

**COMMERCIAL AIRLINE FACILITIES LEASE AND OPERATIONS AGREEMENT
MCCLELLAN-PALOMAR AIRPORT**

LEASE NUMBER: _____

COMMENCEMENT DATE: February 13, 2025
TERMINATION DATE: February 12, 2027
Unless terminated earlier per the Lease

1. LESSEE. American Airlines, Inc.
1 Skyview Dr.
MD 2W.188B
Fort Worth, TX 76155

CONTACT: Mitch Goodman
Email: Mitchell.Goodman@aa.com
Phone: (____)

2. LESSOR. County of San Diego – Airports (“County”)
1960 Joe Crosson Drive
El Cajon, CA 92020-1236

Contact: Carmela Gutierrez, Project Manager, Real Estate
Email: Carmela.Gutierrez@sdcounty.ca.gov
Phone: (619) 318-8507

3. PREMISES. Those portions of the McClellan-Palomar Airport (“Airport”) terminal building located at 2198 Palomar Airport Road, Carlsbad, CA 92011-4450, including office space, ticket and boarding counters, passenger hold room, employee parking spaces, luggage screening areas, and other areas of the Airport terminal building as more particularly described on Exhibit “A” hereto (hereinafter “Premises”).

3.1 EXCLUSIVE USE AREAS. Lessee shall have exclusive use of the office space, two ticket counters with three positions, one boarding counter with two positions, and a kiosk, shown and identified as such on Exhibit “A” hereto. In addition, the Airport Manager shall designate ten reserved auto parking spaces for use by Lessee’s employees, and may, from time to time, change the location of the ten reserved auto parking spaces on Airport property when needed to accommodate Airport operations. Airport Manager shall provide Lessee with twenty-four (24) hour notice of any change in reserved auto parking locations. All other portions of the Premises shall be for the non-exclusive use of Lessee.

3.2 NON-EXCLUSIVE USE AREAS. With the exception of the exclusive use areas described above, Lessee shall have non-exclusive use of the ticket counters (excluding the two exclusive use ticket counters with three positions), and the boarding counter (with the exception of the one exclusive use boarding counter with two position), passenger hold room,
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break room, luggage screening areas and all other portions of the Premises identified in Exhibit “A” (collectively “Non-Exclusive Use Areas”). In the event Lessee and any other aeronautical user wish to use the terminal building, Lessee shall submit to the Airport Manager a schedule for use of the Non-Exclusive Use Areas needed for Lessee’s operations at the Airport. The Airport Manager shall establish a schedule for shared use of these areas where facilities constraints may limit availability (e.g., additional ticket counters, passenger hold room and luggage screening) on a first-come, first-served basis. The Airport Manager may update the schedule if facilities are not used when scheduled by Lessee or when Lessee wishes to make a change in the schedule. The schedule need not address facilities reasonably capable of unconstrained use (e.g., break room), but may subsequently be subject to scheduling at the discretion of the Airport Manager, should facilities constraints arise. “First-come, first-served,” as used in this section means that lessees shall have priority for scheduled use of the Non-Exclusive Use Areas based on the date that the Lessee first commenced operations from the terminal building pursuant to a County-issued lease or license. Changes in use or expansion of activities not contemplated in the County-issued lease or license shall not have priority but will instead be considered a new use for scheduling purposes arising at the time they are commenced.

4. USE.

A. Lessee shall use the Premises for the purpose of conducting scheduled Part 121 Air Carrier service from the Airport in accordance with the application provided by Lessee, Exhibit “B” (Application for Use of Airport Facilities and Operation of Commuter Airline/Air Carrier Service). The Premises shall be as described in Exhibit “A” and shall not be deemed to be expanded or modified by the application attached hereto as Exhibit “B,” which is intended only to establish the parameters of authorized use, not the extent of the Premises. Lessee has conducted a thorough inspection of the Premises and the Airport and determined, without any representation, warranty or promise on County’s part, that the Premises and Airport are suitable for Lessee’s business activities. Lessee assumes all risk of loss associated with the adequacy of the Premises and Airport for Lessee’s business. Lessee takes the Premises and Airport “as-is,” without any expectation that the Premises or Airport will be modified in any way to accommodate Lessee’s current or future operations. Notwithstanding the foregoing, Lessee agrees that County may, but shall not be obligated by this Lease or Lessee’s operations from the Airport, to make changes to the Premises and Airport to ensure the facilities continue to be available for aviation use in accordance with federal, state and local laws, regulations, grant agreements and orders.

4.1. CHANGE IN FLIGHT SCHEDULES. Subject to availability of facilities managed per Section 3.2 above, minor changes to flight schedule that do not increase number of flights, increase annual enplanements, and set at a scheduled departure time of at least 45 minutes apart may be allowed by written permission from the Airport Manager without an amendment to this Lease.

B. Lessee shall not begin scheduled Part 121 Air Carrier Service until such time as the Transportation Security Administration (“TSA”) has re-established federal security screening staff and installed necessary equipment at the Airport. Additionally, Lessee shall begin scheduled

Air Carrier Service no later than: (i) one hundred and twenty (120) days from the Commencement Date; or (ii) one hundred and twenty (120) days from the date on which TSA screening service becomes available; whichever is later, and failure to do so shall result in the immediate termination of this Lease. In the event of such termination resulting from Lessee's failure to commence service, Lessee must submit a new Application for Use of Airport Facilities and Operation of Airline/Air Carrier Service, which may be subject to the priority of other applications pending at the time.

C. County may terminate this Lease in the event the Director of Airports, County of San Diego, Department of Public Works (hereinafter "Director of Airports") determines, in his or her sole discretion, that Lessee's operation is for any reason incompatible with 14 CFR Part 121 airline operations, including, but not limited to reasons relating to Transportation Security Administration security or sterility of the environment for arrivals or departures. Nothing in this Lease shall prevent or limit the County from soliciting, and the County reserves the right to solicit other airlines and air carriers for the use of the Airport, including the Premises. Lessee waives all claims of any nature related to such solicitation by County, including, without limitation, claims for reduced rent or loss of business opportunity. Lessee further waives the benefits of California Civil Code Section 1542.

5. IMPROVEMENTS. Lessee shall not permanently attach, affix or connect any fixtures or other objects to the Premises (hereinafter "Improvements") or alter the Premises without the prior written consent of the Director of Airports, which consent shall not be unreasonably withheld. Upon the termination of this Lease, County may require Lessee to completely remove any Improvements from the Premises and restore the Premises to the condition it was in prior to the Commencement Date, less any reasonable wear and tear. Improvements not required to be removed by the Director of Airports shall be deemed owned by the County without any compensation due to Lessee.

6. TERM. This Lease shall commence on February 13, 2025 (hereinafter "Commencement Date") and terminate on February 12, 2027, provided, however, either party may terminate this Lease without cause prior to February 12, 2027, by giving the other party at least ninety (90) days prior written notice of such termination. Notwithstanding the foregoing, the County may terminate this Lease without prior notice for specific causes identified in this Lease.

