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DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

GRANT AGREEMENT

Part 1 - Offer

Date of Offer SEP 03 1998

Reid-Hillview Airport/Planning Area

Project No. 3-06-0225-04

Contract No. DTFA08-98-C-30908

TO: County of Santa Clara
(herein called the "Sponsor")

FROM: The United States of America (acting through the Federal Aviation Administration, herein called the "FAA")

WHEREAS, the Sponsor has submitted to the FAA a Project Application dated August 20, 1998, for a grant of Federal funds for a project at or associated with the Reid-Hillview Airport/Planning Area which Project Application, as approved by the FAA, is hereby incorporated herein and made a part hereof; and

WHEREAS, the FAA has approved a project for the Airport or Planning Area (herein called the "Project") consisting of the following:

Rehabilitate Runways 13R-31L, 13L-31R and associated taxiways (approximately 800,000SF); reconstruct transient and north tiedown aprons and associated taxilanes (approximately 450,000SF); install airfield signs; construct drainage improvements; improve airport perimeter and emergency access roads (approximately 100,000SF)

all as more particularly described in the Project Application.

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NOW THEREFORE, pursuant to and for the purpose of carrying out the provisions of Title 49, United States Code, as amended, and in consideration of (a) the Sponsor's adoption and ratification of the representations and assurances contained in said Project Application and its acceptance of this Offer as hereinafter provided, and (b) the benefits to accrue to the United States and the public from the accomplishment of the Project and compliance with the assurances and conditions as herein provided, THE FEDERAL AVIATION ADMINISTRATION, FOR AND ON BEHALF OF THE UNITED STATES, HEREBY OFFERS AND AGREES to pay, as the United States share of the allowable costs incurred in accomplishing the Project, 90.00 percent of the allowable project costs.

The Offer is made on and subject to the following terms and conditions:

Conditions

1. The maximum obligation of the United States payable under this offer shall be \$1,665,000.00. For the purposes of any future grant amendments which may increase the foregoing maximum obligation of the United States under the provisions of Section 512(b) of the Act, the following amounts are being specified for this purpose:

\$0.00	for planning
\$1,665,000.00	for airport development or noise program implementation.
2. The allowable costs of the project shall not include any costs determined by the FAA to be ineligible for consideration as to allowability under the Act.
3. Payment of the United States share of the allowable project costs will be made pursuant to and in accordance with the provisions of such regulations and procedures as the Secretary shall prescribe. Final determination of the United States share will be based upon the final audit of the total amount of allowable project costs and settlement will be made for any upward or downward adjustments to the Federal share of costs.
4. The sponsor shall carry out and complete the Project without undue delays and in accordance with the terms hereof, and such regulations and procedures as the Secretary shall prescribe, and agrees to comply with the assurances which were made part of the project application.
5. The FAA reserves the right to amend or withdraw this offer at any time prior to its acceptance by the sponsor.
6. This offer shall expire and the United States shall not be obligated to pay any part of the costs of the project unless this offer has been accepted by the sponsor on or before **September 30, 1998**, or such subsequent date as may be prescribed in writing by the FAA.

