

Agenda Item



AGENDA STAFF REPORT

ASR Control 25-000440

MEETING DATE: 06/24/25
LEGAL ENTITY TAKING ACTION: Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S): 5
SUBMITTING AGENCY/DEPARTMENT: John Wayne Airport (Approved)
DEPARTMENT CONTACT PERSON(S): Charlene Reynolds (949) 252-5183
 Evanna Barbic (949) 252-5232

SUBJECT: Approve Biometric Verification Services License with AlClear, LLC

CEO CONCUR
Pending Review

COUNTY COUNSEL REVIEW
Approved Agreement to Form

CLERK OF THE BOARD
Discussion
4/5 Vote

Budgeted: N/A

Current Year Cost: N/A

Annual Cost: N/A

Staffing Impact: No

of Positions:

Sole Source: N/A

Current Fiscal Year Revenue: See Financial Impact Section

Funding Source: N/A

County Audit in last 3 years: No

Levine Act Review Completed: Yes

Prior Board Action: N/A

RECOMMENDED ACTION(S):

- Find that the project is Categorically Exempt from the California Environmental Quality Act (CEQA), Class 1 (Existing Facilities), pursuant to CEQA Guidelines Section 15301.
- Approve and execute a Biometric Verification Services License with AlClear, LLC to provide expedited passenger security screening services effective upon Board of Supervisors approval for one year, and authorize the Airport Director to renew the term of this License for two additional two-year terms.
- Authorize the Airport Director or designee to make minor modifications and amendments to the license that do not materially alter the terms or financial obligations to the County and perform all activities under the terms of the license.

SUMMARY:

Approval of a Biometric Verification Services License with AlClear, LLC for a one-year pilot program, with the option to renew for two additional two-year terms, will provide an alternative to Transportation Security Administration Precheck for expedited security screening for John Wayne Airport passengers.

BACKGROUND INFORMATION:

John Wayne Airport (JWA) seeks Board of Supervisors (Board) approval of a Biometric Verification Services License (License) with AIClear, LLC (Clear). Passenger security screening is a two-step process that includes verifying the passenger's identity via a manual document check followed by a physical passenger screening by a Transportation Security Administration (TSA) officer. Clear is a Registered Traveler Program allowing members to verify their identities using biometrics such as eyes or fingers, bypassing the manual document check. After verifying the traveler's identity, Clear members are greeted by a Clear representative and escorted directly to a modified physical screening process where removing shoes, laptops, liquids, belts, and light jackets is not required. Kiosks will be conveniently located near the Terminal B security checkpoint, and a Clear representative will be nearby to assist passengers with enrollment services.

Clear is now available at more than 57 airports across the United States and has added more than a dozen airports to its roster in the last two years. Locally, Clear can be found in Los Angeles, Long Beach, Ontario, Palm Springs, and San Diego airports. Clear's market share in Orange County is about 65,000 members. Clear estimates that during the 12-month pilot program, it will double the members to 130,000.

Currently, JWA offers TSA PreCheck, which provides passengers with modified physical screening. The addition of Clear will give JWA passengers more options for personalized service, efficient passenger identity verification, and modified screening. JWA passengers make regular inquiries about providing Clear at the Airport. Additionally, this pilot program will generate revenues, provide a personalized travel experience and allow the County of Orange to test out a new product or service before making a long-term commitment. Clear remains the only expedited travel service provider with approval from the Department of Homeland Security (DHS) for ticket document checking technology. Clear is an optional fee-based service. The annual optional Clear membership fee is \$199.00.

License Agreement Terms:

The Biometric Verification Services License will provide a one-year term for the use of 662 square feet of support space for four enrollment and four verification kiosks. The effective date of the license is the date of approval and execution by the Board.

Clear will pay fees based on the current terminal rates and charges for the use of the terminal space of \$52,146 per year. In addition, Clear will pay JWA \$0.75 per unique member verification (UMV) made at JWA. Clear projects it will process 560,000 unique member verifications in a 12-month period or \$420,000. The projection is based on 10 percent of enplanements.

Compliance with CEQA: The proposed project is Categorically Exempt (Class 1) from the provisions of CEQA pursuant to CEQA Guidelines Section 15301 because it provides for the leasing and licensing of public facilities involving negligible or no expansion of the existing use.

FINANCIAL IMPACT:

The estimated annual UMV revenue to JWA for the one-year pilot program is estimated to be approximately \$472,146. Revenue for this License is not included in the FY 2025-26 Budget for Airport Operating Fund 280 but will be absorbed. The revenue will be included in the budgeting process for future years.

The County may terminate this License and all of its obligations hereunder with or without prior notice to Licensee. As a courtesy, the Airport Director will attempt to give 30 days' written notice to Licenses.

STAFFING IMPACT:

N/A

ATTACHMENT(S):

Attachment A – Biometric Verification Services License

**JOHN WAYNE AIRPORT
ORANGE COUNTY**



**BIOMETRIC VERIFICATION SERVICES
LICENSE**

Dated: _____, 2025

Between

County of Orange

And

AlClear, LLC

**JOHN WAYNE AIRPORT
BIOMETRIC VERIFICATION SERVICES LICENSE**

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**JOHN WAYNE AIRPORT
BIOMETRIC VERIFICATION SERVICES LICENSE**

THIS BIOMETRIC VERIFICATION SERVICES LICENSE ("License") is made and entered into this ___ day of _____, 2025, by and between the COUNTY OF ORANGE, a political subdivision of the State of California ("COUNTY"), and ALCLEAR, LLC ("LICENSEE"). COUNTY and LICENSEE may sometimes hereinafter be referred to individually as "Party" or jointly as "Parties."

RECITALS

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

WHEREAS, LICENSEE desires to provide biometric verification lanes, enrollment stations, and related queuing solutions for Airport passengers (collectively, "Services"); and

WHEREAS, COUNTY and LICENSEE mutually desire to enter into an agreement in order to allow LICENSEE to provide Biometric Verification Services to the public at the Airport; and

WHEREAS, COUNTY has the right to license the use of its property at the Airport and to grant the use of the Airport to LICENSEE; and

WHEREAS, LICENSEE acknowledges that this License is being entered into under the provisions of California Public Utilities Code §§21690.5, et seq., and in particular, §21690.9.

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

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

ARTICLE I – DEFINITIONS

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

SECTION 1.01 AIRPORT

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

SECTION 1.02 AIRPORT DIRECTOR

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

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BIOMETRIC VERIFICATION SERVICES LICENSE**

SECTION 1.03 AUDITOR-CONTROLLER

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

SECTION 1.04 BOARD OF SUPERVISORS

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

SECTION 1.05 COUNTY

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

SECTION 1.06 DOT

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

SECTION 1.07 ENVIRONMENTAL LAWS

As used herein, the term "Environmental Laws" 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) Clean Air Act, 42 U.S.C. §7401 et seq.; (ii) Clean Water Act, 33 U.S.C. §1251 et seq.; (iii) Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 ("CERCLA"), 42 U.S.C. §9601 et seq.; (iv) 49 C.F.R. Parts 173 and 175; (v) 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) Oil Pollution Act of 1990, 33 U.S.C. §2701 et seq.; (vii) Federal Water Pollution Control Act, 33 U.S.C. §1317 et seq.; (viii) Safe Drinking Water and Toxic Enforcement Act of 1986, Cal. Health & Safety Code §25249.5 et seq.; (ix) Cal. Health & Safety Code §25100 et seq., §25915 et seq.; (x) Cal. Water Code §1300 et seq.; (xi) Cal. Civil Code §3479 et seq.; (xii) Stormwater Discharge Rules, 40 C.F.R. §122.26, §122.30-37; Industrial General Permit and Municipal Separate Storm Sewer System (MS4) Permit; (xiii) South Coast Air Quality Management District Regulations and Rules; and (xiv) all other state laws, rules, orders, directives, and codes, regulations judgments, and orders 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 are amended, and the regulations and administrative codes applicable thereto.

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SECTION 1.08 FAA

"FAA" shall mean the Federal Aviation Administration created under the Federal Aviation Act of 1958, or such successor agency as may have similar jurisdiction over LICENSEE or its business, and the Airport.

SECTION 1.09 HAZARDOUS SUBSTANCES

"Hazardous Substances" shall mean any hazardous or toxic substance, material or waste which is or shall become regulated by any governmental entity, including but not limited to COUNTY acting in its governmental capacity, the State of California or the United States Government. The term "Hazardous Substances" includes, without limitation, any material or substance which is (i) defined or listed in such regulations as a "hazardous waste," "extremely hazardous waste," "restrictive hazardous waste" or "hazardous substance" or considered a waste, condition of pollution or nuisance under applicable 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 governmental entity to cause cancer and/or reproductive toxicity.

SECTION 1.10 LICENSE AREA

COUNTY grants to LICENSEE the right to use that certain property hereinafter referred to as "License Area," shown on "Exhibit A," which exhibit is attached hereto and by reference made a part hereof.

SECTION 1.11 NON-STORMWATER DISCHARGE

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

SECTION 1.12 OFFICE SPACE

"Office Space" shall mean the area of the License Area which COUNTY has granted LICENSEE the right to use during the term of this License. LICENSEE's Office Space is shown on Exhibit A.