7. RENT AND FEES. Notwithstanding anything to the contrary in this section, rent as described in Subparagraph A. "RENT" below for Counter Space, Office Uses, Vehicle Parking Spaces, and Aircraft Overnight Parking maybe be waived by the Airport Director and fully abated for the period of February 13, 2025 to February 12, 2026. In the event of a holdover and outside the one year waiver period, Rent shall be due in the amounts stated below, subject to adjustment as stated herein. Passenger Facility Charges, Turn Fees, Landing Fees, and the Processing Fee as described in Subparagraph B. "FEES AND CHARGES" shall still be due and payable during the abatement period.

A. RENT.

1) Counter Spaces. For use of ticket counters one and two with position one, two and three, in the terminal, and one boarding counter with position one and two in the holding room, as shown in Exhibit “A” for the Premises, Lessee shall pay a monthly rent of Five Thousand and 00/100 Dollars (**\$5,000.00**). Lessee may, at Lessee’s sole cost and expense, install ticket kiosks in the designated area immediately in front of the counter. Lessee may, at Lessee’s sole cost and expense, install signs on the wall directly behind the ticket counter. No additional rent shall be charged for the ticket kiosk area or signs. Any ticket kiosks shall be subject to the prior written approval of the Director of Airports, which shall not be unreasonably withheld. All signs shall be subject to requirements of Section 39. “Signs”.

2) Office Uses. For the use of 479 square feet of existing office space as shown in Exhibit “A” (Premises), Lessee shall pay to the County a monthly rent of One Thousand Fifty-Four and 00/100 Dollars (**\$1,054.00**).

3) Vehicle Parking Spots. For use of **ten** reserved employee vehicle parking spots on Airport property, as designated by the Airport Manager, Lessee shall also pay to the County a monthly rent of One Thousand Five Hundred and 00/100 Dollars (**\$1,500.00**). If additional employee parking is needed in excess of the **ten** reserved spots, the existing public lots, at the standard charge of **\$5.00** per parking space per day (standard parking charge subject to change), may be used by Lessee to the extent space is available. The parking fee for spaces in excess of the 10 reserved spots shall not be waived.

4) Aircraft Parking Rent. For overnight aircraft parking on County’s existing ramp, Lessee shall pay Forty and 00/100 Dollars (**\$40.00**) per aircraft per night, for up to a maximum of **one** aircraft, subject to ramp space availability. County does not represent that ramp space will be available. Overflow aircraft may be parked on County’s west end ramp at the rate of Forty and 00/100 Dollars (**\$40.00**) per aircraft per night, subject to ramp space availability. Aircraft parking rates are subject to change. Lessee shall submit Exhibit “C” (Monthly Operations Report) for any month in which it has used County ramp space for overnight parking, by the fifteenth (15th) day of the following month.

B. FEES AND CHARGES. Lessee shall promptly pay, when due, all fees and charges imposed for use of Airport facilities. Fees and charges are separate from rent. Fees and charges as charged at the commencement of this Lease are summarized here but are set forth separately from this Lease. Listed fees and charges are subject to change or additional fees or charges may be added from time to time by County Board of Supervisors or as a result of State or federal requirements or actions.

1) Landing Fees. As required by the Schedule of Rates and Charges and Use Control Policy for San Diego County Airports, as the same may be amended by the Board of Supervisors for the County from time to time (hereinafter “Schedule”), for use of the runways, taxiways, ramp (for other than overnight parking) and passenger loading areas, Lessee shall pay to the County monthly landing charges, calculated per each landing at the rate of \$1.00 per 1,000 pounds of the maximum takeoff weight of the aircraft, rounded off to the nearest 1,000 pound figure. For

example:

Embraer 175

89,000 lbs. - Maximum Take Off Weight

Rounded to nearest 1000

@ \$1.00 per 1000 lbs. = \$89.00per flight

@ 60 landings per month

Total = \$5,340.00 per month

All charges shall be based on the maximum allowable takeoff weight established by the Federal Aviation Administration (“FAA”) for the specific make and model of aircraft, including increases in permitted takeoff weight by reason of certain modifications to the aircraft. Landing fees shall be charged and collected in the amount specified by the Schedule. Landing fees may be waived for the first year of term beginning February 13, 2025 to February 12, 2026 by the Airports Director.

Lessee shall submit Exhibit “C” (Monthly Operations Report) for any month in which it owes landing fees by the fifteenth (15th) day of the following month.

2) Passenger Facility Charges. Passenger Facility Charges (PFCs) are set forth in the Federal Aviation Administration Passenger Facility Charge Program (49 U.S.C 40117 or any successor statute(s) and related regulations). Lessee is hereby notified of the requirement to collect PFC revenues at McClellan-Palomar Airport, as approved by the FAA, and to remit such PFCs to County for each enplanement taking place during the preceding month. As shown in Exhibit “D” (FAA’s Record of Decision published in the Federal Register, Vol. 73, No. 242, dated 12/16/2008), the level of the PFC to be imposed is \$4.50 per enplaned passenger. The Charge Effective Date is January 1, 2009 and the Estimated Charge Expiration Date is February 1, 2043. Lessee’s PFC remittances and reports shall be delivered to:

County of San Diego, Airports
ATTN: Finance Section
1960 Joe Crosson Drive
El Cajon, CA 92020-1236

With the prior approval of the FAA and notification to Lessee, the above established PFCs to be imposed, total revenue to be collected, and/or Charge Expiration Date may be modified.

If for any reason Lessee does not pay the Passenger Facility Charge, Lessee shall pay to the County a monthly charge equal to the then-current per-enplanement charge set by the FAA for each enplanement taking place during the preceding month.

3) Processing Fees. Application fee for Airline lease shall be \$750. A Processing fee to process the lease shall be \$3,000. This amount may be waived by the Airports Director.

4) Turn Fee. A per Turn Fee for use of the commercial ramp and the general circulation areas of the terminal, where a “turn” is defined as the combination of an actual arrival and departure. Turn fees will be paid on Exhibit “C” (Monthly Operations Report).

<u>Fee</u>	<u>Per Turn Charge</u>
\$50	> 133 turns/month
\$75	101 – 133 turns/month
\$100	81 – 100 turns/month
\$125	67 – 80 turns/month
\$150	58 – 66 turns/month
\$175	51 – 57 turns/month
\$200	41 – 50 turns/month
\$250	31 – 40 turns/month
\$300	< 31 turns/month

C. PAYMENT OF RENT.

1) Monthly rent payments for “A.1) Counter Spaces,” “A.2) Office Uses,” and “A.3) Vehicle Parking Spots,” (collectively “Monthly Rent”) above, shall be made in advance in U.S. dollars by check or money order on or before the first day of each month, payable to “County of San Diego” and delivered to:

County of San Diego
DEPARTMENT OF PUBLIC WORKS-AIRPORTS
ATTN: A/R Financial Services
5510 Overland Ave, Suite 410
San Diego, CA 92123-1204

2) Lessee shall submit to County an accounting of all overnight parking on County’s ramp, in accordance with “A.4) Aircraft Parking Rent”, all landings made at the Airport in accordance with “B.1) Landing Fees”, any Passenger Facilities Charges owed pursuant to “B.2) Passenger Facility Charges”, and any Turn Fees owed pursuant to “B.4) Turn Fee”, together with such other fees and charges as may become due from time to time for use of Airport property above (collectively “Parking Rent, Fees, and Charges”), during the previous calendar month by the fifteenth (15th) day of each following month, along with payment in U.S. dollars by check or money order made payable to the “County of San Diego” and delivered to the address provided in the completed Monthly Operations Report (Exhibit “C”) required to be submitted by Lessee with the payment.

