be carried out on the property of the sponsor, it holds good title satisfactory to the Secretary to that portion of the property upon which Federal funds will be expended or will give assurance to the Secretary that good title will be obtained.

5. Preserving Rights and Powers.

- a. It will not take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in the grant agreement without the written approval of the Secretary, and will act promptly to acquire, extinguish or modify any outstanding rights or claims of right of others which would interfere with such performance by the sponsor. This shall be done in a manner acceptable to the Secretary.
- b. It will not sell, lease, encumber, or otherwise transfer or dispose of any part of its title or other interests in the property shown on Exhibit A to this application or, for a noise compatibility program project, that portion of the property upon which Federal funds have been expended, for the duration of the terms, conditions, and assurances in the grant agreement without approval by the Secretary. If the transferee is found by the Secretary to be eligible under Title 49, United States Code, to assume the obligations of the grant agreement and to have the power, authority, and financial resources to carry out all such obligations, the sponsor shall insert in the contract or document transferring or disposing of the sponsor's interest, and make binding upon the transferee all of the terms, conditions, and assurances contained in this grant agreement.
- c. For all noise compatibility program projects which are to be carried out by another unit of local government or are on property owned by a unit of local government other than the sponsor, it will enter into an agreement with that government. Except as otherwise specified by the Secretary, that agreement shall obligate that government to the same terms, conditions, and assurances that would be applicable to it if it applied directly to the FAA for a grant to undertake the noise compatibility program project. That agreement and changes thereto must be satisfactory to the Secretary. It will take steps to enforce this Permit against the local government if there is substantial non-compliance with the terms of the agreement.
- d. For noise compatibility program projects to be carried out on privately owned property, it will enter into an agreement with the owner of that property which includes provisions specified by the Secretary. It will take steps to enforce this Permit against the property owner whenever there is substantial non-compliance with the terms of the agreement.
- e. If the sponsor is a private sponsor, it will take steps satisfactory to the Secretary to ensure that the airport will continue to function as a public-use

airport in accordance with these assurances for the duration of these assurances.

- f. If an arrangement is made for management and operation of the airport by any agency or person other than the sponsor or an employee of the sponsor, the sponsor will reserve sufficient rights and authority to insure that the airport will be operated and maintained in accordance Title 49, United States Code, the regulations and the terms, conditions and assurances in the grant agreement and shall insure that such arrangement also requires compliance therewith.

6. **Consistency with Local Plans.** The project is reasonably consistent with plans (existing at the time of submission of this application) of public agencies that are authorized by the State in which the project is located to plan for the development of the area surrounding the airport.
7. **Consideration of Local Interest.** It has given fair consideration to the interest of communities in or near where the project may be located.
8. **Consultation with Users.** In making a decision to undertake any airport development project under Title 49, United States Code, it has undertaken reasonable consultations with affected parties using the airport at which project is proposed.
9. **Public Hearings.** In projects involving the location of an airport, an airport runway, or a major runway extension, it has afforded the opportunity for public hearings for the purpose of considering the economic, social, and environmental effects of the airport or runway location and its consistency with goals and objectives of such planning as has been carried out by the community and it shall, when requested by the Secretary, submit a copy of the transcript of such hearings to the Secretary. Further, for such projects, it has on its management board either voting representation from the communities where the project is located or has advised the communities that they have the right to petition the Secretary concerning a proposed project.
10. **Air and Water Quality Standards.** In projects involving airport location, a major runway extension, or runway location it will provide for the Governor of the state in which the project is located to certify in writing to the Secretary that the project will be located, designed, constructed, and operated so as to comply with applicable air and water quality standards. In any case where such standards have not been approved and where applicable air and water quality standards have been promulgated by the Administrator of the Environmental Protection Agency, certification shall be obtained from such Administrator. Notice of certification or refusal to certify shall be provided within sixty days after the project application has been received by the Secretary.