7. The sponsor shall take all steps, including litigation if necessary, to recover Federal funds spent fraudulently, wastefully, or in violation of Federal antitrust statutes, or misused in any other manner in any project upon which Federal funds have been expended. For the purposes of this grant agreement, the term "Federal funds" means funds however used or disbursed by the sponsor that were originally paid pursuant to this or any other Federal grant agreement. It shall obtain the approval of the Secretary as to any determination of the amount of the Federal share of such funds. It shall return the recovered Federal share, including funds recovered by settlement, order or judgment, to the Secretary. It shall furnish to the Secretary, upon request, all documents and records pertaining to the determination of the amount of the Federal share or to any settlement, litigation, negotiation, or other efforts taken to recover such funds. All settlements or other final positions of the sponsor, in court or otherwise, involving the recovery of such Federal share shall be approved in advance by the Secretary.
8. The United States shall not be responsible or liable for damage to property or injury to persons which may arise from, or be incident to, compliance with this grant agreement.
9. **Buy American Requirement.** Unless otherwise approved by the FAA, it will not acquire or permit any contractor or subcontractor to acquire any steel or manufactured products produced outside the United States to be used for any project for airport development or noise compatibility for which funds are provided under this grant.
10. The sponsor agrees to perform the following:
 1. Furnish a construction management program to FAA prior to the start of construction which shall detail the measures and procedures to be used to comply with the quality control provisions of the construction contract, including, but not limited to, all quality control provisions and tests required by the Federal specifications. The program shall include as a minimum:
 - a. The name of the person representing the sponsor who has overall responsibility for contract administration for the project and the authority to take necessary actions to comply with the contract.
 - b. Names of testing laboratories and consulting engineer firms with quality control responsibilities on the project, together with a description of services to be provided.
 - c. Procedures for determining that testing laboratories meet the requirements of the American Society of Testing and Materials standards on laboratory evaluation, referenced in the contract specifications (D 3666, C 1077).
 - d. Qualifications of engineering supervision and construction inspection personnel.
 - e. A listing of all tests required by the contract specifications, including the type and frequency of tests to be taken, the method of sampling, the applicable test standard, and the acceptance criteria or tolerances permitted for each type of test.
 - f. Procedures for ensuring that the tests are taken in accordance with the program, that they are documented daily, and that the proper corrective actions, where necessary, are undertaken.

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2. Submit at completion of the project, a final test and quality control report documenting the results of all tests performed, highlighting those tests that failed or did not meet the applicable test standard. The report shall include the pay reductions applied and reasons for accepting any out-of-tolerance material. An interim test and quality control report shall be submitted, if requested by the FAA.
3. Failure to provide a complete report as described in paragraph 2, or failure to perform such tests, shall, absent any compelling justification, result in a reduction in Federal participation for costs incurred in connection with construction of the applicable pavement. Such reduction shall be at the discretion of the FAA and will be based on the type of types of required tests not performed or not documented and will be commensurate with the proportion of applicable pavement with respect to the total pavement constructed under the grant agreement.
4. The FAA, at its discretion, reserves the right to conduct independent tests and to reduce grant payments accordingly if such independent tests determine that sponsor test results are inaccurate.
11. It is understood and agreed by and between the parties hereto that this Grant Offer is made and accepted upon the basis of preliminary plans and specifications; and the parties agree that within 180 days from the date of acceptance of this Grant Offer, the Sponsor shall furnish final plans and specifications to the FAA, that no construction work will be commenced hereunder, and that no contract will be awarded for the accomplishment of such work until the said final plans and specifications have been approved by the FAA; and the parties do further agree that any reference made in this Grant Offer or in the aforesaid Application to plans and specifications shall be considered as having reference to said final plans and specifications as approved.

The Sponsor's acceptance of this Offer and ratification and adoption of the Project Application incorporated herein shall be evidenced by execution of this instrument by the Sponsor, as hereinafter provided, and this Offer and Acceptance shall comprise a Grant Agreement, as provided by the Act, constituting the contractual obligations and rights of the United States and

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FEDERAL AVIATION ADMINISTRATION
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the Sponsor with respect to the accomplishment of the Project and compliance with the assurances and conditions as provided herein. Such Grant Agreement shall become effective upon the Sponsor's acceptance of this Offer.

UNITED STATES OF AMERICA
FEDERAL AVIATION ADMINISTRATION
WESTERN-PACIFIC REGION

John L. Pfeifer
John L. Pfeifer
Manager, Airports District Office

Part II - Acceptance

The Sponsor does hereby ratify and adopt all assurances, statements, representations, warranties, covenants, and agreements contained in the Project Application and incorporated materials referred to in the foregoing Offer and does hereby accept this Offer and by such acceptance agrees to comply with all of the terms and conditions in this Offer and in the Project Application.