2.1) Where specified in this Lease, rent will be waived and specified charges may be waived by the Airport Director for the first year of term beginning February 13, 2025 to February 12, 2026. All waived rent and charges will be due and payable beginning the second year of term from February 13, 2026 to February 12, 2027.

3) Payments shall be made on the due date without setoff, deduction or demand. County may, but need not, send a courtesy invoice to Lessee. Payment of rent, and fees and charges becomes "past due" fifteen (15) calendar days after their respective due dates. All past due amounts shall bear interest at the rate of ten percent (10%) per year from the date due to the date of payment, computed on the basis of monthly compounding with actual days elapsed compared to a 360-day year. In addition to such interest, the past due payment by Lessee on any rent or fees and charges due hereunder will cause County to incur certain costs and expenses not contemplated under this Lease, the exact amount of which costs being extremely difficult or impracticable to fix. Such costs and expenses will include, without limitation, administrative and collection costs, and processing and accounting expenses. Therefore, if any such rent or fees and charges are not received within fifteen (15) days of when they are due, Lessee shall immediately pay to County a late charge equal to five percent (5%) of such overdue amount. County and Lessee agree that this late charge represents a fair and reasonable estimate of such costs and expenses and is fair compensation to County for its loss caused by Lessee's nonpayment. Should Lessee pay said late charge but fail to pay contemporaneously therewith all unpaid amounts of rent or fees and charges due hereunder, County's acceptance of the late charge shall not constitute a waiver of Lessee's default with respect to such nonpayment by Lessee nor prevent County from exercising all other rights and remedies available to County under this Lease or under law.

4) Cost of Living Adjustments ("COLA") to the Base Monthly Rent. On the first (1st) anniversary of the Commencement Date, and thereafter every year on such date for the remainder of the Term (each such one-year period is referred to herein as a "COLA Period"), the Base Monthly Rent, as defined herein, shall be adjusted to reflect any decrease in the purchasing power of the dollar. In no event, however, shall the adjusted Base Monthly Rent as determined by the formula below be adjusted to an amount less than the then current Base Monthly Rent.

The rent adjustment to be effective during each COLA Period shall be determined by use of the following formula.

$$R=A (B/C)$$

Wherein:

"R" equals the adjusted Base Monthly Rent for each month of the COLA Period for which rent is being adjusted.

"A" equals the Base Monthly Rent set forth in Section 7.a) above, but only until such time as the parties determine an adjusted Base Monthly Rent in accordance with this Section.

"B" equals the monthly Consumer Price Index, as hereinafter defined, for the month of December immediately preceding the commencement of the COLA Period for which the rent is being adjusted.

"C" equals the monthly Consumer Price Index, as hereinafter defined, for the month of

December immediately preceding the commencement of the Term.

4.1) Consumer Price Index. The consumer price index which shall be used as the source for the Consumer Price Index numbers shall be that published by the United States Department of Labor, entitled United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for the Los Angeles-Long Beach-Anaheim, CA Area, all items of the index entitled "Consumer Price Index for All Urban Consumers" for the Los Angeles-Long Beach-Anaheim, CA Area (1982-84 = 100). In the event that such index is not published for the Los Angeles-Long Beach-Anaheim, CA Area, then another comparable index or source of such information generally recognized as authoritative shall be substituted by agreement of the parties. If the parties should not agree, such source of information shall be determined by arbitration pursuant to the provisions of the California Code of Civil Procedure Section 1280, et seq.

5) In the event of a dispute between the parties as to the correct amount of any rent or fees and charges owed by Lessee, County may accept any sum tendered by Lessee in payment thereof, without prejudice to County's claim as to the full amount owing. If it is later determined that Lessee has not paid the full amount of rent, or fees and charges owing, the late charge specified herein shall apply only to that portion of the rent or fees and charges still due and payable. Notwithstanding any provision to the contrary, the Director of Airports may, subject to any restrictions imposed by County ordinance or Board policy, waive any late charge or interest.

6) In the event of a conflict between the terms of this Lease and any County ordinance or policy specifying penalties, interest, or other charges for non-payment or default regarding the payment of rent or fees and charges, Lessee agrees that by virtue of entering into this Lease, it agrees to pay the highest amount owed and waives any defense to payment on the grounds of noncompliance or deviations from the requirements of any ordinance or policy.

8. ADMINISTRATION AND NOTICES. This Lease shall be administered on behalf of the County by the Department of Public Works, Director of Airports, whose address is:

Director of Airports, County of San Diego - Airports
1960 Joe Crosson Drive
El Cajon, CA 92020-1236
Tel. (619) 956-4800

When designated in this Lease, certain functions may be performed by the Airport Manager whose address is as follows:

Airport Manager, McClellan-Palomar Airport
2192 Palomar Airport Road
Carlsbad, CA 92011-4450
Tel. (760) 966-3272

All notices to be sent to the County shall be sent to the Director of Airports. All notices to
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be sent to the Lessee shall be sent to the Lessee's Contact Person(s) identified in Section 1. Notices may be sent by first class, United States mail, postage pre-paid in which case they shall be deemed delivered five (5) business days after deposit in the mail or by personal delivery, in which case they shall be deemed delivered upon receipt. The parties may, from time to time, by written notice provided in accordance with this Lease, change the person or address for giving notice.

9. INSURANCE. Without limiting Lessee's indemnification obligations to County, Lessee shall provide at its sole expense and maintain for the duration of this Lease, or as may be further required herein, insurance in the specified form and amounts.

9.1. Minimum Scope of insurance

- A. Automobile Liability covering all owned, non-owned, hired auto Insurance Services Office form CA000 1.
- B. Workers' Compensation, as required by State of California and Employer's Liability Insurance.

9.2. Minimum Limits of Insurance Contractor shall maintain limits no less than:

- A. Airport Liability or Commercial General Liability endorsed for aviation operations including Premises, Products and Completed Operations, Contractual Liability, and Independent Contractors Liability: \$2,000,000 per occurrence for bodily injury, personal injury, and property damage. The General Aggregate limit shall be \$4,000,000.
- B. Aircraft Liability: \$20,000,000 combined single limit bodily injury and property damage liability including passenger liability, baggage, and personal effects.
- C. Automobile Liability: \$1,000,000 each accident for bodily injury and property damage.
- D. Employer's Liability: \$1,000,000 each accident for bodily injury or disease. Coverage shall include waiver of subrogation endorsement in favor of County of San Diego.

If the Lessee maintains broader coverage and/or higher limits than the minimums shown above, the County requires and shall be entitled to the broader coverage and/or higher limits maintained by the Lessee. As a requirement of this Lease, any available insurance proceeds in excess of the specified minimum limits and coverage stated above, shall also be available to the County of San Diego.

9.3. Self-Insured Retentions

Any self-insured retention must be declared to and approved by County Risk Management. At the option of the County, either: the insurer shall reduce or eliminate such self-insured retentions as respects the County, the members of the Board of Supervisors of the County and the County's

officers, agents, employees and volunteers; or the Lessee shall provide a financial guarantee satisfactory to the County guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

9.4. Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

A. Additional Insured Endorsement

The County of San Diego, the members of the Board of Supervisors of the County and the officers, agents, employees, and volunteers of the County, individually and collectively are to be covered as additional insureds on the General Liability policy with respect to liability arising out of work or operations performed by or on behalf of the Lessee including materials, parts, or equipment furnished in connection with such work or operations and automobiles owned, leased, hired or borrowed by or on behalf of the Lessee. General Liability coverage can be provided in the form of an endorsement to the Lessee's insurance (at least as broad as ISO form CG 2010 11 85 or both CG 2010, CG 2026, CG 2033, or CG 2038; and CG 2037 forms if later revisions used).