SECTION 1.13 POLLUTANT

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

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

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- B. Household waste (such as trash, paper, and plastics; cleaning chemicals, yard wastes, animal fecal materials, used oil and fluids from vehicles, lawn mowers and other common household equipment);
- C. Metals and nonmetals, including compounds of metals and nonmetals (such as cadmium, lead, zinc, copper, silver, nickel, chromium, cyanide, phosphorus and arsenic) with characteristics which cause an adverse effect on living organisms;
- D. Petroleum and related hydrocarbons (such as fuels, lubricants, surfactants, waste oils, solvents, coolants and grease);
- E. Substances having a pH less than 6.5 or greater than 8.6, or unusual coloration, turbidity or odor;
- F. Materials causing an increase in biochemical oxygen demand, chemical oxygen demand or total organic carbon;
- G. Materials which contain base/neutral or acid extractable organic compounds;
- H. Those pollutants defined in Section 1362(6) of the Federal Clean Water Act;
- I. Any other constituent or material, including but not limited to pesticides, herbicides, fertilizers, fecal coliform, fecal streptococcus, or enterococcus, or eroded soils, sediment and particulate materials, in quantities that will interfere with or adversely affect the beneficial use of the receiving waters, flora or fauna of the State; and
- J. Any substance listed under Health and Safety Code, §25316.

SECTION 1.14 STORMWATER

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

SECTION 1.15 TERMINAL

"Terminal" shall mean the Thomas F. Riley commercial passenger terminals and concourses at John Wayne Airport, as may be modified at any time during the term of this License.

SECTION 1.16 TSA

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

SECTION 1.17 UNIQUE MEMBER VERIFICATION

"Unique Member Verification" shall mean a unique biometric verification of a LICENSEE member performed at LICENSEE's lanes at the Airport within a particular month, as measured by LICENSEE's automated data warehouse. This term shall not include duplicate verifications, LICENSEE employee verifications, verifications made for testing or quality control purposes, or demonstration verifications.

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ARTICLE II - TERM OF LICENSE

SECTION 2.01 TERM OF LICENSE

This License shall become effective on _____ and shall continue in effect for twelve months unless terminated earlier. At the Airport Director's sole discretion, this License may be extended two additional two-year terms.

SECTION 2.02 HOLDING OVER

In the event LICENSEE continues use of the License Area after the termination of this License, such use shall not be considered an extension or renewal of this License. LICENSEE's continued use of the Licensed Area after termination of this License shall be on a month-to-month basis and shall be governed by terms, conditions, and covenants of this License.

SECTION 2.03 TERMINATION FOR CONVENIENCE

This License may be terminated for convenience by the Airport Director for any reason, and without cause, at any time; however, as a courtesy to LICENSEE, Airport Director will attempt to give thirty (30) days written notice to LICENSEE.

ARTICLE III - LICENSE AREA

SECTION 3.01 LICENSE AREA

COUNTY grants to LICENSEE the nonexclusive right to use that certain property hereinafter referred to as "License Area," shown in "Exhibit A," which exhibit is attached hereto and by reference made a part hereof. The License Area may be modified from time to time at the discretion of the Airport Director. COUNTY grants to LICENSEE the right to enter and transit the Airport only through locations designated by Airport Director.

SECTION 3.02 NATURE OF LICENSE

LICENSEE acknowledges and agrees:

- A. That COUNTY is granting to LICENSEE the nonexclusive right to use the License Area.
- B. That COUNTY retains a fee ownership for federal income tax purposes in and to the License Area, as well as all other ownership burdens and benefits connected with such fee ownership.
- C. That LICENSEE has not been granted any direct or indirect right or option to purchase the License Area from COUNTY at any time during or after the termination of this License.

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**SECTION 3.03 INSTALLATION OF EQUIPMENT INSIDE OR OUTSIDE THE
LICENSE AREA**

LICENSEE shall not install equipment of any kind, neither inside nor outside the License Area, unless authorized in writing by the Airport Director prior to installation.

ARTICLE IV - FEES

SECTION 4.01 FEES

LICENSEE shall make payment of the following fees:

(1) License Area

LICENSEE agrees to pay to COUNTY the following fee, payable monthly in advance on the first day of each month with a 15-day grace period, and LICENSEE agrees that the COUNTY will not invoice for such fees.

An annual fee equal to the square footage of the Office Space shown on Exhibit A, multiplied by the rate for Terminal Rental Rate per the Terminal and Operations Rates established by the Airport for space known Terminal Rental Rate. The current rate is seventy-eight dollars and seventy-seven cents. (\$78.77.)

(2) Unique Member Verification Fee ("UMVF")

LICENSEE agrees to pay to COUNTY monthly in arrears, on or before the twentieth day of the following month, \$0.75 (seventy-five cents) per Unique Member Verification, as defined in Section 1.17, performed by LICENSEE at the Airport.

(3) Statement of Monthly Unique Member Verifications

On or before the twentieth day of each month, LICENSEE shall deliver to Auditor-Controller a correct statement showing the daily number of Unique Member Verifications performed at LICENSEE's lanes at the Airport for the calendar month in arrears. Each statement shall reflect the dollar amount of UMVF due to Airport. The statement shall be signed by LICENSEE or his responsible agent.

Notwithstanding anything in this License to the contrary, all amounts payable by LICENSEE to or on behalf of COUNTY under this License, whether or not expressly denominated as fees, shall constitute fees for the purposes of the UNITED STATES BANKRUPTCY CODE, 11 USC §502(b)(6). LICENSEE shall notify Airport in writing within thirty (30) days of filing a petition for Bankruptcy.

In the event the obligation to pay the fee begins or terminates on some day other than the first or last day of the month, the fee shall be prorated to reflect the actual period of use based on a thirty

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(30) day month. The fee for any partial calendar month during which this License becomes effective will be payable on such effective date.

Fee payments shall be made in accordance with the provisions of the section in this License entitled "PAYMENT PROCEDURE."

SECTION 4.02 RESERVED

SECTION 4.03 PAYMENT PROCEDURE

- A. **Place of Payment and Filing.** Payments and statements required by the Sections in this License entitled "FEES" and shall be delivered to the County of Orange, Office of the Auditor-Controller, John Wayne Airport Accounting Services, 3160 Airway Avenue, Costa Mesa, California 92626. The designated place of payment and filing may be changed at any time by COUNTY upon ten (10) days' written notice to LICENSEE. Payments may be made by check payable to the County of Orange. LICENSEE assumes all risk of loss if payments are made by mail.
- B. **Form of Payment.** All sums due under this License shall be paid in lawful money of the United States of America without offset or deduction or prior notice or demand. No payment by LICENSEE or receipt by COUNTY of a lesser amount than the payment due shall be deemed to be other than on account of the payment due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and COUNTY shall accept such check or payment without prejudice to COUNTY's right to recover the balance of the amount due or pursue any other remedy in this License. All electronic payments must be remitted by Automated Clearing House (ACH)/direct deposit to the Airport's designated bank account, or any future mode prescribed by the COUNTY. Any fees assessed to the COUNTY'S bank account due to the use of other form of payment (e.g., wire transfer) not prescribed or approved by the COUNTY, shall be passed through to LICENSEE plus a twenty-five-dollar (\$25) processing fee.
- C. **Penalty for NSF Check.** In the event a check submitted by LICENSEE is returned for non-sufficient funds ("NSF"), LICENSEE agrees to pay COUNTY a service charge in the amount of twenty-five dollars (\$25) for the first check, and thirty-five dollars (\$35) for each subsequent check. LICENSEE liable for treble damages pursuant to California Civil Code Section 1719.

SECTION 4.04 CHARGE FOR LATE PAYMENT

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

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

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

SECTION 4.05 RECORDS AND ACCOUNTS

- A. Records. LICENSEE shall, at all times during the term of this License, keep or cause to be kept true and complete books, records, and accounts of all financial transactions in the operation of all business activities, of whatever nature, conducted in pursuance of the rights granted herein. The records must be supported by source documents such as sales slips, cash register tapes, purchase invoices, or other pertinent documents.
- B. The Accounting Year. The accounting year shall be twelve full calendar months commencing with the first full calendar month following execution of this License.
- C. Agreed-Upon Procedures Report. Within ninety (90) days after the end of each accounting year, LICENSEE, at its own expense, shall submit to the COUNTY, based on the annual total Unique Member Verifications, an audited statement of Unique of Member Verifications for all John Wayne Airport operations ("Agreed-Upon Procedures Report"). This Agreed-Upon Procedures Report shall include a breakdown schedule of total Unique Member Verifications for the accounting year by month and fee established for and listed in Section 4.01 (FEES). This Agreed-Upon Procedures Report must be prepared by an independent Certified Public Accountant (CPA) or CPA firm holding a current and valid license with their local state Board of Accountancy. The audit and report must be performed in the applicable standards promulgated by the American Institute of Certified Public Accountants (AICPA).

LICENSEE shall provide COUNTY with copies of any CPA management letters and audited statements of Unique Member Verifications prepared in conjunction with their audit of LICENSEE's operations from the Airport. Copies of management letters and/or Agreed-Upon Procedures Reports shall be provided directly to COUNTY by the CPA at the same time LICENSEE's copy is provided to the LICENSEE.

LICENSEE acknowledges that any and all of the Agreed-Upon Procedures Reports submitted to the COUNTY pursuant to this License become Public Records and are subject to public inspection pursuant to Section 6250 et seq. of the California Government Code.

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D. Failure to Submit CPA Prepared Agreed-Upon Procedures Report. In addition to any other remedies available to COUNTY at law or in equity or under this LICENSE, in the event that LICENSEE fails to submit any Agreed-Upon Procedures Report by the due date in Subsection C, "Agreed-Upon Procedures Report," Airport Director may require LICENSEE to submit the greater of:

1. \$5,000 fine; or
2. Any and all costs incurred by COUNTY for the Certified Public Accountant hired by the COUNTY to prepare the required Agreed-Upon Procedures Report, including an administrative fee equal to fifteen percent (15%) of those costs.

