


## The Purchasing Memo

**Date:** August 20, 2025

**To:** Governing Body and Finance Committee

**From:** James Garduño, Airport Project Manager 

**Via:** Jimmy Gunn, Airport Interim Director 

**Subject:** New Air Services Between Los Angeles (LAX) and Santa Fe (SAF)

**Vendor Name:** American Airlines Inc.

**Munis Vendor Number:** 10974

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### ITEM AND ISSUE:

Santa Fe Regional Airport respectfully requests your review and approval of an Air Services Agreement, this agreement will be paid for via Rural Air Services Assistance (RSA) Grant issued by New Mexico Department of Transportation Aviation Division (NMDOT-AD), the term will be one year, services will be provided by American Airlines Inc.

### CONTRACT NUMBER:

FY26, Munis contract number is 3260137

### BACKGROUND AND SUMMARY:

American Airlines has been awarded a contract under RFP #25161, issued by the Santa Fe Regional Airport, to operate a new commercial flight route between Los Angeles International Airport (LAX) and Santa Fe Regional Airport (SAF).

This new service, supported by a Rural Air Service Assistance (RSA) Grant from the New Mexico Department of Transportation – Aviation Division (NMDOT-AD). American Airlines will operate one round-trip flight per day, five days a week, enhancing regional connectivity between Northern New Mexico and Southern California.

The RSA grant provides targeted funding to expand essential air service to rural communities, supporting economic growth and improving access to air travel for residents and visitors alike.

American Airlines was selected based on its proven ability to deliver dependable, high-quality air service and its alignment with the regional goals for expanded air connectivity and tourism development.

### PRIOR APPROVALS AND SUPPORTING INFORMATION:

#### FUNDING SOURCE:

**Fund Name/Number:** Airport/545

**Munis Org Name/Number:** Airport Operations/5456050

**Munis Object Name/Number:** NM Department of Transportation/490150

**Budget Officer / Designee:** Andy Hopkins **Date:** 08/25/2025

**Budget Officer Comment/Exceptions:** \_\_\_\_\_

**PROCUREMENT METHOD:**

**The procurement method used was** NMSA 1978, Section 13-1-111, RFP

RFP #25161, issued by the Santa Fe Regional Airport, to operate a new commercial flight route between Los Angeles International Airport (LAX) and Santa Fe Regional Airport (SAF).

**Chief Procurement Officer (CPO)/Designee:** \_\_\_\_\_ **Date:** 08/27/2025

**CPO Comment/Exceptions:** \_\_\_\_\_

**ASSOCIATED APPROVALS:**

**IT Components included?**  Yes |  No

**Approval:** \_\_\_\_\_ **Title:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Comment/Exceptions:** \_\_\_\_\_

**Treasury/Point of Sale Components included?**  Yes |  No

**Approval:** \_\_\_\_\_ **Title:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Comment/Exceptions:** \_\_\_\_\_

**Vehicles included?**  Yes |  No

**Approval:** \_\_\_\_\_ **Title:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Comment/Exceptions:** \_\_\_\_\_

**Construction to City Facilities, Furniture, and/or Fixtures included?**  Yes |  No

**Approval:** \_\_\_\_\_ **Title:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Comment/Exceptions:** \_\_\_\_\_

**Is this an externally funded purchase?**  Yes |  No

**If yes, what is the issuing agency:** NMDOT-Aviation Division

**Approval:** ERIKA LUJAN \_\_\_\_\_ **Title:** Grants Manager **Date:** 08/27/2025

**Comment/Exceptions:** \_\_\_\_\_

**Is this a Capital Asset or Project?**  Yes |  No

**Project Ledger Number:** \_\_\_\_\_

**Approval:** \_\_\_\_\_ **Title:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Comment/Exceptions:** \_\_\_\_\_

**ATTACHMENTS:**

Horizon Determination Email  
CPO Service Determination Email  
Procurement document: RFP  
Vendor's Bid  
Certificate of Liability Insurance (COI)  
Professional Services Contract

**GARDUNO, JAMES D.**

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**From:** Matt Loehman <mloehman@horizonsofnewmexico.org>  
**Sent:** Tuesday, May 7, 2024 8:29 AM  
**To:** GARDUNO, JAMES D.  
**Subject:** Re: First right of refusal inquiry

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good morning,

Thank you very much for the opportunity, but we will decline this procurement.

Best regards,

Matt

**Matt Loehman**  
**Executive Director**

Horizons of New Mexico  
6121 Indian School Rd. NE, Suite 102  
Albuquerque, NM 87110

office phone: (505) 345-1540  
email: [mloehman@horizonsofnewmexico.org](mailto:mloehman@horizonsofnewmexico.org)  
web: [www.horizonsofnewmexico.org](http://www.horizonsofnewmexico.org)

The State Use Act helps people with disabilities become gainfully employed, and it saves you valuable time and resources otherwise used during the procurement process.