B. Primary Insurance Endorsement

For any claims related to this matter, the Lessee's insurance coverage, including any excess liability policies, shall be primary insurance at least as broad as ISO CG 2001 04 13 as respects the County, the members of the Board of Supervisors of the County and the officers, agents, employees, and volunteers of the County, individually and collectively. Any insurance or self-insurance maintained by the County, the members of the Board of Supervisors of the County, and the officers, agents, employees, or volunteers of County shall be excess of the Lessee's insurance and shall not contribute with it.

C. Notice of Cancellation

Each insurance policy required above shall state that coverage shall not be canceled, except with at least thirty (30) days' notice to the County.

D. Severability of Interest Clause

Coverage applies separately to each insured, except with respect to the limits of liability, and that an act or omission by one of the named insureds shall not reduce or avoid coverage to the other named insureds.

GENERAL PROVISIONS

9.5. Qualifying Insurers

All required policies of insurance shall be issued by companies which have been approved to do business in the State of California by the State Department of Insurance, and which hold a current policy holder's alphabetic and financial size category rating of not less than A, VII according to the current Best's Key Rating guide, or a company of equal financial stability that is approved in writing by County Risk Management.

9.6. Evidence of Insurance

Prior to commencement of this Lease, but in no event later than the effective date of the Lease, Lessee shall furnish the County with a copy of the policy declaration and endorsement pages along with the certificates of insurance and amendatory endorsements effecting coverage required by this clause. Policy declaration and endorsement pages shall be included with renewal certificates and amendatory endorsements submissions and shall be furnished to County within thirty days of the expiration of the term of any required policy. Lessee shall permit County at all reasonable times to inspect any required policies of insurance.

9.7. Failure to Obtain or Maintain Insurance; County's Remedies

Lessee's failure to provide insurance specified or failure to furnish certificates of insurance and amendatory endorsements or failure to make premium payments required by such insurance shall constitute a material breach of the Lease, and County may, at its option, terminate the Lease for any such default by Lessee.

9.8. No Limitation of Obligations

The foregoing insurance requirements as to the types and limits of insurance coverage to be maintained by Lessee, and any approval of said insurance by the County are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Lessee pursuant to the Lease, including, but not limited to, the provisions concerning indemnification.

9.9. Review of Coverage

County retains the right at any time to review the coverage, form and amount of insurance required herein and may require Lessee to obtain insurance reasonably sufficient in coverage, form and amount to provide adequate protection against the kind and extent of risk which exists at the time a change in insurance is required.

9.10. Self-Insurance

Lessee may, with the prior written consent of County Risk Management, fulfill some or all of the insurance requirements contained in this Lease under a plan of self-insurance. Lessee shall only be permitted to utilize such self-insurance if in the opinion of County Risk Management, Lessee's (i) net worth, and (ii) reserves for payment of claims of liability against Lessee, are sufficient to adequately compensate for the lack of other insurance coverage required by this Lease. Lessee's utilization of self-insurance shall not in any way limit liabilities assumed by Lessee under the Lease.

9.11. Subcontractors' Insurance

Lessee shall require and verify that all subcontractors maintain insurance that meets all the requirements stated herein, and Lessee shall ensure that County is an additional insured on insurance required from subcontractors. Such Additional Insured endorsement shall be attached to the certificate of insurance in order to be valid and on a form at least as broad as ISO from CG 2010 11 85 or both CG2010, CG 2026, CG 2033, or CG 2038; and CG 2037 forms if later revisions used. If any subcontractor's coverage does not comply with the foregoing provisions, Lessee shall defend and indemnify the County from any damage, loss, cost, or expense, including attorneys'

fees, incurred by County as a result of subcontractor's failure to maintain required coverage.

9.12. Waiver of Subrogation

Lessee and County waive all rights to recover against each other or against any other tenant or occupant of the Premises, or against the officers, directors, shareholders, partners, employees, agents or invitees of each other or of any other occupant or tenant of the Premises from any Claims against either of them and from any damages to the fixtures, personal property, Lessee's improvements, and alterations of either County or Lessee in or on the Premises, to the extent that the proceeds received from any insurance carried by either County or Lessee, other than proceeds from any program of self-insurance, covers any Claim or damage. Included in any policy or policies of insurance provided by Lessee shall be a standard waiver of rights of subrogation against County by the insurance company issuing the policy or policies.

10. TAXES, ASSESSMENTS AND FEES. The terms of this Lease may result in the creation of a possessory interest. If such a possessory interest is vested in a private party to this Lease, the private party may be subjected to payment of property taxes levied on such interest. Lessee shall be responsible for the payment of, and shall pay before they become delinquent, all taxes, assessments and fees assessed or levied upon Lessee or the area covered by this Lease or any interest therein, including, but not limited to, buildings, structures, fixtures, equipment or other property installed or constructed thereon.

Lessee further agrees not to allow such taxes, assessments or fees to become delinquent, and as such, to become a lien against the area covered by this Lease or any improvements thereto. Nothing herein contained shall be deemed to prevent or prohibit the Lessee from contesting the validity or amount of any such tax, assessment or fee in the manner authorized by law.

11. NONDISCRIMINATION. Lessee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, and this Lease is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry and such other protected categories that may from time to time be added to Civil Code Section 51 or other laws prohibiting discrimination in the use, occupancy, tenure or enjoyment of the Premises, nor shall the Lessee itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation in the use of the Premises.

12. SECURITY. Lessee shall be solely responsible for all security of its operations, employees and property located on or about the Premises. Lessee assumes all risk of loss, including, without limitation, its property and disruption of operations due to any lack of security. County shall not be responsible for security of the Premises or Lessee's operations. With the prior written approval of the Director of Airports, which shall not be unreasonably withheld, Lessee may install security features such as cameras or retain private security to provide security.

13. RELOCATION ASSISTANCE WAIVER. Lessee hereby acknowledges and agrees

that Lessee waives all rights to any form of relocation assistance provided for by local, state, or federal law that Lessee may otherwise be entitled to by reason of this Lease.

14. HAZARDOUS SUBSTANCES. Regardless of whether the obligation to comply is on the landowner, the owner of the improvements or the user of the improvements, Lessee shall be solely responsible for fully complying with all present or future rules, regulations, restrictions, ordinances, statutes, laws and orders of any governmental entity regarding:

A. Any Improvements installed or alterations made on the Premises including, but not limited to, storage tanks, pipelines, pumps, and all other structures and equipment. Lessee is not authorized to make any Improvements or alterations to the Premises without the prior written consent of the Director of Airports; and

B. The storage, distribution, processing, handling or disposal of hazardous or toxic substances including, but not limited to, gasoline, diesel, aviation fuels, lubricating oils, solvents, chemicals, and hazardous substances designated in Labor Code Section 6382 and Health & Safety Code Section 25316.