The assessed fine does not relieve LICENSEE from the responsibility to submit an Agreed-Upon Procedures Report or provide sufficient financial records for the Certified Public Accountant hired by the COUNTY to complete the required report.

F. Audits. All LICENSEE's books of account and records and supporting source documents related to this License or to business operations conducted within or from the Airport shall be kept and made available to COUNTY at one location within the limits of the County of Orange or shall be made available at offices in the COUNTY within ten (10) business days after notice to produce said records and source documents. COUNTY shall, through its duly authorized agents or representatives, have the right to examine and audit said books of account and records and supporting source documents at any and all reasonable times for the purpose of determining the accuracy thereof, and of the monthly statements of transactions and the dollar amount of said transactions. The full cost of said audit shall be borne by COUNTY.

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

Upon the request of COUNTY, LICENSEE shall promptly provide, at LICENSEE's expense, necessary data to enable COUNTY to fully comply with any and every requirement of the State of California or the United States of America for information or reports relating to this License and to LICENSEE's use of the Airport. Such data shall include, if required, a detailed breakdown of LICENSEE's receipts and expenses.

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

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- 1) The audit reveals an underpayment of more than two percent between the fees due as reported and paid by LICENSEE in accordance with this License and the fees due as determined by said audit;
- 2) LICENSEE has failed to maintain true and complete books, records, accounts and supporting source documents in accordance with Subsection A, "Records" above. The adequacy of records shall be determined at the sole discretion of COUNTY.

Otherwise, COUNTY shall bear the cost of said audit, excluding the aforementioned expenses related to audit of documents kept outside the limits of the County of Orange.

G. Failure to Maintain Adequate Records. In addition to any other remedies available to COUNTY at law or in equity or under this License, in the event that LICENSEE fails to maintain and keep books, records and accounts of Unique Member Verifications from business operations conducted on or from the Airport and/or source documents relating thereto, or to make the same available to COUNTY for examination and audit, or to record sales and/or to maintain registers to record sales, or to provide financial statements and other information to COUNTY regarding gross sales as required by this License, COUNTY, at COUNTY's option, may:

- 1) Perform such examinations, audits and/or investigations itself or through agents or employees as COUNTY and/or its auditors may deem appropriate to confirm the amount of percentage fees payable by LICENSEE under this License and any and all costs and/or expenses incurred by COUNTY in connection therewith shall be promptly reimbursed to COUNTY by LICENSEE upon demand.
- 2) Provide accounting services and/or a system for recording retail sales and charges, including without limitation cash registers, for use by LICENSEE in business transactions upon or from the Airport, and, at COUNTY's option, maintain personnel on the Airport to observe and/or record such sales during LICENSEE's business hours, or from time to time, all at LICENSEE's sole cost and expense and, in such event, LICENSEE shall promptly reimburse COUNTY for any and all costs incurred by COUNTY in connection therewith; and/or
- 3) Require that LICENSEE pay percentage fees based on COUNTY's best good faith estimate of LICENSEE's Unique Member Verifications from business operations conducted on or from the Airport and any such determination made by COUNTY shall be conclusive and binding upon LICENSEE.

Costs payable by LICENSEE pursuant to this section shall include reimbursement to COUNTY of COUNTY provided services at such rates as COUNTY may from time to time, in good faith, establish for such services. In the case of services provided by COUNTY's employees, such rates shall be sufficient to reimburse COUNTY for employees' salaries, including employee taxes and benefits and COUNTY's overhead or, at COUNTY's option, may be the rate for such services that

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would be charged by a qualified third party or Parties, approved by COUNTY, if engaged by COUNTY to perform such services.

SECTION 4.06 PROVISION AGAINST SET-OFFS

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

SECTION 4.07 SECURITY DEPOSIT

LICENSEE, prior to the commencement of operations, shall deposit with COUNTY a security deposit in the sum of One Hundred Fifty-Six Thousand Three Hundred Fifty Dollars (\$156,350)), subject to the provisions for adjustment as provided hereinafter.

Concurrently with each revision of the fees pursuant to the Section in this License entitled "FEES," the security deposit to be provided by LICENSEE shall be adjusted to approximately four (4) times the estimated monthly fees as determined by Airport Director to guarantee the faithful performance by LICENSEE of its obligations under this License and the payment of all fees due hereunder. In no event shall the amount of the security deposit be decreased below Ten Thousand Dollars (\$10,000).

The security deposit shall take one of the forms set out below and shall guarantee LICENSEE's full and faithful performance of all the terms, covenants, and conditions of this License:

- A. A Letter of Credit from one or more financial institutions, subject to regulation by the State of California or Federal government, pledging that funds necessary to secure performance of the terms, covenants, and conditions of this License are on deposit and guaranteed for payment, and agreeing that said funds shall be trust funds securing LICENSEE's performance and that all or any part shall be paid to COUNTY, or order upon demand by Airport Director. Both the financial institution(s) and the form of the instrument(s) must be approved by Airport Director, or designee. The financial institution shall have a minimum long-term credit rating by two of the three Nationally Recognized Statistical Rating Organizations (NRSROs): Moody's (AA3), S&P Global (AA-), and Fitch (AA-).
- B. A Faithful Performance Bond executed by a surety company or financial institution qualified and admitted doing business in the State of California and issued in a form, approved by the COUNTY. The surety company must have a minimum A. M. Best rating of A-/VIII as determined by the most current edition of ambest.com. Under the bond, the surety company shall guarantee to COUNTY full and complete performance of all the terms, conditions and covenants herein to be performed on the part of LICENSEE, including the payment of use fees as well as any and all other payments. Said bond shall be maintained at the cost of LICENSEE throughout the existence of this License. Said Surety shall give Airport Director or designee a minimum thirty (30) days' prior written

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notice of cancellation or material change in said bond. Such cancellation or material change without Airport Director's or designee's prior written consent shall constitute a default under this License.

Regardless of the form in which LICENSEE elects to make said security deposit, all or any portion of the principal sum shall be available unconditionally to the COUNTY for correcting any default or breach of this License by LICENSEE, its successors or assigns, or for payment of expenses incurred by COUNTY as a result of the failure of LICENSEE, its successors or assigns, to faithfully perform all terms, covenants, and conditions of this License.

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

In the event Airport Director or designee withdraws all or any portion of the security deposit as provided herein, LICENSEE shall, within ten (10) days of any withdrawal by Airport Director or designee, replenish the security deposit to maintain it at amounts herein required throughout the term of this License. Failure to do so shall be deemed a default and shall be grounds for immediate termination of this License.

LICENSEE shall be obligated to maintain the security deposit in effect until the expiration date or earlier termination of this License.

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

**ARTICLE V - USE, OPERATION, MAINTENANCE AND CONDITION OF LICENSE
AREA**

SECTION 5.01 USE

LICENSEE's use of the License Area shall be limited to the nonexclusive right to provide biometric verification lanes, enrollment stations and related queuing solutions (collectively, "Services") at the Airport.

Except as otherwise specifically authorized by JWA in writing, LICENSEE agrees not to use the Airport for any other purpose nor to engage in or permit any other activity by LICENSEE's employees, agents or contractors, within or from the Airport. LICENSEE agrees not to conduct or permit its employees, agents or contractors to conduct any public or private nuisance in, on or from the Airport, or to commit or permit its employees, agents or contractors to commit any waste in, on or from the Airport.

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SECTION 5.02 RULES AND REGULATIONS

The COUNTY has adopted and may enforce “Airport Rules and Regulations” (as may be amended from time to time) which LICENSEE agrees to observe and obey, with respect to the use of the Airport and its appurtenances, facilities, improvements, equipment and services; provided that such rules and regulations shall not be inconsistent with safety and with rules, regulations and orders of the FAA and TSA with respect to all operations of the Airport. Except in the case of emergency, the COUNTY shall give LICENSEE written notice and opportunity to comment on any proposed changes or additions to the Airport Rules and Regulations that could impact LICENSEE's operations at the Airport before such proposed rules and regulations are adopted by the COUNTY. If requested, the COUNTY shall promptly provide a copy of such Airport Rules and Regulations to LICENSEE.

LICENSEE shall comply with all Airport Rules and Regulations and shall observe, obey, comply with and not otherwise hinder or obstruct any and all rules, regulations, laws, ordinances, statutes or orders of any governmental authority, whether Federal, State, or local, lawfully exercising authority over the Airport or the activities thereon, including compliance with FAA, TSA and Airport security rules, regulations and plans.

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

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

SECTION 5.03 OPERATIONAL REQUIREMENTS

LICENSEE agrees it will establish and operate, subject to TSA approval, a Registered Traveler Program, as defined under 8 U.S. Code § 1365b - Biometric entry and exit data system, at Airport, and to abide by the following operational conditions and requirements:

- A. Evidence of adequate insurance coverage as set forth in the Section in this License entitled “INSURANCE.”