On Mon, May 6, 2024 at 6:30 PM GARDUNO, JAMES D. <[jdgarduno@santafenm.gov](mailto:jdgarduno@santafenm.gov)> wrote:

I would like to offer for the first right refusal, please let me know.

Scope is for Air Carrier Services to and from Los Angeles Airport to Santa Regional Airport.

The City is requiring the initial schedule to be operated by the air carrier to include a daily LAX-SAF-LAX flight on Monday, Tuesday, Wednesday, Thursday, and Friday, with an additional flight on Monday and Friday. SAF shall refer to Santa Fe Regional Airport. The inaugural flight will occur in 2024, provided the announcement of the service is a minimum 60 days in advance of the inaugural flight. The business plan is to operate the flight schedule as presented for a period of 60 days, then review the schedule and if needed make changes based on passenger demand and day of week travel. If after the 60-day period it is determined that there is a better frequency and schedule, both parties agree to mutually work toward optimizing the schedules.

*Thank you,*

*James Garduño*

*Project Manager*

*Santa Fe Regional Airport*

*121 Aviation Dr. Santa Fe, NM 87507*

*[jdgarduno@santafenm.gov](mailto:jdgarduno@santafenm.gov)*

*Cell 505-670-3232*

*Office 505-955-2906*



**SANTA FE**  
**REGIONAL AIRPORT**

\*\*\*\*\*  
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\*\*\*\*\*

**From:** [DUTTON-LEYDA, TRAVIS K.](#)  
**To:** [GARDUNO, JAMES D.](#); [Purchasing DET](#)  
**Cc:** [SANCHEZ, KATHY S.](#)  
**Subject:** Re: Determination Request Airport Air Carrier Services RFP  
**Date:** Wednesday, May 15, 2024 7:47:34 PM  
**Attachments:** [image001.jpg](#)

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James, this sounds like a professional service even though carrier services is typically general.

Thank you.

Regards,

Travis Dutton-Leyda  
Chief Procurement Officer  
City of Santa Fe  
200 Lincoln Avenue  
Santa Fe, NM 87501  
505-629-8351  
[tkduttonleyda@santafenm.gov](mailto:tkduttonleyda@santafenm.gov)

<https://santafenm.gov/finance-2/purchasing-1>

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**From:** GARDUNO, JAMES D. <[jdgarduno@santafenm.gov](mailto:jdgarduno@santafenm.gov)>  
**Sent:** Tuesday, May 7, 2024 8:38:49 AM  
**To:** Purchasing DET <[purchasing\\_det@santafenm.gov](mailto:purchasing_det@santafenm.gov)>  
**Subject:** Determination Request Airport Air Carrier Services RFP

Travis

I am requesting a determination for a new air carrier service to provide air carrier services to and from Los Angeles California Airport. We will need an RFP, there will be NMDOT Aviation Funds included in the RFP.

The City is requiring the initial schedule to be operated by the air carrier to include a daily LAX-SAF-LAX flight on Monday, Tuesday, Wednesday, Thursday, and Friday, with an additional flight on Monday and Friday. SAF shall refer to Santa Fe Regional Airport. The inaugural flight will occur in 2024, provided the announcement of the service is a minimum 60 days in advance of the inaugural flight. The business plan is to operate the flight schedule as presented for a period of 60 days, then review the schedule and if needed make changes based on passenger demand and day of week

travel. If after the 60-day period it is determined that there is a better frequency and schedule, both parties agree to mutually work toward optimizing the schedules.

*Thank you,  
James Garduño  
Project Manager  
Santa Fe Regional Airport  
121 Aviation Dr. Santa Fe, NM 87507  
[jdgarduno@santafenm.gov](mailto:jdgarduno@santafenm.gov)  
Cell 505-670-3232  
Office 505-955-2906*



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Willis Towers Watson Northeast, Inc.  
200 Liberty Street  
New York, NY 10281-1003  
(212) 915-8888

**CERTIFICATE OF INSURANCE**

Reference No. ENVOY-AA-L00902  
*(Cancelling and replacing the previously issued Certificate of Insurance)*

**THIS IS TO CERTIFY TO:**

**Santa Fe Municipal Airport  
Attn: Airport Manager  
PO Box 909  
Santa Fe, NM 87504-0909**

(Sometimes referred to herein as the Certificate Holder(s))

that we, Willis Towers Watson Northeast, Inc., in our capacity as insurance broker to the Named Insured (as defined below) have placed insurance covering the Named Insured for their aviation operations against the following risks and up to the limits stated, and that the Insurers listed below, each for their own part and not one for the other, are providing the following insurance:

**1. NAMED INSURED:**

**Envoy Air, Inc.** d.b.a. American Eagle, PSA Airlines, Inc. d.b.a. American Eagle and Piedmont Airlines, Inc. d.b.a. American Eagle.