If any hazardous substance as defined above spills, leaks or is discharged from any facility on the Premises, Lessee shall immediately make all repairs necessary to prevent further spills, leaks or discharges and shall immediately clean up and promptly dispose of the spilled hazardous substance and any soil or other material contaminated by the spill. If Lessee fails to make the required repairs, to clean up the spill or to properly dispose of any contaminated soil or other materials, County may, after written notice to Lessee, take all steps County deems necessary to make the necessary repairs, to clean up the spill and to dispose of any contaminated soil or materials. Lessee shall, within thirty (30) days of receiving a bill from County, reimburse County for the cost of all such repairs and cleanup work that County does or has had done.

Lessee shall be solely responsible for paying all fines, damages and penalties imposed by any governmental agency regarding the production, storage, distribution, processing, handling, disposing, spilling, leaking or discharging of any hazardous substance as defined above.

15. STORMWATER AND NON-STORMWATER DISCHARGES. The County's airport property, which includes the Premises (collectively "Airport" as used in this Section), is subject to federal, state, and local laws prohibiting the discharge of non-stormwater and regulating the discharge of pollutants into the stormwater conveyance system in stormwater and non-stormwater. The programs established by these laws regulate existing activities and the construction process and impose design requirements on new development and redevelopment. The development-related parts of the local stormwater program implement a region-wide model plan, the Standard Urban Stormwater Management Plan ("SUSMP") for projects approved before February 26, 2016 or the BMP Design Manual ("BMPDM") for projects approved on or after February 26, 2016. In addition to the SUSMP/BMPDM, County has developed a Stormwater Pollution Prevention Plan ("SWPPP") for the Airport that provides for the elimination of prohibited non-stormwater discharges and the prevention of stormwater pollution through the development, installation,

implementation and maintenance of pollution prevention measures, source control measures, and Best Management Practices (“BMPs”). BMPs can include operational practices; water or pollutant management practices; physical site features; or devices to remove pollutants from stormwater, to affect the flow of stormwater, or to infiltrate stormwater to the ground.

Lessee is required and agrees to use, operate, maintain, develop, redevelop and retrofit the Premises in accordance with all applicable federal, state, and local laws restricting the discharge of non-stormwater at or from the Airport; and all such laws, regulations, or local guidance requiring pollution prevention measures, source control measures, or the installation or use of BMPs. Lessee further agrees to develop, install, implement and/or maintain at Lessee’s sole cost and expense, any BMPs or similar pollution control devices required by federal, state, and/or local law and any implementing regulations or guidance. Lessee further agrees to conform to the specifications in the County of San Diego Watershed Protection, Stormwater Management, and Discharge Control Ordinance, County Code Sections 67.801 et seq., as currently enacted or subsequently amended to comply with any revised or replacement regional stormwater permits (whether or not such County ordinances are legally applicable to Lessee at this Airport), and to the specifications in the SWPPP for the Airport as the same may be amended from time to time by the County Board of Supervisors or the Director of the County Department of Public Works (“DPW”), respectively.

Lessee shall promptly supply County with copies of notices of violations, notices of non-compliance, or other similar type notices received from regulatory agencies regarding any issues and conditions at the Premises related to stormwater and non-stormwater management practices, any discharge in stormwater or non-stormwater from the Premises, or any prohibited discharge of non-stormwater from the Premises. Lessee shall also provide the County with copies of the final reports Lessee submits to any regulatory agency regarding investigation and/or remediation of stormwater or non-stormwater pollution related issues at the Premises and/or prohibited discharges of non-stormwater from the Premises. Lessee agrees to provide the County with copies of any and all correspondence, reports, or other publicly available and non-privileged documents, not otherwise required to be provided to County by this Section, related to Lessee’s compliance with stormwater regulations upon the written request of the County’s Lease Administrator or Director of Airports. This obligation shall be subject to the seven (7) days’ notice otherwise applicable to monitoring of BMPs and pollution control practices unless it relates to an enforcement action by a regulatory agency, in which case the obligation to disclose documents shall arise immediately.

Lessee understands and acknowledges that the stormwater and non-stormwater requirements applicable to the Airport and to Lessee may be changed from time to time by federal, state, and/or local authorities, and that additional requirements may become applicable based on changes in Lessee’s activities or development or redevelopment by Lessee or County. County may amend the SWPPP for the Airport in response to such changes, or to implement any County program for stormwater and non-stormwater management at the Airport. Lessee agrees to develop, install, implement, and maintain such additional BMPs and/or other pollution control practices at the Premises at Lessee’s sole cost and expense. To the extent there is a conflict between any federal, state, or local law, ordinance, regulation, policy, applicable SUSMP/BMPDM, or SWPPP

for the Airport, Lessee shall be obligated to comply with the more restrictive provision. Lessee shall provide County with unrestricted access to the Premises and/or all pertinent records upon seven (7) days' written notice for the purpose of monitoring the implementation and maintenance of required BMPs and/or other pollution control devices at the Premises. Failure to provide County with access or to implement, develop, install, and maintain any pollution control practices or BMPs required by this Section shall constitute a material breach of this Lease.

16. SUBSTANCE ABUSE. Lessee and its employees and agents shall not use or knowingly allow the use of the Premises: (1) for the purpose of unlawfully driving a motor vehicle or aircraft under the influence of any alcoholic beverage or any drug; or (2) for the purpose of unlawfully selling, serving, using, storing, transporting, keeping, manufacturing or giving away alcoholic beverages or any controlled substance, precursor, or analog specified in Division 10 of the California Health and Safety Code, and violation of this prohibition shall be grounds for immediate termination of this Lease without the need for prior written notice.

17. COMPLIANCE WITH LAWS. All business activities of Lessee and use of the Premises and Airport by Lessee shall be in accordance with all applicable federal, state and county laws, ordinances, grant agreements, policy, orders and regulations now in force, or hereafter prescribed or promulgated related to aviation, air navigation or the use of the Premises or Airport. Without limiting the generality of the foregoing, Lessee shall if applicable to the Premises comply with the Working Families Ordinance, County Code section 73.10, et seq.

17.1 COMPLIANCE WITH AMERICANS WITH DISABILITIES ACT AND AIR CARRIER ACCESS ACT. Lessee acknowledges that, pursuant to the Americans with Disabilities Act (ADA) and the Air Carrier Access Act (ACAA), programs, services, and other activities provided to the public, whether directly or through a contractor, must be accessible to individuals with disabilities. Lessee agrees: (a) Lessee shall provide the services specified in this Lease in a manner that complies with the ADA and the ACAA, as applicable, and any and all other applicable federal, State and local disability rights legislation; (b) Lessee agrees not to discriminate against individuals with disabilities in the provision of programs, services, benefits, or activities provided under this Lease; and (c) Any violation of this prohibition on the part of Lessee, its employees, agents, or assigns shall constitute a material breach of this Lease.

Without limiting the foregoing, Lessee shall be solely and fully responsible for complying with the ADA and ACAA in connection with:

- (a) the Leased Premises and its operations thereon, the Lessee's furnishings, trade fixtures, and equipment;
- (b) removing physical barriers;
- (c) providing auxiliary aids and services for use of the Lessee's furnishings, trade fixtures, and equipment, where necessary; and
- (d) modifying its policies, practices, and procedures to comply with the ADA and ACAA.