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- B. Obtain and provide to Airport Director a written statement from the manufacturer of any cleaning compounds to be used by LICENSEE, certifying that such compounds contain no phosphates, have nonionic and ionic surfactants, and are nontoxic. LICENSEE shall also immediately report any deviations from approved formulations to Airport Director with proof on nontoxicity and biostimulation.
- C. Maintain an office and business telephone or other means of contact and communications acceptable to Airport Director.
- D. Maintain a security deposit as set forth in the Section in this License entitled "SECURITY DEPOSIT."
- E. Ensure that all employees of LICENSEE engaged in rendering the Services authorized by this License shall at all times while on duty, be neatly and cleanly dressed in accordance with the duty being performed by them and shall wear such identification and/or device, as shall meet with the approval of the Airport Director.
- F. Furnish good, prompt, courteous, friendly, and/or efficient service so as not to reflect any discredit on LICENSEE, COUNTY, or Airport.
- G. LICENSEE shall establish dedicated LICENSEE lanes, which include biometric verification lanes and enrollment stations, at locations mutually determined by LICENSEE and AIRPORT. LICENSEE shall perform the Services as indicated in the areas detailed in Exhibit A.
- H. LICENSEE will staff its operations with a manager and a team of ambassadors trained in LICENSEE enrollment, verification, sales and other operational procedures.
- I. LICENSEE shall furnish, install and integrate all necessary hardware and supporting infrastructure to provide kiosks at Airport security checkpoints for expediting passenger screening and enrollment and customer service stations for travelers to sign-up for or inquire about the Registered Traveler Program services. LICENSEE will be responsible for furnishing, installing, constructing as necessary, and integrating such stations.
- J. LICENSEE shall assume all costs related to the described responsibilities to conduct Registered Traveler Program operations, including services, equipment, personnel, facilities, and removal of equipment and related materials when operations are terminated at a site.
- K. LICENSEE shall ensure all of its employees obtain and display an Airport identification badge issued by the Airport badging office.
- L. Airport Director and LICENSEE will collaborate to determine the hours of operation of the Registered Traveler Program service at Airport. The objective will be to maximize

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customer accommodation. Following establishment of operating hours LICENSEE agrees that it will accommodate all reasonable operating hour requests presented by Airport Director.

M. Employee Parking Fee. LICENSEE shall pay the monthly employee parking fee, subject to change, for employee vehicles parking in the employee parking lot.

SECTION 5.04 MAINTENANCE AND OPERATION OF LICENSE AREA

LICENSEE agrees to maintain the License Area in a safe, clean, sanitary condition and in compliance with all applicable laws. LICENSEE shall be responsible to make all necessary repairs required to maintain the License Area and improvements in good condition. All repairs and improvements made by LICENSEE to the License Area shall be in compliance with all current federal, state, local ordinances and building codes and all Airport Regulations (collectively, "Codes"). The Codes encompass all fire, life and structural safety aspects and apply to the construction, alteration, moving, demolition, repair and use of the License Area. Any additions, alterations, repairs and changes of use or occupancy in the License Area shall comply with the provisions for new buildings and structures as set forth in the Codes. All devices or safeguards which are required by the Codes shall be maintained in conformance with the edition of the Codes under which it was installed.

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

LICENSEE further agrees to provide approved containers for trash and recycling and to keep the License Area free and clear of rubbish and litter. Airport Director shall have the right to enter upon and inspect LICENSEE's License Area and other Airport facilities at any time for cleanliness, safety and maintenance inspections as set out herein.

LICENSEE shall designate in writing to Airport Director a representative who shall be responsible for operation and level of maintenance, cleanliness and general order.

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

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

SECTION 5.05 DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS

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

In the event of damage to or destruction of LICENSEE-owned or constructed buildings, facilities or improvements located within the License Area or in the event LICENSEE-owned or constructed buildings, facilities, or improvements located within the License Area are declared unsafe or unfit for use or occupancy by the COUNTY or any other public entity with jurisdiction to make and enforce such a declaration, LICENSEE shall, within thirty (30) days, commence and diligently pursue completion of the repair, replacement or reconstruction of improvements to the same size and floor area as they existed immediately prior to the event causing the damage or destruction, as necessary to permit full use and occupancy of the License Area for the purposes required by the LICENSE.

Repair, replacement or reconstruction or improvements within the License Area shall be accomplished in a manner and according to plans approved by Airport Director. Except as otherwise provided herein, termination of this License shall not reduce or nullify LICENSEE's obligation under this paragraph. With respect to damage or destruction to be repaired by COUNTY or which COUNTY elects to repair, LICENSEE waives and releases its rights under California Civil Code Sections 1932(2) and 1933(4).

SECTION 5.06 PROHIBITED USES

All into-plane fueling services, which shall include selling, delivery or dispensing of aviation fuels, are prohibited, as well as any other service not expressly approved for use by COUNTY in Section 5.01, USE.

SECTION 5.07 METRICS

LICENSEE shall maintain, collect, and report on the following metrics on a monthly basis on or before the fifteenth day of the following month:

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- 1) Enrollment. LICENSEE shall enroll an average of 300 new LICENSEE members per month at LICENSEE Airport enrollment stations;
- 2) Usage. LICENSEE shall ensure an average of 25,000 of its members use LICENSEE's lanes to enter and be processed through Airport/TSA security per month;
- 3) Customer Satisfaction. LICENSEE shall submit quarterly reports detailing results from customer surveys. LICENSEE shall maintain overall minimum satisfaction rating of 80% for LICENSEE's lane use at the Airport. LICENSEE's staff shall maintain an average monthly friendliness rate of +85% at the Airport; and
- 4) Complaint Log. LICENSEE shall maintain log of all complaints relating to LICENSEE's operations at the Airport. LICENSEE shall ensure there are no major complaints or issues relating to LICENSEE's operations at the Airport. All customer complaints, written or oral, received directly or referred to LICENSEE by County must be responded to by LICENSEE within 24-hours of notice. LICENSEE shall make a good faith attempt to explain, resolve or rectify the cause of the complaint. A written copy of LICENSEE'S Response shall be delivered to County within the 24-hour period.

ARTICLE VI- ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

SECTION 6.01 ENVIRONMENTAL STEWARDSHIP

LICENSEE shall support the County's Environmental Compliance and Stewardship program through participation in various efforts or implementation of Airport plans listed below as applicable, and through complying with Airport LICENSEE Guidelines. County shall provide LICENSEE advance notice of any proposed changes to the following plans that may affect LICENSEE operations:

- A. Air Quality Improvement Plan (AQIP) and Memorandum of Understanding (MOU) with the South Coast Air Quality Management District (SCAQMD).
- B. Climate Action Plan.
- C. Waste Management Plan.
- D. Storm Water Pollution Prevention Plan.

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

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

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

LICENSEE shall implement and support the following environmental policies:

- A. The LICENSEE has been provided a copy of the County's Environmentally Preferable Purchasing Policy (2022) and shall consider developing a similar policy that addresses the LICENSEE's procurement of goods and services as applicable.
- B. The LICENSEE shall affirm its commitment to Environmental Sustainability at the Airport. The Policy commitment shall be submitted to the JWA within thirty (30) days of LICENSE execution.
- C. Upon request, the LICENSEE shall provide reports necessary for environmental compliance, regulatory requirements and airport mitigation measure obligations.

LICENSEE shall implement applicable elements of the County's Green Concession Program as described in the Airport's Tenant Design and Construction Guidelines Elements include:

- A. Environmental Building Standards as described in Article 7 and detailed in the LICENSEE Design Guidelines
- B. Comply with Federal and State laws including SB1383, AB341, and SB32 for Waste management and diversion.

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- C. Sort organic waste (food scraps), recyclables, cardboard, grease, and landfill waste and dispose or divert as directed by the County; minimize packaging and creation of waste; and participate in a food recovery program.
- D. Implementation of the County's Environmentally Preferable Materials Use upon Agreement initiation, or if a continuing LICENSEE, implement within six (6) months of LICENSE execution.
1. Only use recycling or compostable "to go" materials
 2. Prohibit The use of polystyrene foam materials
 3. Reduce or eliminate the use of single-use plastic products such as water bottles and straws
 4. Prohibit the sale of beverages in non-returnable can, metal or glass containers

LICENSEE agrees that when alternate forms of packaging are available, only items packaged in a manner most compatible with the Airport's goals of recycling, reducing litter waste and preserving the environment shall be sold. Receipts evidencing compliance with said programs shall be kept and made available for Airport review.

SECTION 6.02 HAZARDOUS MATERIALS, HAZARDOUS SUBSTANCES AND ENVIRONMENTAL COMPLIANCE

LICENSEE shall comply with all Environmental Laws, including laws regulating Hazardous Materials, 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 License, LICENSEE shall comply with such regulations regarding the storage, distribution, processing, handling, release, removal, and/or disposal, including the storm water discharge requirements, of Hazardous Materials including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements. Violation by LICENSEE or any of its agents, assigns, successors, sublessees, subcontractors, or employees of any Environmental Law are grounds for immediate termination of this License and for immediate termination of all operations by LICENSEE at or on the Airport.

Notwithstanding the liability of prior LICENSEEs of the License Area, LICENSEE shall at its sole cost and expense investigate, evaluate, assess, remove, and/or remediate any and all Hazardous Materials that may be required or ordered by any governmental agency or Environmental Law. In conducting a clean-up of a Hazardous Material release under this License, LICENSEE shall comply with all applicable Environmental Laws. LICENSEE shall not use the County hazardous waste generator ID for waste disposal.

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SECTION 6.03 GENERAL HEALTH AND SAFETY CONDITIONS

Precaution shall be exercised at all times by LICENSEE for the health, safety, and welfare of persons, including employees and property. The safety provisions of applicable laws and building and construction codes shall be observed. Work, materials, and equipment used shall comply with the Occupational Safety & Health Administration (“OSHA”) requirements including but not limited to OSHA Hazard Communication Standard 29 CFR 1910.1200, and federal and state safety orders.