- 11. Pavement Preventive Maintenance.** With respect to a project approved after January 1, 1995, for the replacement or reconstruction of pavement at the airport, it assures or certifies that it has implemented an effective airport pavement maintenance-management program and it assures that it will use such program for the useful life of any pavement constructed, reconstructed or repaired with Federal financial assistance at the airport. It will provide such reports on pavement condition and pavement management programs as the Secretary determines may be useful.
- 12. Terminal Development Prerequisites.** For projects which include terminal development at a public use airport, as defined in Title 49, it has, on the date of submittal of the project grant application, all the safety equipment required for certification of such airport under section 44706 of Title 49, United States Code, and all the security equipment required by rule or regulation, and has provided for access to the passenger enplaning and deplaning area of such airport to passengers enplaning and deplaning from aircraft other than air carrier aircraft.
- 13. Accounting System, Audit, and Record Keeping Requirements.**

 - a. It shall keep all project accounts and records which fully disclose the amount and disposition by the recipient of the proceeds of the grant, the total cost of the project in connection with which the grant is given or used, and the amount or nature of that portion of the cost of the project supplied by other sources, and such other financial records pertinent to the project. The accounts and records shall be kept in accordance with an accounting system that will facilitate an effective audit in accordance with the Single Audit Act of 1984.
 - b. It shall make available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for the purpose of audit and examination, any books, documents, papers, and records of the recipient that are pertinent to the grant. The Secretary may require that an appropriate audit be conducted by a recipient. In any case in which an independent audit is made of the accounts of a sponsor relating to the disposition of the proceeds of a grant or relating to the project in connection with which the grant was given or used, it shall file a certified copy of such audit with the Comptroller General of the United States not later than six (6) months following the close of the fiscal year for which the audit was made.
- 14. Minimum Wage Rates.** It shall include, in all contracts in excess of \$2,000 for work on any projects funded under the grant agreement which involve labor, provisions establishing minimum rates of wages, to be predetermined by the Secretary of Labor, in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work.

15. **Veteran's Preference.** It shall include in all contracts for work on any project funded under the grant agreement which involve labor, such provisions as are necessary to insure that, in the employment of labor (except in executive, administrative, and supervisory positions), preference shall be given to Veterans of the Vietnam era and disabled veterans as defined in Section 47112 of Title 49, United States Code. However, this preference shall apply only where the individuals are available and qualified to perform the work to which the employment relates.
16. **Conformity to Plans and Specifications.** It will execute the project subject to plans, specifications, and schedules approved by the Secretary. Such plans, specifications, and schedules shall be submitted to the Secretary prior to commencement of site preparation, construction, or other performance under this grant agreement, and, upon approval of the Secretary, shall be incorporated into this grant agreement. Any modification to the approved plans, specifications, and schedules shall also be subject to approval of the Secretary, and incorporated into the grant agreement.
17. **Construction Inspection and Approval.** It will provide and maintain competent technical supervision at the construction site throughout the project to assure that the work conforms to the plans, specifications, and schedules approved by the Secretary for the project. It shall subject the construction work on any project contained in an approved project application to inspection and approval by the Secretary and such work shall be in accordance with regulations and procedures prescribed by the Secretary. Such regulations and procedures shall require such cost and progress reporting by the sponsor or sponsors of such project as the Secretary shall deem necessary.
18. **Planning Projects.** In carrying out planning projects:
 - a. It will execute the project in accordance with the approved program narrative contained in the project application or with the modifications similarly approved.
 - b. It will furnish the Secretary with such periodic reports as required pertaining to the planning project and planning work activities.
 - c. It will include in all published material prepared in connection with the planning project a notice that the material was prepared under a grant provided by the United States.
 - d. It will make such material available for examination by the public, and agrees that no material prepared with funds under this project shall be subject to copyright in the United States or any other country.
 - e. It will give the Secretary unrestricted authority to publish, disclose, distribute, and otherwise use any of the material prepared in connection with this grant.
 - f. It will grant the Secretary the right to disapprove the sponsor's employment of specific consultants and their subcontractors to do all or any part of this

project as well as the right to disapprove the proposed scope and cost of professional services.

- g. It will grant the Secretary the right to disapprove the use of the sponsor's employees to do all or any part of the project.
- h. It understands and agrees that the Secretary's approval of this project grant or the Secretary's approval of any planning material developed as part of this grant does not constitute or imply any assurance or commitment on the part of the Secretary to approve any pending or future application for a Federal airport grant.