County's approval or acceptance of any aspect of the Lessee's activities under this
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Lease shall not be deemed a representation that such item, activity or practice complies with the ADA or ACAA. In accordance with Section 25 Indemnification, Lessee agrees to indemnify, defend, and hold County Parties harmless from and against any and all Claims that arise out of or are in any way connected to Lessee's failure to comply with the ADA or ACAA.

17.2 BOARDING ASSISTANCE FOR AIRCRAFT. In accordance with 49 C.F.R. § 27.72, or any supplemental or replacement laws or regulations, Lessee agrees:

- (a) Lessee shall be responsible for the acquisition and use of boarding and deplaning assistance devices (Assistance Devices) where level-entry loading bridges are not available. Assistance Devices may include mechanical lifts, ramps or other devices that do not require passengers with disabilities to be lifted or carried upstairs.
- (b) Lessee shall ensure that Assistance Devices are maintained in proper working condition.
- (c) Lessee shall provide all passenger assistance associated with the use of the Assistance Devices and shall ensure that Lessee personnel are proficiently trained in the use of the Assistance Devices and appropriate boarding assistance procedures.
- (d) Lessee shall provide and maintain Assistance Devices in accordance with 49 C.F.R. § 27.72 and the applicable FAA Advisory Circulars, including AC 150/5220-21C.

17.2.1 COUNTY ASSISTANCE DEVICES. County owns and maintains ramps and an aircraft boarding chair (County Assistance Devices). County Assistance Devices are available for use by Lessee, subject to the following:

- (a) Lessee shall remain solely responsible for ensuring compliance with the ADA and ACAA, as specified in Sections 17.1 and 17.2 above.
- (b) The County Assistance Devices are available to all County Airport lessees on a first-come, first-serve basis. County does not represent that the County Assistance Devices will be available for Lessee's use at any given time. Further, County does not represent that the County Assistance Devices meet ADA and/or ACAA requirements.
- (c) Lessee shall promptly notify County if the County Assistance Devices require maintenance.
- (d) In accordance with Section 17.2(c) above, Lessee shall provide all passenger assistance associated with the use of the County Assistance Devices and shall ensure that Lessee personnel are proficiently trained in the use of the County Assistance Devices and appropriate boarding assistance procedures.
- (e) In accordance with Section 25 Indemnification, Lessee agrees to indemnify, defend, and hold County Parties harmless from and against any and all Claims that arise out of or are in any way connected to Lessee's use of the County Assistance Devices.

18. UTILITIES. Lessee shall provide and pay for dedicated telephone and data lines. County provides electricity, sewer and water service to the terminal building. Charges for electricity, sewer and water service shall be deemed to be included in Lessee's Rent; provided,

however, County retains the right to require Lessee to limit any activities which substantially increase County's utility costs or require Lessee to pay a portion of the utility costs attributable to Lessee's activities. A substantial increase in costs shall be deemed to include any increases in utility costs by more than thirty percent (30%) over a six (6) month period, attributable solely to Lessee's activities.

19. MECHANICS' LIENS.

A. Lessee agrees that it will pay, or cause to be paid, all costs for work done by it, or caused to be done by it, on the Premises, and Lessee will keep the Premises free and clear of all mechanics' liens and other such liens on account of work done for Lessee or persons claiming under Lessee. Lessee agrees to and shall indemnify, defend and hold County harmless from any and all liability, loss, damage, costs, attorneys' fees and all other expenses on account of claims of lien of laborers or materialmen or others for work performed or materials or supplies furnished for Lessee or persons claiming under Lessee.

B. If Lessee shall desire to contest any claim of such mechanics' lien, it shall furnish County adequate security for the value or in the amount of the claim, plus estimated costs and interest, or a bond of a responsible corporate surety in such amount, conditioned on the discharge of the lien. If a final judgment establishing the validity or existence of a lien for any amount is entered, Lessee shall immediately pay and satisfy the same.

C. If Lessee shall be in default in paying any charge for which a mechanics' lien claim and suit to foreclose the lien have been filed, and shall not have given County security to protect the property and County from liability for such claim of lien, County may (but shall not be required to) pay said claim and any costs, and the amount so paid, together with reasonable attorneys' fees incurred in connection therewith, shall be immediately due and owing from Lessee to County and Lessee shall pay the same to County.

D. Should any claim of lien be filed against the Premises or any action against the Premises or any action affecting the title to such property be commenced, the party receiving notice of such lien or action shall forthwith give the other party written notice thereof.

E. County or its representatives shall have the right to go upon and inspect the Premises at all reasonable times and shall have the right to post and keep posted thereon notices of non-responsibility or such other notices which County may deem to be proper for the protection of County's interest in the Premises. Lessee shall, before the commencement of any work, which might result in any such lien, give to County written notice of its intention to do so in sufficient time to enable posting of such notices.

20. COMMERCIAL AIRLINE OPERATIONS.

A. Lessee shall comply with all operational procedures and requirements as established by the FAA and the U.S. Department of Transportation ("DOT"), including, without
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limitation, any FAA orders, County grant conditions, and the Codes of Federal Regulation (CFR), including, but not limited to, Title 14, Parts 1542, 1544, 121, 135 and 139, as amended and/or superseded.

B. Prior to any change of uses outlined in Exhibit “B” (Application for Use of Airport Facilities and Operation of Airline/Air Carrier Service), Lessee shall submit a new application to the Director of Airports no less than thirty (30) days in advance. Minor changes to flight schedule that: (1) do not increase number of flights; (2) do not increase annual enplanements; and (3) ensure scheduled departure times are at least 45 minutes apart, may be allowed by written permission from the Airport Manager without a new application and amendment to this Lease. Changes that require a new application and amendment would include, but not be limited to, operating aircraft and/or the number of scheduled flights per day. Lessee shall not change the use of the Premises or Airport without the prior written approval of the Director of Airports. Upon approval, the Director of Airports may substitute a new or revised Application for Use of Airport Facilities and Operation of Airline/Air Carrier Service in place of the existing Exhibit “B.” No increase in the use of the airport, such as number of flights or passengers, is allowed without a Lease Amendment or a new Lease, and additional time may be needed for environmental review before such Lease Amendment or a new Lease for increased use could be issued.

C. Lessee shall not operate aircraft from the Airport pursuant to this Lease without the prior written approval of the Director of Airports, or which have not been approved for operation by the FAA (e.g., any required 14 CFR Part 121 and/or 135 certification is completed), or which exceed total passenger loading or other limits placed on Airport operations by 14 CFR Part 139, Board Policy F-44 (if not waived, amended or repealed prior to or in conjunction with the approval of this Lease), or any other applicable laws, policy or regulations.

D. Maintenance run-ups shall be permitted only with prior approval from the Airport Manager. Run-ups are normally conducted between the hours of 8 a.m. to 8 p.m.

E. Lessee shall keep complete and accurate records and books of account from which the number of aircraft arrivals, departures and enplaned passengers can be readily determined for Lessee’s operations at the Airport. Lessee shall provide the County with a monthly total of the number of aircraft arrivals, departures and enplaned passengers within five (5) days subsequent to the end of each monthly period. Said information shall be made available to the Airport Manager. All records and books of account shall be made available to the County upon request.