Executed this _____ day of _____, 19 _____
SEP 29 1998

(SEAL)

County of Santa Clara
(NAME OF SPONSOR)

By Blanca Alvarado
(SPONSOR'S DESIGNATED OFFICIAL REPRESENTATIVE)
BLANCA ALVARADO
Title **Chairperson, Board of Supervisors**

Attest: Phyllis A. Perez
Title: **PHYLLIS A. PEREZ** Clerk of the Board of Supervisors

CERTIFICATE OF SPONSOR'S ATTORNEY

I, Ann Miller Ravel, acting as Attorney for the Sponsor do hereby certify:

That in my opinion the Sponsor is empowered to enter into the foregoing Grant Agreement under the laws of the State of California. Further, I have examined the foregoing Grant Agreement and the actions taken by said Sponsor and Sponsor's official representative has been duly authorized and that the execution thereof is in all respects due and proper and in accordance with the laws of the said State and the Act. In addition, for grants involving projects to be carried out on property not owned by the Sponsor, there are no legal impediments that will prevent full performance by the Sponsor. Further, it is my opinion that the said Grant Agreement constitutes a legal and binding obligation of the Sponsor in accordance with the terms thereof.

Dated at San Jose CA this 29th day of September, 1998

Ann Miller Ravel
SIGNATURE OF SPONSOR'S ATTORNEY

Janner

CALIFORNIA AID TO AIRPORTS PROGRAM
GRANT AGREEMENT - FEDERAL AIP MATCHING FUNDS

THIS AGREEMENT, MADE AND ENTERED INTO ON THIS 29th DAY OF SEPTEMBER 1999, BY AND BETWEEN THE STATE OF CALIFORNIA, Department of Transportation, hereinafter referred to as "STATE," AND THE COUNTY OF SANTA CLARA, a political subdivision of the State of California, hereinafter referred to as "PUBLIC ENTITY."

SECTION I

1. **WHEREAS**, Section 21683.1 of the California Public Utilities Code authorizes the California Transportation Commission to allocate funds for a portion of the match for Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grants to certain airports upon the recommendations of the Department and pursuant to Department regulations set forth in Title 21, Chapter 2.5, Subchapter 4, Sections 4050, et seq., of the California Code of Regulations; and

2. **WHEREAS**, pursuant to the above authority, the California Transportation Commission allocated a maximum amount of \$83,250 from the Aeronautics Account in the State Transportation Fund by Resolution Number FDOA 99-5 dated June 8, 1999, the terms of which are made an express part of this Agreement.

NOW, THEREFORE, in consideration of the covenants and conditions hereinafter expressed, the parties agree as follows:

SECTION II

1. **PUBLIC ENTITY** shall perform or contract for all work necessary to complete the following described airport improvement(s) hereinafter referred to as "**IMPROVEMENT**":

Airport: Reid-Hillview

Federal AIP Grant No.: 3-06-0225-04

Detailed Project Description: Rehabilitate runways 13R-31L, 13L-31R and associated taxiways; reconstruct transient and north tiedown aprons and associated taxilanes; install airfield signs; construct drainage improvements; improve airport perimeter and emergency access roads.

Items in AIP Grant that are ineligible for State funding: None

Total Federal AIP Grant	\$1,665,000
Less Cost of ineligible items	\$ 0
Total amount of AIP Grant eligible for State matching	\$1,665,000
MAXIMUM STATE PARTICIPATION: (5% of eligible items in AIP Grant)	\$ 83,250

2. **PUBLIC ENTITY** shall comply with all special conditions set forth in the Funding Resolution issued by the California Transportation Commission.

3. **PUBLIC ENTITY** shall deposit all monies received from **STATE** for **IMPROVEMENT** in the Reid-Hillview Airport Account within the **PUBLIC ENTITY's** Special Aviation Fund in accordance with Public Utilities Code Section 21684.