19. Operation and Maintenance.

- a. The airport and all facilities which are necessary to serve the aeronautical users of the airport, other than facilities owned or controlled by the United States, shall be operated at all times in a safe and serviceable condition and in accordance with the minimum standards as may be required or prescribed by applicable Federal, state and local agencies for maintenance and operation. It will not cause or permit any activity or action thereon which would interfere with its use for airport purposes. It will suitably operate and maintain the airport and all facilities thereon or connected therewith, with due regard to climatic and flood conditions. Any proposal to temporarily close the airport for non-aeronautical purposes must first be approved by the Secretary. In furtherance of this assurance, the sponsor will have in effect arrangements for-
 - (1) Operating the airport's aeronautical facilities whenever required;
 - (2) Promptly marking and lighting hazards resulting from airport conditions, including temporary conditions; and
 - (3) Promptly notifying airmen of any condition affecting aeronautical use of the airport.Nothing contained herein shall be construed to require that the airport be operated for aeronautical use during temporary periods when snow, flood or other climatic conditions interfere with such operation and maintenance. Further, nothing herein shall be construed as requiring the maintenance, repair, restoration, or replacement of any structure or facility which is substantially damaged or destroyed due to an act of God or other condition or circumstance beyond the control of the sponsor.
- b. It will suitably operate and maintain noise compatibility program items that it owns or controls upon which Federal funds have been expended.

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

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

22. Economic Nondiscrimination.

- a. It will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.
- b. In any agreement, contract, lease, or other arrangement under which a right or privilege at the airport is granted to any person, firm, or corporation to conduct or to engage in any aeronautical activity for furnishing services to the public at the airport, the sponsor will insert and enforce provisions requiring the contractor to-
 - (1) furnish said services on a reasonable, and not unjustly discriminatory, basis to all users thereof, and
 - (2) charge reasonable, and not unjustly discriminatory, prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
- c. Each fixed-based operator at the airport shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other fixed-based operators making the same or similar uses of such airport and utilizing the same or similar facilities.
- d. Each air carrier using such airport shall have the right to service itself or to use any fixed-based operator that is authorized or permitted by the airport to serve any air carrier at such airport.
- e. Each air carrier using such airport (whether as a tenant, nontenant, or subtenant of another air carrier tenant) shall be subject to such nondiscriminatory and substantially comparable rules, regulations, conditions, rates, fees, rentals, and other charges with respect to facilities directly and substantially related to providing air transportation as are applicable to all such air carriers which make similar use of such airport and utilize similar facilities, subject to reasonable classifications such as tenants or nontenants and signatory carriers and nonsignatory carriers. Classification or status as tenant or signatory shall not be unreasonably withheld by any airport provided an air carrier assumes obligations

substantially similar to those already imposed on air carriers in such classification or status.

- f. It will not exercise or grant any right or privilege which operates to prevent any person, firm, or corporation operating aircraft on the airport from performing any services on its own aircraft with its own employees including, but not limited to maintenance, repair, and fueling that it may choose to perform.
- g. In the event the sponsor itself exercises any of the rights and privileges referred to in this assurance, the services involved will be provided on the same conditions as would apply to the furnishing of such services by commercial aeronautical service providers authorized by the sponsor under these provisions.
- h. The sponsor may establish such reasonable, and not unjustly discriminatory, conditions to be met by all users of the airport as may be necessary for the safe and efficient operation of the airport.
- i. The sponsor may prohibit or limit any given type, kind or class of aeronautical use of the airport if such action is necessary for the safe operation of the airport or necessary to serve the civil aviation needs of the public.

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

- a. It would be unreasonably costly, burdensome, or impractical for more than one fixed-based operator to provide such services, and
- b. If allowing more than one fixed-based operator to provide such services would require the reduction of space leased pursuant to an existing agreement between such single fixed-based operator and such airport.

It further agrees that it will not, either directly or indirectly, grant or permit any person, firm, or corporation, the exclusive right at the airport to conduct any aeronautical activities, including, but not limited to charter flights, pilot training, aircraft rental and sightseeing, aerial photography, crop dusting, aerial advertising and surveying, air carrier operations, aircraft sales and services, sale of aviation petroleum products whether or not conducted in conjunction with other aeronautical activity, repair and maintenance of aircraft, sale of aircraft parts, and any other activities which because of their direct relationship to the operation of aircraft can be regarded as an aeronautical activity, and that it will terminate any exclusive right to conduct an aeronautical activity now existing at such an airport before the grant of any assistance under Title 49, United States Code.