**2. NAMED INSURED ADDRESS:**

1 Skyview Drive  
MD 8B503  
Fort Worth, TX 76155

**3. INSURANCE COVERAGE:**

AIRLINE LIABILITY INSURANCE (including but not limited to general liability, passenger legal liability, bodily injury and property damage, personal & advertising injury liability, contractual liability, passengers' checked and unchecked baggage liability, premises, products and completed operations liabilities, ground hangarkeepers liability, cargo legal liability, mail legal liability, liquor liability/host liquor liability, liability in



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respect of automobiles and/or other mobile equipment operated on restricted airport premises and including EXTENDED COVERAGE ENDORSEMENT (AVIATION LIABILITIES) AVN52E or its equivalent) (the "Primary Policy").

Excess aviation war, hijacking and other perils liability to pay on behalf of the Named Insured all sums in excess of the sublimit specified in the EXTENDED COVERAGE ENDORSEMENT (AVIATION LIABILITIES) AVN52E or its equivalent to the Primary Policy which the Named Insured shall become legally liable to pay as damages for bodily injury or property damage caused by an occurrence during the Policy Period subject to the limit of liability herein (the "Excess Policy").

**4. POLICY PERIOD:**

**AIRLINE LIABILITY INSURANCE:**

December 22, 2024 to December 22, 2025 on both dates at 12:01 A.M. Local Standard Time at the address of the Named Insured.

**EXCESS WAR, HIJACKING AND OTHER PERILS LIABILITY INSURANCE:**

December 22, 2024 to December 22, 2025 on both dates at 12:01 A.M. Local Standard Time at the address of the Named Insured.

**5. GEOGRAPHICAL LIMITS:**

Worldwide excluding Russia, Ukraine and Belarus. However, other than for hull or spares losses in Russia, Belarus, Crimea or Ukraine directly arising from armed hostilities between Russia and Ukraine, coverage pursuant to this policy is granted for the overflight of Russia, Belarus, Crimea or Ukraine where the flight is within an internationally recognized air corridor and is performed in accordance with International Civil Aviation Organization (I.C.A.O.) recommendations and in circumstances where an insured aircraft has landed in Russia, Belarus, Crimea or Ukraine as a direct consequence and exclusively as a result of force majeure (provided such Aircraft was neither destined to or originating from Russia, Belarus, Crimea or Ukraine), but worldwide in respect of products liability.

**6. LIMITS OF LIABILITY:**

Note: Aggregate limit(s) may be reduced or exhausted by claims made in respect of any interest insured under the policy(ies).

As respects AIRLINE LIABILITY INSURANCE:

Combined single limit bodily injury (including passengers), property damage and personal & advertising injury (passengers only), cargo and mail: not less than USD \$100,000,000 any one occurrence/offense, and in the annual aggregate as respects products, completed operations and personal injury liabilities.

However, the following sub-limits apply as part of and not in addition to the limit stated above:

As respects PERSONAL & ADVERTISING INJURY other than passengers:  
USD \$25,000,000 any one occurrence/offense, in the aggregate annually.

As respects EXCESS AUTOMOBILE LIABILITY AND EXCESS EMPLOYERS LIABILITY:



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**New York, NY 10281-1003**  
**(212) 915-8888**

This insurance to pay up to USD \$25,000,000 excess of the applicable underlying policy limit of not less than USD \$1,000,000 any one occurrence/offense and in the aggregate where applicable.

As respects EXTENDED COVERAGE ENDORSEMENT (AVIAITON LIABILITIES) AVN52E or its equivalent: the limit of liability is a sublimit of USD \$100,000,000 any one occurrence and in the annual aggregate except with respect to passengers to whom the full policy limit(s) shall apply,

**7. USE OF PREMISES INSURED:**

Solely as respects AIRLINE LIABILITY INSURANCE: Any premises owned, used or occupied by the Named Insured which are incidental to the Named Insured's airline operations.

**8. USE OF VEHICLES INSURED:**

Solely as respects AIRLINE LIABILITY INSURANCE: Ground mobile equipment operated by the Named Insured on restricted airport premises.

**9. CONTRACTS:**

Contracts regarding the Equipment (as defined below) (hereinafter, the "Contracts(s)") are:

Services at Santa Fe Municipal Airport

**10. EQUIPMENT INSURED:**

Any aircraft owned, operated or maintained by the Named Insured (hereinafter, the "Equipment").