LICENSEE shall comply with all material usage limitation, permit record keeping, and reporting requirements imposed by federal, state and local laws and regulations. LICENSEE shall properly post Manufacturer’s Safety Data Sheets as required by law and shall use and dispose of all materials in conformance with all applicable codes, rules, regulations and manufacturer’s recommendations, and train employees in proper handling of all materials.

LICENSEE shall submit to the County’s Airport Environmental Resources Manager, annually on or before January 31, a report on compliance with and the status of all required permits including, but not limited to, Fire, OSHA, Air Quality Management, and Health Care Agency. The report must summarize all spills, leaks or permit violations for the previous year.

LICENSEE shall provide all notices required pursuant to the Environmental Laws. LICENSEE shall provide prompt written notice to County within five (5) days of receipt of all written notices of violation of any Environmental Law received by LICENSEE.

SECTION 6.04 ENVIRONMENTAL INDEMNIFICATION

To the fullest extent authorized by law, the LICENSEE shall indemnify, defend, and hold harmless the County, its officers, directors, agents, and employees, for compliance with all Environmental Laws, from and against any and all Environmental Law claims, judgments, damages, penalties, actions, fines, costs, liabilities, losses, orders, expenses, and lawsuits (including fees and costs for attorneys, experts, and expert consultants) arising from the License Area, and/or out of or related to any actions or omissions of LICENSEE, the LICENSEE ’s operations at the Airport or any action arising from and which involve the LICENSEE ’s officers, agents, successors, assigns, sublicensees, subcontractors, and employees (whether or not they are negligent, intentional, willful or unlawful), including defense expenses arising therefrom, including, but not limited to the following:

- A. The LICENSEE’s placement, disposal, allowing, or releasing of Hazardous Materials upon or within the Airport including any such claims, demands, liabilities, cost, expenses, and/or obligations related to LICENSEE’s release or threatened release of Hazardous Materials on, at, and/or under the Airport.
- B. The LICENSEE’s release or threatened release of Hazardous Materials at, on, under, and/or remaining from the Airport.

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- C. The LICENSEE's compliance with any Environmental Law, except that LICENSEE's obligations under this paragraph shall not extend to remediation conditions that arise from operations of third parties that are not affiliated with LICENSEE that take place off of the Airport. A party shall be deemed to be affiliated with LICENSEE if it is an employee, officer, director, agent, sublessee, assignee, contractor or subcontractor of LICENSEE or if it is controlled by or under common control with LICENSEE.
- D. The LICENSEE's causing or allowing any prohibited discharge into the Airport Drainage System.

This indemnification includes, without limitation, reasonable fees/costs/expenses for attorneys, experts, expert consultants, and all other costs incurred by County in connection with any investigation, evaluation, assessment, and/or monitoring of the environmental conditions at the License Area or any cleanup, remedial, removal, and/or restoration work required by any federal, state or local governmental entity because of any Hazardous Materials being present in the soil, surface water at, on, under, or about the Airport. However, LICENSEE'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 County or agents, servants or independent contractors who are directly responsible to County.

In the event the indemnitees as described herein are parties in any proceeding (legal, administrative, or otherwise), the LICENSEE shall, at the request of the County, defend the indemnitees with qualified counsel that the County determines, in its sole and absolute discretion, is acceptable to the County, unless the County, in its sole and absolute discretion, undertakes legal representation, in which event the LICENSEE shall reimburse the County for the expenses incurred by it in defending such proceeding, including reasonable attorneys' fees, expert and consultant's fees, and investigative and court costs.

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

The rights and obligations set forth in this indemnification shall survive the termination and/or expiration of this License.

SECTION 6.05 CONFLICT WITH ENVIRONMENTAL LAW PROVISIONS

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

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SECTION 6.06 ANTI-IDLING POLICY

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

ARTICLE VII - ASSIGNMENT

SECTION 7.01 ASSIGNING AND TRANSFERRING

LICENSEE understands that this License is not an interest in real property nor is it an assignable right. Any attempt to assign or otherwise transfer this License by LICENSEE, voluntarily or by operation of law, shall automatically terminate this License.

If LICENSEE hereunder is a corporation, an unincorporated association, limited liability company, limited liability partnership, limited partnership, or partnership, the encumbrance of any stock or interest in said corporation, association, limited liability company, limited liability partnership, limited partnership or partnership in the aggregate exceeding fifty-one percent (51%) shall be deemed an assignment within the meaning of this Section.

SECTION 7.02 SUCCESSORS IN INTEREST

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

ARTICLE VIII - TERMINATION AND DEFAULT

SECTION 8.01 TERMINATION OF PRIOR LICENSES

It is mutually agreed that this License shall terminate and supersede any prior licenses or agreements between the Parties hereto covering all or any portion of the License Area. Notwithstanding the foregoing, this provision shall not release LICENSEE from any obligations under any prior agreements to be performed through the effective date of this License or from any obligations of indemnification based upon events occurring prior to the effective date of this License.

SECTION 8.02 TERMINATION FOR DEFAULT

The COUNTY, may terminate this License and all of its obligations hereunder with or without prior notice to LICENSEE and may exercise all rights of entry for default and breach, if

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LICENSEE fails to perform any of its obligations under this License including but not limited to the following:

- A. Payment of Fees;
- B. A general assignment for the benefit of creditors and any Transfer without the prior written approval by the COUNTY;
- C. The issuance of any execution or attachment against LICENSEE at the Airport which is undischarged within sixty (60) days of levy or seizure or if the License Area are occupied by someone other than LICENSEE;
- D. The voluntary vacation or abandonment by LICENSEE of Biometric Verification Services at the Airport;
- E. The violation by LICENSEE of any of the terms of any insurance policy referred to in the License;
- F. If LICENSEE is found by the FAA, TSA, other government regulatory or successor agency to have violated specified safety standards in the conduct of LICENSEE's business;
- G. The violation of any written directions of the Airport Director;
- H. The appointment of a receiver to take possession of all, or substantially all, the assets of LICENSEE located in the License Area or of LICENSEE's rights in the License Area;
- I. LICENSEE discontinues operations for thirty (30) days or more.

SECTION 8.03 CONDITION OF LICENSE AREA UPON TERMINATION

Except as otherwise agreed to herein, upon termination of this License, LICENSEE shall redeliver said License Area to COUNTY in substantially the same condition that existed immediately prior to LICENSEE's entry thereon, reasonable wear and tear, flood, earthquakes, war and any act of war, excepted.

SECTION 8.04 DISPOSITION OF ABANDONED PERSONAL PROPERTY

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

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SECTION 8.05 COUNTY'S RIGHT TO RE-ENTER

LICENSEE agrees to yield and peaceably deliver the License Area to COUNTY on the date of termination of this License, whatsoever the reason for such termination.

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

LICENSEE waives any and all right of redemption under any existing or future law or statute in the event of termination of use, eviction from, or dispossession of the License Area for any lawful reason or in the event COUNTY re-enters and takes possession of the License Area in a lawful manner.

ARTICLE IX - INSURANCE AND INDEMNITY

SECTION 9.01 INSURANCE

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

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

If LICENSEE fails to provide Airport Director with a valid Certificate of Insurance and endorsements, or binder at any time during the term of the License, COUNTY and LICENSEE agree that this shall constitute a material breach of the License. Whether or not a notice of default has or has not been sent to LICENSEE, said material breach shall permit COUNTY to take whatever steps necessary to interrupt any operation from or on the License Area, and to prevent any persons, including, but not limited to, members of the general public, and LICENSEE's employees and agents, from entering the License Area until such time as Airport Director is

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provided with adequate evidence of insurance required herein. LICENSEE further agrees to hold COUNTY harmless for any damages resulting from such interruption of business, use and possession, including, but not limited to, damages resulting from any loss of income or business resulting from the COUNTY's action.

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

All contractors performing work on behalf of LICENSEE pursuant to this License shall carry insurance subject to the same terms and conditions as set forth herein for LICENSEE and insurance limits as indicated herein. LICENSEE shall not allow contractors or subcontractors to work if contractors have less than the level of coverage required by the COUNTY under this License. It is the obligation of LICENSEE to provide written notice of the insurance requirements to every contractor and to receive proof of insurance prior to allowing any contractor to begin work within the License Area. Such proof of insurance must be maintained by LICENSEE through the entirety of this License and be available for inspection by a COUNTY representative at any reasonable time.

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

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

Qualified Insurer

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the Best's Key Rating Guide/Property-Casualty/United States or ambest.com). It is preferred, but not mandatory, that the insurer be licensed to do business in the state of California (California Admitted Carrier).

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

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The policy or policies of insurance maintained by LICENSEE and LICENSEE’s contractors working in the Air Operations Area shall provide the minimum limits and coverage as set forth below:

Coverages	Minimum Limits
Commercial General Liability	\$1,000,000 per occurrence \$2,000,000 aggregate
Automobile Liability including coverage for owned or scheduled, non-owned and hired vehicles	\$1,000,000 combined single limit per occurrence
Workers Comp/Employers Liability	Statutory/ \$1,000,000 per accident or disease
Commercial Property Insurance on an “All Risk” or “Special Causes of Loss” basis covering all contents and any TENANT improvements including Business Interruption/Loss of Rents with a 12-month limit	100% of the Replacement Cost Value and no coinsurance provision
Network Security & Privacy Liability	\$1,000,000 per claims-made
Technology Errors & Omissions	\$1,000,000 per claims-made \$1,000,000 aggregate

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

Required Coverage Forms

The Commercial General Liability coverage shall be written on occurrence basis Insurance Services Office (ISO) form CG 00 01, or a substitute form providing liability coverage at least as broad.