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

25. Airport Revenues.

- a. All revenues generated by the airport and any local taxes on aviation fuel established after December 30, 1987, will be expended by it for the capital or operating costs of the airport; the local airport system; or other local facilities which are owned or operated by the owner or operator of the airport and which are directly and substantially related to the actual air transportation of passengers or property; or for noise mitigation purposes on or off the airport. Provided, however, that if covenants or assurances in debt obligations issued before September 3, 1982, by the owner or operator of the airport, or provisions enacted before September 3, 1982, in governing statutes controlling the owner or operator's financing, provide for the use of the revenues from any of the airport owner or operator's facilities, including the airport, to support not only the airport but also the airport owner or operator's general debt obligations or other facilities, then this limitation on the use of all revenues generated by the airport (and, in the case of a public airport, local taxes on aviation fuel) shall not apply.
- b. As part of the annual audit required under the Single Audit Act of 1984, the sponsor will direct that the audit will review, and the resulting audit report will provide an opinion concerning, the use of airport revenue and taxes in paragraph (a), and indicating whether funds paid or transferred to the owner or operator are paid or transferred in a manner consistent with Title 49, United States Code and any other applicable provision of law, including any regulation promulgated by the Secretary or Administrator.
- c. Any civil penalties or other sanctions will be imposed for violation of this assurance in accordance with the provisions of Section 47107 of Title 49, United States Code.

26. Reports and Inspections. It will:

- a. submit to the Secretary such annual or special financial and operations reports as the Secretary may reasonably request and make such reports available to the public; make available to the public at reasonable times and places a report of the airport budget in a format prescribed by the Secretary;

- b. for airport development projects, make the airport and all airport records and documents affecting the airport, including deeds, leases, operation and use agreements, regulations and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request;
- c. for noise compatibility program projects, make records and documents relating to the project and continued compliance with the terms, conditions, and assurances of the grant agreement including deeds, leases, agreements, regulations, and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request; and
- d. in a format and time prescribed by the Secretary, provide to the Secretary and make available to the public following each of its fiscal years, an annual report listing in detail:
 - (i) all amounts paid by the airport to any other unit of government and the purposes for which each such payment was made; and
 - (ii) all services and property provided by the airport to other units of government and the amount of compensation received for provision of each such service and property.

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

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

28. Land for Federal Facilities. It will furnish without cost to the Federal Government for use in connection with any air traffic control or air navigation activities, or weather-reporting and communication activities related to air traffic control, any areas of land or water, or estate therein, or rights in buildings of the sponsor as the Secretary considers necessary or desirable for construction, operation, and maintenance at Federal expense of space or facilities for such

purposes. Such areas or any portion thereof will be made available as provided herein within four months after receipt of a written request from the Secretary.

29. Airport Layout Plan.

- a. It will keep up to date at all times an Airport Layout Plan of the airport showing (1) boundaries of the airport and all proposed additions thereto, together with the boundaries of all offsite areas owned or controlled by the sponsor for airport purposes and proposed additions thereto; (2) the location and nature of all existing and proposed airport facilities and structures (such as runways, taxiways, aprons, terminal buildings, hangars and roads), including all proposed extensions and reductions of existing airport facilities; and (3) the location of all existing and proposed nonaviation areas and of all existing improvements thereon. Such Airport Layout Plans and each amendment, revision, or modification thereof, shall be subject to the approval of the Secretary which approval shall be evidenced by the signature of a duly authorized representative of the Secretary on the face of the Airport Layout Plan. The sponsor will not make or permit any changes or alterations in the airport or any of its facilities which are not in conformity with the Airport Layout Plan as approved by the Secretary and which might, in the opinion of the Secretary, adversely affect the safety, utility or efficiency of the airport.
- b. If a change or alteration in the airport or the facilities is made which the Secretary determines adversely affects the safety, utility, or efficiency of any federally owned, leased, or funded property on or off the airport and which is not in conformity with the Airport Layout Plan as approved by the Secretary, the owner or operator will, if requested, by the Secretary (1) eliminate such adverse effect in a manner approved by the Secretary; or (2) bear all costs of relocating such property (or replacement thereof) to a site acceptable to the Secretary and all costs of restoring such property (or replacement thereof) to the level of safety, utility, efficiency, and cost of operation existing before the unapproved change in the airport or its facilities.

- 30. Civil Rights.** It will comply with such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from funds received from this grant. This assurance obligates the sponsor for the period during which Federal financial assistance is extended to the program, except where Federal financial assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon in which case the assurance obligates the sponsor or any transferee for the longer of the following periods: (a) the period during which the property is used for a purpose for which Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits, or (b)

the period during which the sponsor retains ownership or possession of the property.