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**(212) 915-8888**

**SECURITY (the “Insurers”)**

Insurers held on file with Willis Towers Watson Global Aviation & Space

For details on the Insurers and their Policy Numbers for the Renewal Policy Period please contact the WTW Global Aviation & Space shared in-box managed by their American Airlines team at [American.Airlines@wtwco.com](mailto:American.Airlines@wtwco.com)

**Several Liability Notice**

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

LSW 1001 (insurance)



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**SPECIAL PROVISION(S)**

**Subject always to the scope of the policies noted above and all the policies' declarations, insuring agreements, definitions, terms, conditions, limitations, exclusions, deductibles, warranties and endorsements thereof remaining paramount: Solely as respects: (i) The Coverage(s) noted above; (ii) the Contract(s) (and then only to the extent of the Named Insured's obligation to provide insurance under the terms of the Contract(s)); and (iii) the operations of the Named Insured; the following provision(s) apply(ies):**

**Solely as respects Liability Coverage(s):** Santa Fe Municipal Airport and their directors, officers, employees, agents and assigns are included as Additional Insureds (collectively, the Additional Insureds, individually, an Additional Insured) as their respective interests may appear, warranted no operational interest.

Solely as respects Liability Coverage(s): Insurers waive their rights of subrogation against the Additional Insureds but only to the same extent that the Named Insured has waived its rights of recovery against and/or indemnified the Additional Insureds in the Contract(s).

**Solely as respects Liability Coverage(s):** In the event of cancellation or adverse material change of the policies by Insurers, Insurers agree that such cancellation or change shall not be effective as to the Additional Insureds until thirty (30) days (seven (7) days or such shorter period as may be customary in the case of Aircraft Hull War Risks and Allied Perils Insurance and Extended Coverage Endorsement (Aviation Liabilities) / ten (10) days in the event of cancellation due to non-payment of premium) after issuance of notice by the Insurers to the Certificate Holder(s) -- at the addresses shown on page one of this Certificate of Insurance.

**As respects each Certificate Holder(s) respective interests, this Certificate of Insurance shall automatically terminate upon the earlier of: (i) Policy expiration; (ii) Cancellation of the policies prior to policy expiration, as notified to the Certificate Holder(s) as required herein; (iii) agreed termination of the Contract(s); and/or in the case of physical damage insurance relating to those Certificate Holder(s) who have an insurable interest in the Equipment as of the date of issuance of this Certificate of Insurance: agreed termination of the Named Insured's and/or the Certificate Holder(s) insurable interest in the Equipment**



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This Certificate of Insurance is issued as summary of the insurances under the policies noted above and confers no rights upon the Certificate Holders as regards the insurances other than those provided by the policies. The undersigned has been authorized by the above insurers to issue this certificate on their behalf and is not an insurer and has no liability of any sort under the above policies as an insurer as a result of this certification.

DATE OF ISSUE: December 22, 2024

AUTHORIZED REPRESENTATIVE: \_\_\_\_\_

  
**WTW**  
Global Aviation & Space  
Willis Towers Watson Northeast, Inc.  
d/b/a Willis Towers Watson Northeast Insurance Services, Inc.

## +AIR SERVICE AGREEMENT

### LAX-SAF

This Air Service Agreement (this “Agreement”) is made and entered into as of \_\_\_\_\_, 2025 (the “Effective Date”) by and between American Airlines, Inc., a Delaware corporation with its principal offices at 1 Skyview Drive, MD 201, Fort Worth, Texas 76155 (“American”), and the City of Santa Fe, a municipal corporation, with its principal offices at 200 Lincoln Avenue, Santa Fe, NM 87501 (“Guarantor”).

#### 1. Air Service; Term.

(a) American shall provide regularly scheduled passenger air service, to be performed by American or an Affiliate of American, between Santa Fe Regional Airport (“SAF”) and Los Angeles International Airport (“LAX”) in both directions. This constitutes the “Air Service”, and each one-way flight performed by American between the airports set forth on Schedule 1, an “Air Service Flight”, effective October 6<sup>th</sup>, 2025 through October 4<sup>th</sup>, 2026 (the “Air Service Period”) in accordance with the schedule set forth on Schedule 1 attached hereto.

(b) American agrees to schedule an aircraft to perform the Air Service. Notwithstanding anything to the contrary in this Agreement or in any schedule attached hereto, American reserves the right to make all operational decisions regarding the Air Service in its sole discretion, including but not limited to aircraft type and configuration, operating carrier, timing of arrival/departure, frequency of service (schedule flexibility), and continued operation of the Air Service. American reserves the right to update Schedule 1 from time to time to reflect any program changes that American deems appropriate.