F. Lessee shall make reasonable efforts to comply with the voluntary noise abatement procedures established at the Airport and shall comply with any and all FAA-approved mandatory noise abatement procedures that may hereafter be established.

G. Lessee shall comply with County’s Aircraft Rescue Fire Fighting efforts (“ARFF”) by conducting its departures and arrivals in accordance with the County’s certification under 14 CFR Part 139. County shall not be obligated to increase or modify ARFF service to

accommodate Lessee's activities. Within thirty (30) days of the receipt of an invoice from County, Lessee shall reimburse County for all costs incurred by County to provide any additional ARFF service to support Lessee's activities. This could include, without limitation, a bill for any after-hour service.

H. Lessee, in the person of its designated Ground Security Coordinator (GSC), shall participate in all security committee assignments, exercises, drills, training sessions, and briefings as notified by County's Airport Security Coordinator (ASC)/Designee. Lessee shall not be entitled to any compensation for participation in these security-related matters.

I. Lessee shall comply with the Airport's Gate/Card Access Tenant Entry System, (GATES) requirements as they are established from time to time by the County.

J. Lessee shall submit reports on all scheduled enplanements in the appropriate form to the DOT to ensure that such enplanements count toward the designation of the Airport as a National Plan of Integrated Airport Systems (NPIAS) "Primary Airport" pursuant to 49 U.S.C. 47102 or successor statute. The failure for any reason of such enplanements to count toward such designation shall be grounds for County's termination of this Lease without the need for prior written notice.

21. NON-EXCLUSIVE RIGHTS. The County may, at its sole option, enter into the same or similar leases, licenses or other agreements for use of the Non-Exclusive Use Areas of the Premises, Airport and available portions of the terminal building and associated facilities with other airlines and/or air carriers and may allocate or reallocate space, including, but not limited to, gates at its sole discretion.

22. ASSIGNMENT AND SUBLETTING. Any mortgage, pledge, hypothecation, encumbrance, transfer, sublease or assignment of Lessee's interest in this Lease shall be void and of no force and effect. Any such act by Lessee will constitute a material breach of this Lease and shall be grounds for termination without notice.

23. REPAIRS AND MAINTENANCE.

A. Lessee acknowledges that Lessee has made a thorough inspection of the Premises, and that it accepts the Premises in its current condition. Lessee further acknowledges that County has made no oral or written representations or warranties or promise to Lessee regarding the condition of the Premises, and that Lessee is relying solely on its inspection of the Premises with respect thereto.

B. Lessee agrees at all times from and after delivery of the Premises, at its own cost and expense, to repair, maintain in good and tenantable condition and replace, as necessary, the Premises and every part thereof. Lessee shall provide for trash removal, at its expense, and shall maintain all trash receptacles and trash areas in a clean and orderly condition. All replacements made by Lessee in accordance with this Section shall be of like size, kind and quality to the items replaced and shall be subject to County approval. Upon surrender of the Premises,

Lessee shall deliver the Premises to County in good order, condition and state of repair, but shall not be responsible for damages resulting from ordinary wear and tear or insured casualty losses for which the County has received payment covered by this Lease.

C. If Lessee refuses or neglects to repair, replace, or maintain the Premises, or any part thereof, in a manner reasonably satisfactory to County, County shall have the right, upon giving Lessee reasonable written notice of its election to do so, to make such repairs or perform such maintenance on behalf of and for the account of Lessee. If County makes or causes any such repairs to be made or performed, as provided for herein, Lessee shall pay the cost thereof to County within thirty (30) days of receipt of an invoice therefore.

D. Lessee agrees to permit County, or its authorized representative, to enter the Premises at all times during usual business hours to inspect the same, and to perform any work therein (i) that may be necessary to comply with any laws, ordinances, rules or regulations of any public authority, (ii) that County may deem necessary to prevent waste or deterioration in connection with the Premises if Lessee does not make, or cause to be made, such repairs or perform or cause to be performed, such work promptly after receipt of written demand from County, and (iii) that County may deem necessary in connection with the expansion, reduction, remodeling, protection or renovation of any portion of the Premises. Nothing herein contained shall imply any duty on the part of County to do any such work, which, under any provision of this Lease, Lessee may be required to do, nor shall County's performance of any repairs on behalf of Lessee constitute a waiver of Lessee's default in failing to do the same. No exercise by County of any rights herein reserved shall entitle Lessee to any compensation, damages or abatement of rent from County for any injury or inconvenience occasioned thereby.

E. County reserves the right to further develop or improve the operations area of the Airport as it sees fit, regardless of the desires or view of the Lessee and without interference or hindrance. County will endeavor to plan projects so as not to disrupt Lessee's operations and to give Lessee advance notice regarding any projects that will impact Lessee's operations. County agrees to give a minimum of sixty (60) days' notice for any planned projects that would require Lessee to cancel any planned flights arriving or departing from the Airport. However, reasons such as emergencies, weather delays and unanticipated project issues may result in less than sixty (60) days' advance notice. Lessee shall not be entitled to any costs, reduction in rent, or other compensation for facilities closures that are the result of an emergency or reasonably scheduled work consistent with the Airport Layout Plan or Master Plan for the Airport.

F. Lessee is permitted to install kiosk stations directly in front of Lessee's assigned counter space, as shown on Exhibit "A." Lessee agrees to repair any damage associated with the installation or use of the kiosk upon the termination of Lessee's Lease. Any additional kiosk locations, other than shown on Exhibit "A," will require advance written approval of the Director of Airports and payment of additional rent. Additional rent shall be determined by the Director of Airports.

24. AGREEMENT SUBORDINATE TO CONDITIONS AND RESTRICTIONS
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IMPOSED BY PUBLIC AGENCIES ON AIRPORT OPERATIONS. This Lease shall be subordinate and subject to the terms, conditions, restrictions and other provisions of any existing or future permit, lease and agreement between County and any federal, state or local agency governing County's control, operation or maintenance of the Airport, or affecting the expenditure of federal funds for the Airport. Lessee shall be bound by all such terms and conditions, and shall, whenever County may so demand, execute, acknowledge or consent to any instrument evidencing such terms, conditions, restrictions or provisions. Without limiting the generality of the foregoing, this Lease and Lessee's occupancy of the Premises are expressly made subordinate and subject to the terms, conditions, restrictions and other provisions of those requirements of the Federal Aviation Administration, and Lessee shall be bound by all such requirements. Nothing in this Section is intended to function or shall be interpreted as a waiver of any immunities or the preemptive effect of State or federal laws regarding the use and operation of the Airport.

25. INDEMNIFICATION. To the fullest extent permitted by law, County shall not be liable for, and Lessee shall defend and indemnify the County of San Diego, the members of the Board of Supervisors of the County, and the officers, agents, employees and volunteers of the County, (collectively "County Parties"), against any and all claims, deductibles, self-insured retentions, demands, liability, judgments, awards, fines, mechanics' liens or other liens, labor disputes, losses, damages, expenses, charges or costs of any kind or character, including attorneys' fees and court costs (hereinafter collectively referred to as "Claims"), which arise out of or are in any way connected to the operations covered by this Lease or with occupancy and use of Airport and Premises by Lessee arising either directly or indirectly from any act, error, omission or negligence of Lessee or its officers, employees, agents, contractors, licensees or servants, including, without limitation, Claims caused by the sole passive negligence or the concurrent negligent act, error or omission, whether active or passive, of County Parties. Lessee shall have no obligation, however, to defend or indemnify County Parties from a Claim if it is determined by a court of competent jurisdiction that such Claim was caused by the sole active negligence or willful misconduct of County Parties.