31. Disposal of Land.

- a. For land purchased under a grant for airport noise compatibility purposes, it will dispose of the land, when the land is no longer needed for such purposes, at fair market value, at the earliest practicable time. That portion of the proceeds of such disposition which is proportionate to the United States' share of acquisition of such land will, at the discretion of the Secretary, 1) be paid to the Secretary for deposit in the Trust Fund, or 2) be reinvested in an approved noise compatibility project as prescribed by the Secretary.
- b. (1) For land purchased under a grant for airport development purposes (other than noise compatibility), it will, when the land is no longer needed for airport purposes, dispose of such land at fair market value or make available to the Secretary an amount equal to the United States' proportionate share of the fair market value of the land. That portion of the proceeds of such disposition which is proportionate to the United States' share of the cost of acquisition of such land will, (a) upon application to the Secretary, be reinvested in another eligible airport improvement project or projects approved by the Secretary at that airport or within the national airport system, or (b) be paid to the Secretary for deposit in the Trust Fund if no eligible project exists.

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

32. Engineering and Design Services. It will award each contract, or sub-contract for program management, construction management, planning studies, feasibility studies, architectural services, preliminary engineering, design, engineering, surveying, mapping or related services with respect to the project in the same

manner as a contract for architectural and engineering services is negotiated under Title IX of the Federal Property and Administrative Services Act of 1949 or an equivalent qualifications-based requirement prescribed for or by the sponsor of the airport.

- 33. Foreign Market Restrictions.** It will not allow funds provided under this grant to be used to fund any project which uses any product or service of a foreign country during the period in which such foreign country is listed by the United States Trade Representative as denying fair and equitable market opportunities for products and suppliers of the United States in procurement and construction.
- 34. Policies, Standards, and Specifications.** It will carry out the project in accordance with policies, standards, and specifications approved by the Secretary including but not limited to the advisory circulars listed in the Current FAA Advisory Circulars for AIP projects and included in this grant, and in accordance with applicable state policies, standards, and specifications approved by the Secretary.
- 35. Relocation and Real Property Acquisition.** (1) It will be guided in acquiring real property, to the greatest extent practicable under State law, by the land acquisition policies in Subpart B of 49 CFR Part 24 and will pay or reimburse property owners for necessary expenses as specified in Subpart B. (2) It will provide a relocation assistance program offering the services described in Subpart C and fair and reasonable relocation payments and assistance to displaced persons as required in Subpart D and E of 49 CFR Part 24. (3) It will make available within a reasonable period of time prior to displacement, comparable replacement dwellings to displaced persons in accordance with Subpart E of 49 CFR Part 24.
- 36. Access By Intercity Buses.** The airport owner or operator will permit, to the maximum extent practicable, intercity buses or other modes of transportation to have access to the airport, however, it has no obligation to fund special facilities for intercity buses or for other modes of transportation.
- 37. Disadvantaged Business Enterprises.** The recipient shall not discriminate on the basis of race, color, national origin or sex in the award and performance of any DOT-assisted contract or in the administration of its DBE program or the requirements of 49 CFR Part 26. The Recipient shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure non discrimination in the award and administration of DOT-assisted contracts. The recipient's DBE program, as required by 49 CFR Part 26, and as approved by DOT, is incorporated by reference in this Permit. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this Permit. Upon notification to the recipient of its failure to carry out its approved program, the Department may impose sanctions as provided for under Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801).

EXHIBIT J

Description of Equipment

Out-bound Baggage Conveyor Systems (4)

In-line Baggage Screening Conveyor Systems (3)

In-bound Baggage Conveyor Systems (3)

Baggage Claim Carousels (3)

Electric Battery Charger System

Existing Spare Parts inventory transferred from Authority to Contractor

Common Use Passenger Processing System hardware (including but not limited to monitors, printers, reading devices, flight and baggage flight information displays and telephone support systems) and software

EXHIBIT K

Description of Location of Work

Description:

Operation and maintenance of the systems described in Exhibit J, including but not necessarily limited to:

1. Operations
2. Preventative maintenance;
3. Repair;
4. Replacement;
5. Cleaning;
6. Spare parts management; and
7. On-call response and service.