(c) This Agreement shall commence upon the Effective Date and, unless sooner terminated in the manner provided for herein, shall remain in full force and effect until the date that is six (6) months following the last day of the Air Service Period (the “Term”).

#### 2. Minimum Revenue Requirement.

(a) The “Flight Charge” for each Air Service Flight shall be specified in Schedule 1.

(b) The “Settlement Period” shall be each calendar month during the Air Service Period, with billing done on a quarterly basis. For clarity, any partial calendar month during the Air Service Period shall be accounted for as a separate Settlement Period.

(c) The “Minimum Revenue Requirement” shall mean the Flight Charge as set forth in Schedule 1 for each Air Service Flight multiplied by the actual number of Air Service Flights operated by American during the Settlement Period.

(d) The “Billing Period” shall be each calendar quarter during the Air Service Period and include the billing for the Settlement Periods included in such Billing Period. The first Billing Period under this Agreement shall include the partial month of October, and all of November, and December. The final billing period shall include July, August, September, and the partial month of October.

(e) American and Guarantor agree that the Total Revenue (as defined in Section 3(d) below) for each Settlement Period must equal or exceed the Minimum Revenue Requirement, as further described in Section 4 below.

### 3. Revenue Calculation.

(a) Subject to Section 7(a), American and Guarantor agree that in the event of certain changes in the average price per gallon that American pays for jet fuel, American will adjust the amount payable as set forth in Schedule 2 hereto.

(b) For purposes of this Agreement, “Passenger Ticket Revenue” for each Air Service Flight shall be the total amount paid by passengers in connection with the applicable Air Service Flight, less applicable taxes, and shall be rate-prorated by segment. A rate-prorate is used to divide total Passenger Ticket Revenue paid per Air Service Flight among the actual number of segments flown by each Air Service passenger according to the ratio of each segment’s local fare to the sum of all the local fares applicable to the passenger’s actual itinerary.

(c) For purposes of this Agreement, (i) “Partner Miles Revenue” shall mean the marketing revenue received from third parties related to the purchase of AAdvantage® miles; (ii) “Baggage and Cargo Revenue” shall mean all revenue earned from the storage of baggage and cargo on any given Air Service Flight; and (iii) “Ancillary Revenue” shall mean revenue resulting from sales on-board the Air Service Flight.

(d) For purposes of this Agreement, “Total Revenue” shall mean the sum of the Passenger Ticket Revenue, Partner Miles Revenue, Baggage and Cargo Revenue, and Ancillary Revenue for all of the Air Service Flights operated by American and/or an American Airline Affiliate during the Settlement Period.

(e) American’s Airline Performance Analysis System (“APAS”) shall be the sole source of information for calculating Total Revenue. APAS shall also be the sole source of information for calculating fuel expenses for all Air Service Flights during each Settlement Period. Notwithstanding the foregoing, Guarantor shall have the right, upon providing at least five (5) business days’ prior written notice to American, to conduct an audit at Guarantors’ sole expense within sixty (60) days following the close of the Settlement Period. Such audit may examine the information and documents used to calculate Total Revenue and fuel expenses received by American for Air Service Flights associated with this Agreement. Any such audit must be reasonable in all respects, and must be performed during regular business hours and without affecting American’s regular business operations. Guarantor’s representatives participating in such audit are obligated to treat as confidential, in accordance with this Agreement, all information disclosed to or

discovered by them during such audit. The confidentiality obligation in the immediately preceding sentence shall survive the termination of this Agreement indefinitely. In the event that the auditor discovers an overpayment by Guarantor during such audit and establishes such overpayment to the satisfaction of American, American shall remit to Guarantor the full amount of such established overpayment.

(f) American may provide reports to Guarantor during the Air Service Period detailing Guarantor's progress toward meeting the Minimum Revenue Requirement; provided, however, that American shall have no obligation to provide such reports, and provided, further, that the final calculations provided by American with the invoices pursuant to Section 6 of this Agreement shall control, subject to Section 3(e).

4. Revenue Reconciliation.

(a) American will reconcile the Total Revenue during each Settlement Period against the Minimum Revenue Requirement for such Settlement Period no later than sixty (60) days following the end of the applicable Settlement Period.

(b) If the Total Revenue is more than the Minimum Revenue Requirement for any Settlement Period, a "Revenue Excess" shall be deemed to have occurred during such Settlement Period in the amount of the actual difference between the Total Revenue and the Minimum Revenue Requirement. In such event, American will retain the Revenue Excess for such Settlement Period. For the avoidance of doubt, Revenue Excess in any given Settlement Period shall not be applied to meet the Minimum Revenue Requirement of another Settlement Period.