4. **PUBLIC ENTITY** shall allow authorized **STATE** representatives to inspect the work being performed at any time during construction of **IMPROVEMENT**.

5. **PUBLIC ENTITY** agrees to retain all books, records, and accounts relating to this Grant Agreement for a minimum of three (3) years from the date of final payment to **PUBLIC ENTITY** after completion of **IMPROVEMENT**, and shall make these documents available for examination by **STATE** upon request.

6. **PUBLIC ENTITY** shall comply with all applicable **STATE** laws and regulations.

7. **PUBLIC ENTITY** shall indemnify and hold harmless the **CALIFORNIA TRANSPORTATION COMMISSION** and the **STATE** and all officials and employees thereof from all claims, suits or actions of every kind, brought for, or on account of, any damage or liability occurring by reason of, or resulting from: anything done or omitted to be done by **PUBLIC ENTITY** under this Grant Agreement; with respect to the construction, operation and maintenance of the **IMPROVEMENT** any act or omission by the **PUBLIC ENTITY's** Contractor or agents during the process of constructing, operating or maintaining the **IMPROVEMENT**. **PUBLIC ENTITY's** duty to indemnify and save harmless shall include the duty to defend, as set forth in Section 2778 of the Civil Code.

SECTION III

1. **STATE** shall disburse the **STATE's** share of the project cost up to \$83,250, not to exceed five percent (5%) of payments received by the **PUBLIC ENTITY** from the FAA, in the manner described in paragraph 2 of this section. However, in no event shall the total **STATE** disbursement exceed the sum of \$83,250, unless authorized by supplemental allocation from the California Transportation Commission and an amendment to this Agreement.

2. Upon receipt of request for payment by **PUBLIC ENTITY**, **STATE** agrees to make payments by one of the following methods:

(a) **PUBLIC ENTITY** may, no more often than monthly in arrears, submit certifications of the percentage of the work then completed, multiplied by 90 percent of the sum identified in paragraph 1 of this section along with a copy of invoice to the FAA; or

(b) **PUBLIC ENTITY** may submit copies of Contractor's invoices for materials and services delivered as a lump-sum payment request after construction of **IMPROVEMENT** has been completed, along with a copy of the corresponding invoice sent to the FAA.


3. Regardless of the number of progress payments submitted, 10 percent of the **STATE's** share indicated in paragraph 1 of this section shall be retained by **STATE** until final receipt of documentation acknowledging completion and acceptance of **IMPROVEMENT** by **PUBLIC ENTITY**.

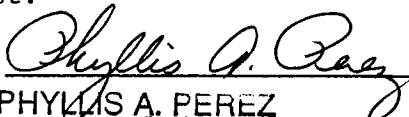

4. PUBLIC ENTITY shall refund to STATE any portion of the STATE funding share not expended to complete IMPROVEMENT.

5. After the project has been completed and accepted by the FAA, STATE will pay the 10% balance of the withheld STATE funds to PUBLIC ENTITY.

PUBLIC ENTITY'S ACCEPTANCE

COUNTY OF SANTA CLARA
Public Entity

By: 
PETE MCHUGH
Title: CHAIR BOARD OF SUPERVISORS
Date: NOV 02 1999

Attest:
By: 
Title: PHYLLIS A. PEREZ
Clerk of the Board of Supervisors
Date: NOV 02 1999
Approved as to Form and Legality
By: 
Title: Assistant County Counsel
Date: OCT 25 1999

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

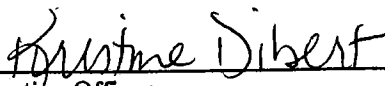
Aeronautics Program

By: 
MARLIN BECKWITH, Program Manager
Aeronautics Program

Date: 12/3/99

Accounting Service Center

I hereby certify upon my own personal knowledge that allocated funds are available for the period and purpose of the expenditure stated above.


Accounting Officer

Date: 11-30-99