The Business Auto Liability coverage shall be written on ISO form CA 00 01, CA 00 05, CA 00 12, CA 00 20, or a substitute form providing liability coverage as broad.

Required Endorsements

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

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1. An Additional Insured endorsement using ISO form CG 20 26 04 13 or a form at least as broad naming the *County of Orange, its elected and appointed officials, officers, employees, agents as Additional Insureds*. Blanket coverage may also be provided which will state – *As Required by Written Agreement*.
2. A Primary Non-Contributory endorsement using ISO Form CG 20 01 04 13, or a form at least as broad, evidencing that LICENSEE’S insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

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

The Network Security and Privacy Liability policy shall contain the following endorsements which shall accompany the Certificate of Insurance:

- 1) An Additional Insured endorsement naming the ***County of Orange, its elected and appointed officials, officers, employees, and agents*** as Additional Insureds for its vicarious liability.
- 2) A primary and non-contributory endorsement evidencing that the LICENSEE’s insurance is primary, and any insurance or self-insurance maintained by the COUNTY shall be excess and non-contributing.

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

LICENSEE shall notify COUNTY in writing within thirty (30) days of any policy cancellation and ten (10) days for non-payment of premium and provide a copy of the cancellation notice to COUNTY. Failure to provide written notice of cancellation may constitute a material breach of the License, upon which the COUNTY may suspend or terminate this License.

If LICENSEE’s Technology Errors & Omissions and/or Network Security & Privacy Liability are “Claims-Made” policy(is), LICENSEE shall agree to the following:

- 1) The retroactive date must be shown and must be before the date of the License or the beginning of the License Services.
- 2) Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after expiration or earlier termination of License Services.
- 3) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the License Services, Contractor must

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purchase an extended reporting period for a minimum of three (3) years after expiration of earlier termination of the License.

The Commercial General Liability policy shall contain a severability of interests clause, also known as a “separation of insureds” clause (standard in the ISO CG 001 policy).

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

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

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

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

SECTION 9.02 INDEMNITY

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

Nothing stated in this LICENSE and in this indemnity obligation shall be construed as authorizing any award of attorney's fees in any action to enforce the terms of this License. The rights and obligations set forth in this paragraph shall survive the termination of this License.

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ARTICLE X - SECURITY

SECTION 10.01 AIRPORT SECURITY

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

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

- A. **Airport ID/Security Credential Application and Lifecycle.** Prior to issuance of an Airport ID/Security Credential(s), designated LICENSEE Authorized Signatories who will be working onsite, and engaged in the performance of work under this License, must pass the Airport's background check requirements, which includes an F.B.I. Criminal History Records Check (CHRC) and a TSA Security Threat Assessment (STA), and LICENSEE shall pay the applicable fees. Upon successful completion of the background checks, LICENSEE's designated personnel will be required to attend a SIDA class and pass a written test. Those personnel who may be permitted by the Airport to drive on the Airport Operations Area (AOA) perimeter road must also complete a Driver's Training class and written test. Airport ID/Security Credentials are not issued until designated LICENSEE personnel have: 1) completed appropriate application forms and submitted proof of identity and employment eligibility, 2) passed both background checks, 3) completed and passed appropriate training and 4) paid an Airport ID/Security credential fee for each applicant. LICENSEE should anticipate a minimum of fourteen (14) business days to complete the Airport ID/Security Credential process if all requirements listed above are fulfilled by individual Airport ID/Security Credential applicants in a timely manner, but factors outside the Airport's control can contribute to longer durations. If an applicant is applying for a CBP Seal due to their operational need to work international air service operations, this process may take longer. Authorized Signatories must be in constant contact with the Airport's ID/Access Control Office. LICENSEE's designated personnel must successfully complete the Airport ID/Security Credential acquisition process, unless other arrangements have been approved by the Airport. LICENSEE shall be responsible

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for all applicable fees and costs associated with the background checks and badging process. The amount of such fees is subject to change without notice.

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

LICENSEE and all LICENSEE personnel within an access-controlled area (AOA, SIDA, secured area or sterile area) are required to display on their person an Airport ID/Security Credential, unless they are escorted by a properly Airport credentialed individual with escort privileges. When working in a secure area, each Airport credentialed person is responsible for challenging any individual who is not properly displaying an Airport issued or approved and valid Airport ID/Security Credential. LICENSEE personnel and their contractors must also validate Airport ID/Security Credential employees as described in security training. Any person who is not properly displaying or who cannot produce a valid Airport ID/Security Credential, unless they are being escorted, must immediately be referred to the Sheriff’s Department – Airport Police Services Office for proper handling.

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

The Airport ID/Security Credential is nontransferable.

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

ARTICLE XI - FEDERAL GRANT ASSURANCES AND REQUIREMENTS

SECTION 11.01 CIVIL RIGHTS AND NONDISCRIMINATION

- A. In all its activities within the scope of its airport program, the LICENSEE agrees to comply with pertinent statutes, Executive Orders, and such rules as identified in Title VI List of

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Pertinent Nondiscrimination Acts and Authorities to ensure that no person shall, on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision is in addition to that required by Title VI of the Civil Rights Act of 1964. If the LICENSEE transfers its obligation to another, the transferee is obligated in the same manner as the LICENSEE.

The above provision obligates the LICENSEE for the period during which the property is owned, used or possessed by the LICENSEE and the airport remains obligated to the Federal Aviation Administration.

- B. During the performance of this contract, the LICENSEE, for itself, its assignees, and successors in interest (hereinafter referred to as the "LICENSEE"), agrees as follows:
1. **Compliance with Regulations:** The LICENSEE (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
 2. **Nondiscrimination:** The LICENSEE, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The LICENSEE will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR part 21.
 3. **Solicitations for Subcontracts, including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding or negotiation made by the LICENSEE for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the LICENSEE of the contractor's obligations under this contract and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.
 4. **Information and Reports:** The LICENSEE will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the

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LICENSEE will so certify to the Sponsor or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.

5. **Sanctions for Noncompliance:** In the event of a LICENSEE's noncompliance with the non-discrimination provisions of this contract, the Sponsor will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

- a. Withholding payments to the LICENSEE under the contract until the LICENSEE complies; and/or
- b. Cancelling, terminating, or suspending a contract, in whole or in part.

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

- C. LICENSEE, for itself, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that:

- 1) In the event facilities are constructed, maintained or otherwise operated on the License Area for a purpose for which a FAA activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, LICENSEE will maintain and operate such facilities and services in compliance with all requirements imposed by the Nondiscrimination Acts and Regulations listed in the Title VI List of Pertinent Nondiscrimination Authorities (as may be amended) such that no person on the grounds of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.
- 2) No person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the License Area.
- 3) In the construction of any improvements on, over or under the License Area and the furnishing of services thereon, no person on the grounds of race, creed, color, sex, national origin, age, or disability shall be excluded from participation in, denied the benefits of or otherwise be subjected to discrimination.

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- 4) LICENSEE will use the License Area in compliance with all other requirements imposed by or pursuant to the Title VI List of Pertinent Nondiscrimination Acts and Authorities.
- D. LICENSEE shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service.
- E. During the performance of this License, the LICENSEE, for itself, its assignees, and successors in interest (hereinafter referred to as the "LICENSEE") agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:
- 1) Title VI of the Civil Rights Act of 1964 (42 USC § 2000d *et seq.*, 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
 - 2) 49 CFR part 21 (Non-discrimination in Federally-Assisted programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964);
 - 3) The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 USC § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
 - 4) Section 504 of the Rehabilitation Act of 1973 (29 USC § 794 *et seq.*), as amended (prohibits discrimination on the basis of disability); and 49 CFR part 27 (Nondiscrimination on the Basis of Disability in Programs or Activities Receiving Federal Financial Assistance);
 - 5) The Age Discrimination Act of 1975, as amended (42 USC § 6101 *et seq.*) (prohibits discrimination on the basis of age);
 - 6) Airport and Airway Improvement Act of 1982 (49 USC § 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);
 - 7) The Civil Rights Restoration Act of 1987 (PL 100-259) (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
 - 8) Titles II and III of the Americans with Disabilities Act of 1990 (42 USC § 12101, *et seq.*) (prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities) as implemented by U.S. Department of Transportation regulations at 49 CFR parts 37 and 38;
 - 9) The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);

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- 10) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations);
- 11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)];
- 12) Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC § 1681, et seq).

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

SECTION 11.02 DEVELOPMENT/MAINTENANCE OF AIRPORT

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

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

SECTION 11.03 LICENSE SUBORDINATE TO AGREEMENT WITH U.S.A.

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

SECTION 11.04 USE TO CONFORM WITH FEDERAL AVIATION REGULATIONS

LICENSEE agrees that LICENSEE's use of the License Area, including all construction thereon, shall conform to applicable Federal Aviation Regulations.

LICENSEE agrees to comply with the applicable notification and review requirements covered in Part 77 of the Federal Aviation Regulations (as same may be amended from time to time or such other regulation replacing Part 77 as may be adopted by Federal authority) prior to the construction of the improvements described herein and prior to the construction of any future structure or

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building upon the License Area or in the event of any planned modification or alteration of any present or future building or structure situated on the License Area.