(c) If the Total Revenue is less than the Minimum Revenue Requirement for any Settlement Period, a "Revenue Shortfall" shall be deemed to have occurred during such Settlement Period in the amount of the actual difference between the Total Revenue and the Minimum Revenue Requirement. In such event, American will invoice Guarantor for the Revenue Shortfall for each Settlement Period within the Billing Period in which a Revenue Shortfall occurred in accordance with the payment procedures in Section 6.

(d) American and Guarantor agree that the principal obligation (not including interest) of Guarantor to pay American for Revenue Shortfalls during the Term shall not exceed the total amount of US \$1,800,000 regardless of method of payment.

5. Other Incentives. In addition to its obligation to cover Revenue Shortfalls, Guarantor agrees to provide American the following additional incentives:

(a) Guarantor will provide fee waivers for landing fees, gate fees, and other related charges for all Air Service Flights, valued at \$142,387 during the Air Service Period.

(b) Guarantor will provide marketing/advertising support in a minimum amount of \$50,000 to support American's air service to SAF.

6. Payment Reconciliation. American shall provide an invoice to Guarantor no later than sixty (60) days following (a) the end of each Billing Period, and (b) upon the expiration or termination of this Agreement, as applicable. Such invoice shall include the total Revenue Shortfalls incurred during such Billing Period, if any, and any other charges (including fuel excess charges) incurred during such Billing Period. Guarantor shall pay such invoice to American within a reasonable time frame not to exceed thirty (30) days after receipt of such invoice. All payments hereunder shall be made no later than their respective due dates by check, by wire transfer pursuant to wiring instructions given by American or by other means of payment agreed in writing by American. Guarantor agrees to pay interest on any overdue payment owed to American from the date such payment is due under this Agreement until the date such payment is received by American at the lesser of the following (i): the highest rate permitted by applicable law or (ii) an annual rate of 12%.

7. Termination and Default. This Agreement may be terminated and/or any Air Service Flight cancelled by the party specified below (after notice, if applicable) upon the happening of any of the following events:

(a) At any time, by the mutual written consent of the parties.

(b) By American (i) immediately, if American is unable to obtain the governmental or other approvals necessary to commence the Air Service or the service on any particular Air Service Flight, or if such approvals are subsequently revoked or altered; (ii) if American determines in its sole discretion that the operating facilities at Guarantor's home airport are inadequate for American to commence service at such airport as contemplated in Schedule 1; (iii) if Guarantor fails to make any payment when due and does not make such payment within five (5) days after written notice or demand thereof; or (iv) immediately, if any of the following events occur: (A) a forced or voluntary grounding of one or more of American's aircraft types (or the aircraft type(s) of the operating carrier chosen by American to operate the Air Service Flight(s)); (B) there is a greater than 35% increase in the average price per gallon that American pays for jet fuel as compared to the average price per gallon that American paid as of the Effective Date; or (C) if American determines in its sole discretion that sufficient fuel is not available to meet all of its scheduled commitments.

(c) At any time, by the non-breaching party, upon written notice to the breaching party, upon: (i) the breach of a material term, agreement, covenant, representation, statement, or warranty of this Agreement; or, (ii) the breach of any federal, state, or local law as such relates to the Air Service Flights, provided, however, in each instance the non-breaching party shall give the breaching party written notice of the breach or failure to comply and five (5) business days to cure such breach or failure to comply, assuming such breach or failure to comply is capable of being cured within such time period. If such breach or failure is not cured within such five (5) business day period, or if such breach or failure is not capable of being cured (or not capable of being cured within such time period), then the non-breaching party may immediately terminate this Agreement without any further notice to the other party.

(d) At any time, by either party, upon written notice to the other party, if the other party: (i) makes an assignment for the benefit of creditors; (ii) suspends the payment of or admits in writing its inability to pay, or generally fails to pay, its debts as they become due; (iii) has suspended (as declared by a clearing house) its transactions with banks and/or other financial institutions or proposes or commences a moratorium upon or extension or composition of its debts; (iv) has issued against it any writ, execution, process or abstract of judgment which may have a material adverse effect on it and which is not dismissed, satisfied or stayed within sixty (60) days; (v) files a petition for bankruptcy, composition, corporate reorganization, corporate liquidation, arrangement or special liquidation proceedings; or (vi) ceases all or a substantial part of its operations other than due to force majeure as provided in Section 14.

(e) By either party, with or without cause or penalty upon not less than one hundred eighty (180) days' prior written notice to the other party. The effective date of termination shall be as stated in such written notice of termination but not earlier than one hundred eighty (180) days following such written notice.