26. EXHIBITS.

- Exhibit "A" - Premises
- Exhibit "A-1" Passenger Check In Area
- Exhibit "A-2" Passenger Boarding/Deplaning Walkway
- Exhibit "B" - Application for Use of Airport Facilities and
Operation of Airline/Air Carrier Service/New
Service
- Exhibit "C" - Monthly Operations Report
- Exhibit "D" - FAA Record of Decision (published in the
Federal Register, Vol. 73, No. 242)

27. ENTIRE LEASE AGREEMENT. This Lease, together with all exhibits attached hereto, constitutes the entire agreement between the Lessee and the County with respect to the subject matter hereof, and all prior or contemporaneous agreements, understandings and representations, oral or written, are superseded.

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28. AUTHORITY. Lessee represents and warrants that it has full power and authority to execute and fully perform its obligations under this Lease pursuant to its governing instruments, without the need for any further action, and that the person(s) executing this Lease on behalf of Lessee are the duly designated agents of Lessee and are authorized to do so.

29. CAPTIONS. The captions, headings and index appearing in this Lease are inserted for convenience only and in no way define, limit, construe, or describe the scope or intent of the provisions of this Lease.

30. COUNTY APPROVAL. Except where stated herein to the contrary, the phrases “County’s approval,” and “County’s written approval” or such similar phrases shall mean approval of the Director of Airports in writing.

31. CUMULATIVE REMEDIES. In the event of a default under this Lease, each party’s remedies shall be limited to those remedies set forth in this Lease; any such remedies are cumulative and not exclusive of any other remedies under this Lease to which the non-defaulting party may be entitled.

32. FORCE MAJEURE. In the event either party is prevented or delayed from performing any act or discharging any obligation hereunder, except for the payment of rent or fees and charges by Lessee which shall not be subject to this provision, because of any and all causes beyond either party’s reasonable control, including unusual delays in deliveries, abnormal adverse weather conditions, unavoidable casualties, strikes, labor disputes, inability to obtain labor, materials or equipment, acts of God, governmental restrictions, regulations or controls, any hostile government actions, civil commotion and fire or other casualty, legal actions attacking the validity of this Lease or the County’s occupancy of the Premises, or any other casualties beyond the reasonable control of either party, except casualties resulting from Lessee’s negligent operation or maintenance of the Premises (“Force Majeure”), performance of such act shall be excused for the period of such delay, and the period for performance of such act shall be extended for a period equivalent to the period of such delay. Legal actions attacking the validity of this Lease shall be determined to be beyond the control of the County, if the legal action contests County authority to execute the Lease, compliance with governmental regulations, or environmental review. Force Majeure shall not include any bankruptcy, insolvency, or other financial inability on the part of either party hereto.

33. GOVERNING LAW, JURISDICTION AND VENUE. This Lease shall be governed, construed and enforced in accordance with the laws of the State of California. Jurisdiction and venue over any disputes regarding this Lease shall rest in the San Diego County Superior Court located in downtown San Diego, California.

34. INTERPRETATION. The parties have each agreed to the use of the particular language of the provisions of this Lease, and any question of doubtful interpretation shall not be resolved by any rule of interpretation providing for interpretation against the parties who cause an uncertainty to exist or against the draftsperson.

35. JOINT AND SEVERAL LIABILITY. If more than one person or entity executes this Lease as Lessee, each of them is jointly and severally liable for all of the obligations of Lessee hereunder.

36. MODIFICATION. With the exception of a revised use authorized in accordance with Sections 4.A. and 20.B. of this Lease, the provisions of this Lease may not be modified, except by a written instrument signed by both parties.

37. PARTIAL INVALIDITY. If any provision of this Lease is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby. Each provision shall be valid and enforceable to the fullest extent permitted by law.

38. PAYMENTS. Except as may otherwise be expressly stated, each payment required to be made by Lessee shall be in addition to, and not in substitution for, other payments to be made by Lessee.

39. SIGNS. Lessee shall not construct nor permit the erection of any signs on the Premises or Airport without the prior written approval of the Director of Airports. Lessee shall submit sketches of proposed signs to the Director of Airports for approval showing size, materials, colors and location. Such signs must conform to any laws or ordinances of governmental agencies having jurisdiction over the Premises. All signs shall be removed at the termination of this lease.

40. TIME OF ESSENCE. Time is of the essence of each provision of this Lease.

41. WAIVER. No provision of this Lease or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed. The waiver by County of any breach of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of such term, covenant or condition of any subsequent breach thereof, or of any other term, covenant or condition contained in this Lease. County's subsequent acceptance of partial rent or fees and charges or performance by Lessee shall not be deemed to be an accord and satisfaction or a waiver of any preceding breach by Lessee of any term, covenant or condition of this Lease or of any right of County to a forfeiture of the Lease by reason of such breach, regardless of County's knowledge of such preceding breach at the time of County's acceptance. The failure on the part of County to require exact or full and complete compliance with any of the covenants, conditions or agreements of this Lease shall not be construed as in any manner changing or waiving the terms of this Lease or as estopping County from enforcing in full the provisions hereof. No custom or practice which may arise or grow up between the parties hereto in the course of administering this Lease shall be construed to waive, estop or in any way lessen the right of County to insist upon the full performance of, or compliance with, any term, covenant or condition hereof by Lessee, or construed to inhibit or prevent the rights of County to exercise its rights with respect to any default, dereliction or breach of this Lease by Lessee.

42. COUNTERPARTS; ELECTRONIC TRANSMITTAL; ELECTRONIC SIGNATURES. This Lease may be executed in counterparts, and County and Lessee agree that each counterpart shall constitute one agreement binding on County and Lessee, notwithstanding that County and Lessee are not signatory to an original or same counterpart. Executed counterparts of this Lease may be transmitted electronically, and County and Lessee agree that each counterpart of a fully executed Lease transmitted electronically via pdf attachment shall be binding as if the signatures transmitted electronically were original signatures. This Lease may be executed using electronic signatures, and County and Lessee agree that each electronic signature shall have the same legal effect and enforceability as a manually executed signature to the extent provided for in the Uniform Electronic Transactions Act codified in State of California Civil Code Sections 1633.1 - 1633.17.

41. ACCEPTANCE. Lessee accepts this Lease subject to all the terms and conditions hereinabove.

42. NO THIRD-PARTY BENEFICIARIES. The only parties to this Lease are the County and Lessee. There are no third-party beneficiaries to this Lease.

[Remainder of Page Intentionally Left Blank]

LESSEE: AMERICAN AIRLINES, INC.

BY:

DATED:

Print Name: _____

Title: _____

BY:

DATED:

Print Name: _____

Title: _____

COUNTY OF SAN DIEGO, AIRPORTS

BY:

DATED:

JAMIE ABBOTT, Director of Airports
Department of Public Works

APPROVED AS TO FORM AND LEGALITY
COUNTY COUNSEL

By _____
SENIOR DEPUTY COUNTY COUNSEL

cc: Assessor (O225); DPW Financial Services, Attn: Accounts Receivable (O332); Airport Manager (N137)