SECTION 11.05 NONEXCLUSIVE RIGHT

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

SECTION 11.06 RESERVATION OF AVIGATION EASEMENT

COUNTY hereby reserves for itself, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the air space above the surface of the License Area, together with the right to cause in said air space such noise as may be inherent in the operation of aircraft now known or hereafter used for navigation of, or flight in the air, using said air space, or landing at, taking off from, or operating at the Airport.

SECTION 11.07 HEIGHT LIMITATION OF STRUCTURES

LICENSEE by accepting this License expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on the License Area hereunder (if any) which would penetrate the imaginary surfaces as defined in Part 77 of the Federal Aviation Regulations (as same may be amended from time to time or as such regulation replacing Part 77 may be adopted by Federal authority) or such other lesser altitude as may be required by COUNTY. In the event the aforesaid covenants are breached, COUNTY reserves the right to enter upon the License Area hereunder and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of LICENSEE. LICENSEE shall be responsible for filing Form 7460 for any construction and/or height of construction equipment with the FAA, if required.

SECTION 11.08 NONINTERFERENCE WITH AIRCRAFT

LICENSEE by accepting this License agrees for itself, its successors and assigns that it will not make use of the License Area in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, COUNTY reserves the right to enter upon the License Area and hereby cause the abatement of such interference at the expense of LICENSEE.

SECTION 11.09 WAR OR NATIONAL EMERGENCY

This LICENSE and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation,

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regulation and taking over of Airport or the exclusive or nonexclusive use of Airport by the United States during the time of war or national emergency.

SECTION 11.10 RESERVED

SECTION 11.11 AMERICANS WITH DISABILITIES ACT

LICENSEE shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 (“ADA”) in connection with: (a) the License Area or any portion thereof and its operations thereon, LICENSEE’s furnishings, trade fixtures and equipment; (b) removing physical barriers; (c) providing auxiliary aids and services for use of LICENSEE’s furnishings, trade fixtures and equipment, where necessary or required; and (d) modifying its policies, practices and procedures to comply with the ADA. LICENSEE shall develop a work plan to correct or avoid any violations or non-compliance with the ADA, and to address the processing of disability complaints. LICENSEE shall deliver to the COUNTY, upon the COUNTY’s request, a copy of each report and work plan. The COUNTY’s approval of or acceptance of any aspect of LICENSEE’s activities under this License shall not be deemed or construed in any way as a representation that such item, activity of practice complies with the ADA. LICENSEE agrees to indemnify, defend, and hold the COUNTY harmless from and against any and all costs incurred by the COUNTY with respect to LICENSEE failure to comply with the ADA.

SECTION 11.12 FEDERAL LAW PREEMPTION

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

ARTICLE XII. VIOLATIONS AND FINES

SECTION 12.01 VIOLATIONS

Licensee acknowledges County’s objective to provide the public and air travelers with the level and quality of service as described herein. Accordingly, County has established a series of violation fines, as set forth in the table below, that it may assess, in its sole discretion, as violation fines for various violations of the provisions of this License, the Tenant Design Guidelines and John Wayne Airport Construction Standards and/or County’s Rules and Regulations. Licensee and County agree that the damages set forth herein are reasonable estimates of the significant but difficult to predict harm, and Licensee further agrees to pay to County such violation fines in accordance with the rates or in the amounts specified herein upon each occurrence of the specified violation or written demand by County. County will, in its sole discretion, determine the classification of each violation as per day or per occurrence. Licensee further acknowledges that the violation fines are not exclusive remedies and County may pursue other additional remedies as allowed for in this License and/or at law, in County’s sole discretion. County’s waiver of any

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payment provided for in this Section shall not be construed as a waiver of the violation or Licensee's obligation to remedy the violation.

Violation	Section	Administrative Charge
Failure to submit Required Documents and Reports	4.01	\$250.00 per day
Check returned for non-sufficient funds ("NSF")	4.03	\$25.00
Second returned check for non-sufficient funds	4.03	\$35.00
Unpaid balance carried forward from prior month	4.04	1.5% of remaining unpaid balance
Failure to submit CPA audited Annual Reports on time	4.05, D.	\$5,000.00
Failure to provide requested records for an audit within seven days	4.05, G.	\$100.00 per day
Failure to Obtain or Maintain Security Deposit	4.07	\$300.00 per day
Violation of Permitted Uses	5.01	\$250.00 per day/per location
Failure to adhere to Airport Rules and Regulations and Operating Directives	5.02	\$200.00 per day
Failure to maintain or make repairs of license area	5.04	Cost of labor, materials, and equipment plus 15%
Damage or destruction of improvements	5.05	Cost of repair plus 15%
Failure to provide metrics to Airport by the 15 th of each month	5.07	\$100.00 per day
Failure to respond to customer complaints within 24 hours.	5.07	\$250 per incident
Failure to provide County with written response to customer complaints within 24 hours	5.07	\$250 per incident
Failure to comply with Environmental Regulations	6.01	\$250.00 per day
Violation of General Health and Safety Conditions	6.03	\$250.00 per incident
Failure to Obtain or Maintain Insurance	9.01	\$300.00 per day
Failure to return Airport ID/Security Credential upon termination of employment	10.01	\$250.00
Other Fines:		
Failure to coordinate queue layout with TSA and/or maintain order in queue		\$250.00 per day
Inadequate staffing levels		\$250.00 per day
Failure to furnish good, prompt, courteous, friendly, and/or efficient service	5.03(F)	\$500.00 per incident

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SECTION 12.02 MULTIPLE VIOLATIONS

Except for violations of requirements regarding construction, health and safety, delivery and vendor access infractions, violation fines for which shall accrue and be assessed immediately and without notice upon violation, all other violation fines shall accrue immediately and assessed as follows:

- A. For the first and second violation of a requirement during any twelve (12) month rolling year, County will provide notice to Licensee to correct the violation within thirty (30) days or other the time specified in the notice. After the time specified by County for cure, violation fines shall be assessed until the violation is corrected by Licensee. In the event, the violation is not corrected within thirty (30) days of the time specified by County for cure, then such violation will be treated as a breach of this License entitling County the right to seek any other remedies available under this License including, but not limited to, termination.
- B. For the third and subsequent violations of the same requirement during any twelve (12) month rolling year commencing upon the first notice of violation, the liquidated damage shall be immediately assessed with no grace period.
- C. Further, after two (2) violations of the same requirement within any twelve (12) month rolling year, County reserves the right, in its sole discretion, to deem the repeated violations a material breach of this License and to seek any other remedies available to it under this License including, but not limited to, termination of this License.
- D. For those violations where a plan is required to correct the violation, then Licensee and County shall develop such plan, including a time schedule under which resolution can be achieved.

SECTION 12.03 PAYMENT OF VIOLATION FINES

Payment of violation fines will be due within fifteen (15) days from the date of invoice.

ARTICLE XIII - MISCELLANEOUS PROVISIONS

SECTION 13.01 TIME

Time is of the essence in this License.

SECTION 13.02 LICENSE ORGANIZATION

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

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SECTION 13.03 AMENDMENTS

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

SECTION 13.04 SIGNS

LICENSEE agrees not to construct, maintain or allow any sign upon the License Area except as approved by COUNTY. Unapproved signs, banners, flags, etc., may be removed by Airport Director without prior notice to LICENSEE.

SECTION 13.05 UTILITIES

The use of utilities by LICENSEE is not anticipated; but in the event use of utilities becomes necessary, LICENSEE shall be responsible for and pay, prior to the delinquency date, all charges for utilities supplied to the License Area.

SECTION 13.06 PERMITS AND LICENSES

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

SECTION 13.07 TAXES AND ASSESSMENTS

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

SECTION 13.08 CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If either party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental laws or regulations or other cause without fault and beyond the control of the party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse LICENSEE from the prompt payment of any fees or other charge required of LICENSEE except as may be expressly provided elsewhere in this

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License.

SECTION 13.09 PARTIAL INVALIDITY

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

SECTION 13.10 WAIVER OF RIGHTS

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

SECTION 13.11 RESERVATIONS TO COUNTY

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

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

SECTION 13.12 AUTHORITY OF LICENSEE

If LICENSEE is a corporation, each individual executing this License on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this License on behalf of

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said corporation, in accordance with the by-laws of said corporation, and that this License is binding upon said corporation.

SECTION 13.13 PUBLIC RECORDS

LICENSEE understands that written information submitted to and/or obtained by COUNTY from LICENSEE related to this License and/or the License Area, either pursuant to this License or otherwise, may be open to inspection by the public pursuant to the California Records Act (Government Code §§7920.000, et seq) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public.

SECTION 13.14 RELATIONSHIP OF PARTIES

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

SECTION 13.15 GOVERNING LAW AND VENUE

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

SECTION 13.16 ATTORNEY'S FEES

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

SECTION 13.17 NOTICES

Notwithstanding any other provision of this License, all notices pursuant to this License shall be addressed to either party as set forth below and shall be sent through the United States Mail, in the State of California, duly registered or certified, return receipt requested with postage prepaid or by an overnight carrier service. If any notice is sent by an overnight carrier service, as aforesaid, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof

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as above provided. Notwithstanding the above COUNTY may also provide notices to LICENSEE by personal delivery or by regular mail postage prepaid and any such notice so given shall be deemed to have been given upon the date of personal delivery or three (3) days after the date of deposit in the United States Mail, respectively.