Location:

1. Outbound Baggage Conveyor System located in Terminals A and B
2. In-line Baggage Screening Conveyor System in Terminals A and B
3. Inbound Baggage Conveyor System in Terminals A and B
4. Baggage Claim Carousels in Building 9 and Terminal B
5. Electric Battery Charger System at each Gate (A1-A9; B1-B5)

EXHIBIT L

Inspection Form

**Bob Hope Airport – In-line EDS Baggage Inspection
Mechanical Dynamic Inspection – Node 1: ‘A’ Carriers**

Sunday

Page 1 of 2

Item to be Verified / Tested	AC-100	N1-102	N1-103	N1-104	N1-105	N1-106	N1-107	N1-108
1 Gearbox Temp								
2 Motors Amp Draw								
3 Belt tracking								
4 Excessive vibration								
6 Abnormal noises								
7 Bearing temp								
8 Photo eye - Aligned & Tight	Night	Night	Night					
9 Grease								

Notes:

Item to be Verified / Tested	N1-109	N1-110	N1-201	N1-202	N1-203	N1-204	N1-205	N1-206
1 Gearbox Temp								
2 Motors Amp Draw								
3 Belt tracking								
4 Excessive vibration								
6 Abnormal noises								
7 Bearing temp								
8 Photo eye - Aligned & Tight								
9 Grease								

Notes:

Item to be Verified / Tested	N1-207	N1-208	N1-209	N1-210	N1-211	N1-212	N1-117	N1-118
1 Gearbox Temp								
2 Motors Amp Draw								
3 Belt tracking								
4 Excessive vibration								
6 Abnormal noises								
7 Bearing temp								
8 Photo eye - Aligned & Tight								
9 Grease								

Notes:

Date:

Time: _____

Employee: _____

TABLE OF CONTENTS (cont.)

Page

Mechanical Dynamic Inspection – Node 1: ‘A’ Carriers

Sunday

Page 2 of 2

Item to be Verified / Tested	AC-1	AC-2	N1-400	N1-401	N1-200	N1-111	N1-112	N1-113
1 Gearbox Temp								
2 Motors Amp Draw					Night Work			
3 Belt tracking								
4 Excessive vibration								
6 Abnormal noises								
7 Bearing temp								
8 Photo eye - Aligned & Tight	Night Work	Night Work	Night Work	Night Work				
9 Grease								

Notes:

Item to be Verified / Tested	N1-114	N1-115	N1-116	N1-303	N1-304	N1-301	N1-302	N1-213
1 Gearbox Temp								
2 Motors Amp Draw								
3 Belt tracking								
4 Excessive vibration								
6 Abnormal noises								
7 Bearing temp								
8 Photo eye - Aligned & Tight								
9 Grease								

Notes:

Item to be Verified / Tested	N1-214	N1-215	N1-300	N1-216	N1-217	N1-218	N1-219	N1-MU1
1 Gearbox Temp								
2 Motors Amp Draw			Night Work					Night Work
3 Belt tracking								
4 Excessive vibration								
6 Abnormal noises								
7 Bearing temp								
8 Photo eye - Aligned & Tight								
9 Grease								

Notes:

Date:

Time: _____

Employee: _____

Hollywood Burbank Airport Replacement Passenger Terminal



Safety

- Work Craft Hours to Date – 829,822 Hours
- Safety Orientations to Date – 1,874
- Daily Average Workers Onsite – 422
- Pre-Task-Plans to Date – 6,019
- Site Security Incidents to Date – 0

Current Construction Statistics

- Terminal Concrete Poured to Date – 13,650 cubic yards
- Garage Concrete Poured to Date – 14,410 cubic yards
- Terminal Steel Erected to Date – 4,200 tons
- Total Virtual Design and Construction Clashes Resolved to Date – 9,558

Current Construction Activities

Terminal

- Ongoing Slab on Grade in Area C
- Ongoing Overhead Mechanical, Electrical and Plumbing Install
- Ongoing Interior Framing
- Ongoing Exterior Skin Install

Garage

- Ongoing Vertical Construction
- Ongoing Slab on Grade Placement
- Continued Column Placement
- Continued Mechanical, Electrical and Plumbing Coordination

Civil

- Continued Panhandle Grading
- Continued Storm Drain Install
- Continued Domestic Water Install
- Continued Retaining Wall Waterproofing

Photos



Parking Garage Slab on Grade



Terminal Interior Framing

Photos



Terminal Scaffolding Install



Terminal to Garage Tunnel

Photos



Terminal Exterior Skin



Terminal Slab on Grade