(f) After June 30, 2026, immediately upon notice to American by the Guarantor that the New Mexico Legislature has not appropriated sufficient funds for Guarantor to continue to perform its obligations under this Agreement, including a reduction of funding during a special session of the New Mexico Legislature; provided that (i) any Revenue Shortfalls on account of Air Service Flights operated prior to the effective date of such termination shall be paid to American in accordance with this Agreement, and (ii) such termination shall not be effective until the funds previously appropriated for this Agreement during the prior fiscal year have been exhausted.

#### 8. Remedies Upon Termination.

(a) Other than as specifically set forth herein, termination pursuant to Section 7 shall not limit the non-breaching or non-defaulting party's right to pursue or enforce any of its rights under this Agreement or otherwise.

(b) Any termination or expiration of this Agreement shall not affect Guarantor's obligation to pay American all amounts owing to American as of the effective date of such expiration or termination.

(c) In the event of any termination or expiration of this Agreement for any reason, Guarantor shall pay all amounts owed to American as of the effective date of expiration or termination, in accordance with the provisions of this Agreement, within five (5) business days after receipt of an invoice from American.

#### 9. Confidential Information.

(a) Each party (the "Receiving Party") agrees to hold, and will cause its Affiliates and representatives to hold, in strict confidence all confidential and proprietary information, either designated by the party disclosing such information to the other party (the "Disclosing Party") as such or under reasonable circumstances to be considered as such, whether in written, oral or other form, which it received from the Disclosing Party

prior to, or in the course of, this Agreement (collectively, “Confidential Information”). Each Party further agrees to use the Confidential Information solely to perform or to exercise its rights under this Agreement, and at a minimum to take all measures necessary to protect against the disclosure or use of the Confidential Information as it takes to protect its own proprietary or confidential information (but in any case no less than reasonable measures). Confidential Information includes, without limitation, (i) the economic and other terms of this Agreement (including all schedules), and (ii) flight and accommodations booking information related to the Air Service.

(b) Each Party agrees that it will not, and will cause its Affiliates and representatives not to, disclose any Confidential Information to any third party without the prior written consent of the Disclosing Party, (i) except when required to do so by law or by a court of competent jurisdiction, subject to Section 9(c); (ii) except to such party’s representatives, attorneys, accountants or lending institutions which are on a need to know basis and have been informed of and will be required to maintain the confidentiality of such information; or (iii) unless such provisions are publicly known through no disclosure that is prohibited hereunder.

(c) In addition, the Receiving Party may disclose the Confidential Information in response to law, regulation or a valid court order or other governmental action, provided that (i) the Disclosing Party is notified in writing prior to disclosure of the information, and (ii) the Receiving Party assists the Disclosing Party, at the Disclosing Party’s expense, in any attempt by the Disclosing Party to limit or prevent the disclosure of the Confidential Information.

10. Promotional Materials. Nothing contained herein shall give either party a license or other right to use the trademarks or servicemarks of the other party or any of American’s subsidiaries or Affiliates. Any such use shall require the prior written consent of the party that owns the trademarks or servicemarks. Guarantor will, and will cause its Affiliates and representatives to, submit to American for review and approval, prior to publication or use, the portion of any and all artwork, scripts, copy, advertising, promotional materials, direct mail, press releases, newsletters or other communications or any other publicity published or distributed by Guarantor (or at its direction or authorization) that uses any trademark, service mark, or logo of American or any of its Affiliates (“American Marks”) (collectively, the “Promotional Materials”). Under no circumstances will any Promotional Materials include any Confidential Information. American may provide Guarantor with limited access to the American Airlines brand center website (<https://brand.aa.com>) to obtain digital renditions of the American Marks that conform to American’s corporate graphics standards. Guarantor agrees that it will not (a) use or display any American Marks that it has not obtained from American or from the American Airlines brand center website; (b) alter the American Marks in any way; or (c) display the American Marks without the appropriate proprietary rights notices. American shall have the right, at its sole discretion, to modify the graphics standards and disclaimers from time to time. All promotional or informational material distributed or electronically transmitted by Guarantor using the American Marks will require the tag line listing the marks and stating “are trademarks of American Airlines, Inc.” American agrees to respond to Guarantor within five (5) business days after receipt of the Promotional Materials with written approval or written request for changes. Guarantor further agrees that no changes will be made to any of the Promotional Materials after approval by

American unless such changes are first approved by American in writing. For the purpose of this Agreement, "Affiliate" shall mean, with respect to either party, any person directly or indirectly controlling, controlled by, or under common control with, such party.