TO:	COUNTY	TO:	LICENSEE
	Airport Director		
	John Wayne Airport		AlClear, LLC
	3160 Airway Avenue		85 10 th Ave, 9 th Floor
	Costa Mesa, CA 92626		New York, NY 10011

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

[Signatures appear on the following page]

JOHN WAYNE AIRPORT BIOMETRIC VERIFICATION SERVICES LICENSE

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

***LICENSEE: ALCLEAR LLC**

DocuSigned by:
By: Emma Barnett Bauman
Its: 8C0B106B2368407...
Name: Emma Barnett Bauman
Signed by:
By: Michael Barkin
Its: 04A7702AABF14E0...
Name: Michael Barkin
PRESIDENT

**If LICENSEE is a corporation, signatures of two specific corporate officers are required as further set forth:*

The first signature must be one of the following: a) the Chairman of the Board; b) President; or c) any Vice President

The second signature must be one of the following: a) Secretary; b) the Chief Financial Officer; c) any Assistant Secretary; or d) any Assistant Treasurer.

In the alternative, a single corporate signature is acceptable when accompanied by a corporate resolution demonstrating the legal authority of the signature to bind the company.

APPROVED AS TO FORM:

County Counsel:
By: Mark Sanchez
5EE66EC8DA7B48F...

APPROVED AS TO AUDIT AND ACCOUNTING:

Auditor:
By: Vivian Luz C. Grzeszczak
98187C051B2C443...

COUNTY OF ORANGE

Signed by:
By: Charlene Reynolds
A1A526A921AF49F...
Charlene Reynolds
Airport Director

Attest:

COUNTY
COUNTY OF ORANGE

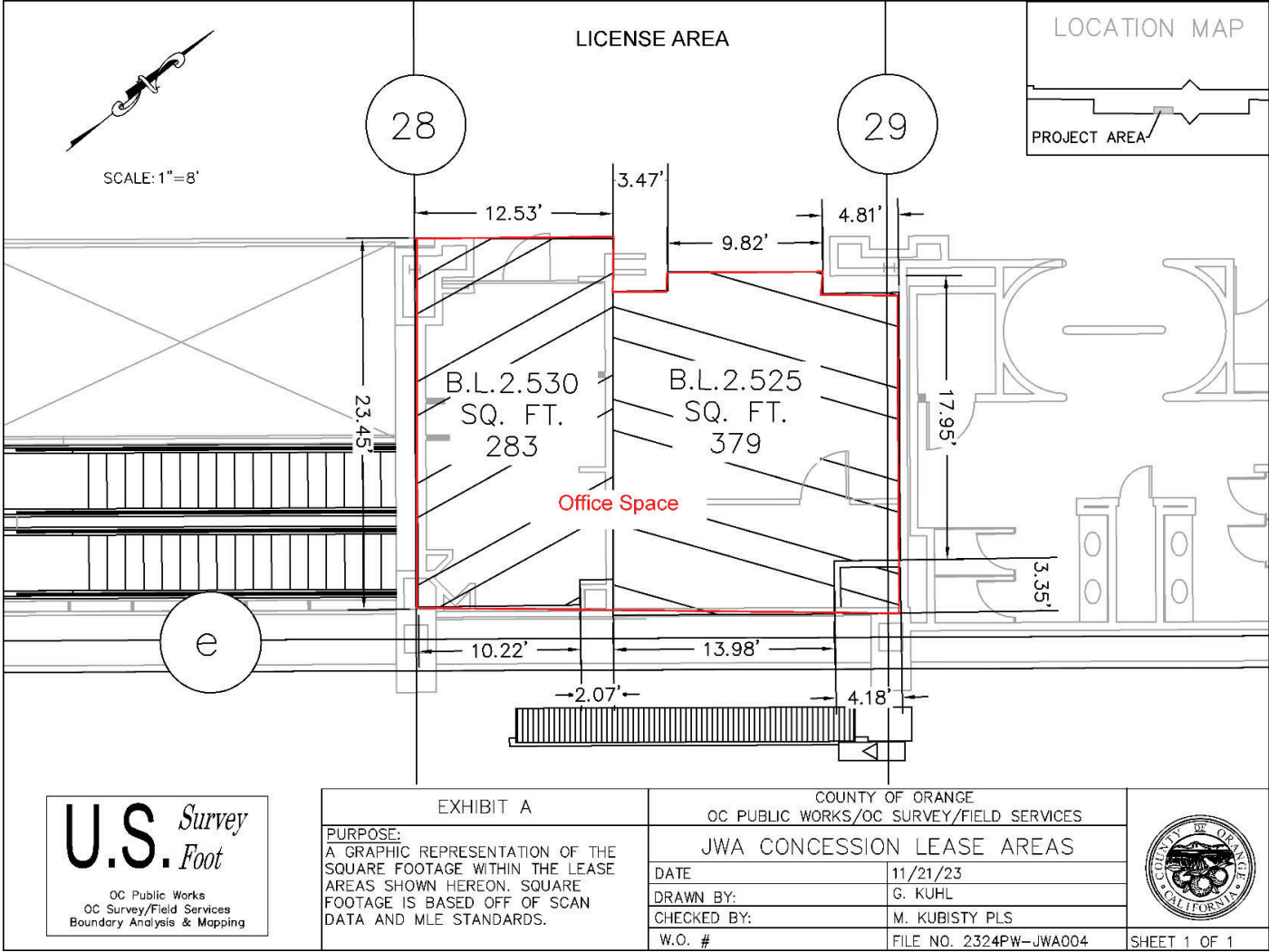
Robin Stieler
Clerk of the Board of Supervisors
of Orange County, California

By: _____
Chairman, Board of Supervisors

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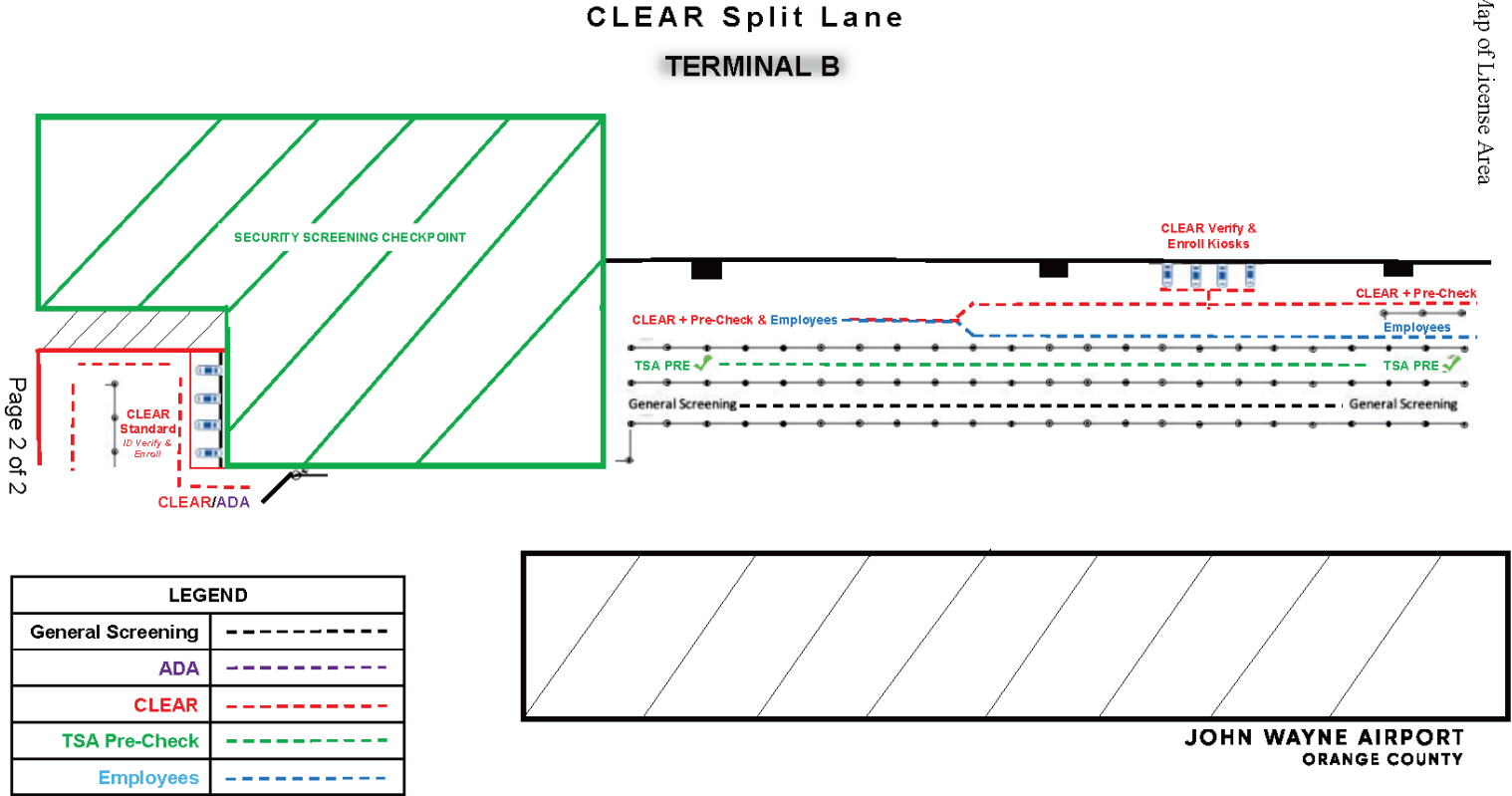
LIST OF EXHIBITS

Exhibit A Map of License Area



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Exhibit A Map of License Area



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