11. Fares. American agrees to establish and modify, as needed, the air fares for the Air Service and agrees to provide yield and inventory management services with respect thereto. Guarantor acknowledges that American has agreed to establish and modify these air fares and to provide yield and inventory management services as an accommodation to Guarantor and that American hereby disclaims all liability for, and Guarantor hereby waives all claims against American which may arise out of or in connection with, the establishment or modification of such air fares or the yield and revenue management services provided hereunder. American agrees to advise Guarantor regarding pricing for such air fares; provided, however, that American shall at all times have the unconditional right in its sole discretion to determine air fares during the Air Service Period.

12. Governing Law. This Agreement shall be construed in accordance with, and shall be governed by, the laws of the State of New Mexico without regard to any conflict of law rules.

13. Jurisdiction/Dispute Resolution. Legal proceedings arising out of this Agreement or any transactions contemplated in this Agreement shall be initiated in the First Judicial District Court in Santa Fe County, New Mexico. Each party, to the fullest extent it may effectively do so under substantive governing law applicable to this Agreement, also irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court and any objection that it may have as to venue or inconvenient forum in respect of claims or actions brought in such court and any right of application or appeal to any court (in the U.S. or in any other jurisdiction). EACH PARTY HEREBY EXPRESSLY WAIVES ANY RIGHT TO A JURY TRIAL TO RESOLVE ANY DISPUTES ARISING UNDER THIS AGREEMENT.

14. Force Majeure. Except for payment obligations, or as otherwise expressly provided in this Agreement, neither party shall be liable for performance hereunder to the extent such performance is prevented or delayed as a result of acts of God, severe weather, natural disaster, earthquake, fire, war, military action, terrorist action, labor disputes, epidemic, pandemic, or any court order or action of any governmental, administrative or judicial entity or by any other reason or circumstance, similar or dissimilar, beyond the reasonable control of such party; provided, however, such party shall (a) provide the other party with prompt written notice thereof, (b) use its best reasonable efforts to avoid or remove such causes of non-performance, and (c) continue performance to the extent such causes are removed or avoided.

15. Indemnification.

(a) American agrees to indemnify, defend and hold harmless Guarantor and its officers, directors, employees, agents and Affiliates (the "Guarantor Indemnified Parties") from and against any and all third party liabilities, damages, losses, claims, suits, liens, demands, actions, causes of action, judgments, fines, penalties and expenses (including without limitation reasonable attorneys' fees) of any nature whatsoever (collectively, "Claims") arising out of or in connection with, or related to (i) the willful misconduct or

grossly negligent acts, errors or omissions of American, its subcontractors, its Affiliates or any person directly or indirectly employed by American, or any of them, while engaged in any activity associated with or related to American's performance under this Agreement; and (ii) American's breach of its obligations under this Agreement.

(b) To the fullest extent permitted by applicable law, Guarantor agrees to indemnify, defend and hold harmless American and its officers, directors, employees, agents and Affiliates (the "American Indemnified Parties") from and against any and all Claims arising out of or in connection with, or related to (i) the willful misconduct or grossly negligent acts, errors or omissions of Guarantor, its subcontractors, its Affiliates or any person directly or indirectly employed by Guarantor, or any of them, while engaged in any activity associated with or related to Guarantors' performance under this Agreement; and (ii) Guarantors' breach of its obligations under this Agreement.

(c) The rights and obligations of the parties under this Section 15 shall survive any termination or expiration of this Agreement.

16. Waiver of Consequential Damages; Other Limitations. NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES, INCLUDING LOST REVENUES, LOST PROFITS, OR LOST PROSPECTIVE ECONOMIC ADVANTAGE, ARISING FROM ANY PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT, EVEN IF SUCH PARTY KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY THEREOF. EACH PARTY HEREBY RELEASES AND WAIVES ANY CLAIMS AGAINST THE OTHER PARTY REGARDING ANY SUCH DAMAGES OR CLAIMS. UNDER NO CIRCUMSTANCES SHALL AMERICAN'S LIABILITY IN CONNECTION WITH THE SERVICES PROVIDED HEREUNDER EXCEED THE TOTAL AMOUNT OF CHARGES ACTUALLY PAID BY GUARANTOR TO AMERICAN PURSUANT TO THIS AGREEMENT.

17. Insurance.

(a) American. At all times during the Air Service Period, American shall carry and maintain, at its sole cost and expense, airline liability insurance with aggregate limits of at least US \$25,000,000 for personal injury (including without limitation bodily injury and death) and property damage. If so requested by Guarantor, American will furnish Guarantor within thirty (30) days of such request an insurance certificate which: (i) indicates that the insurer has accepted and insured Section 15(a) of this Agreement; (ii) includes the insurer's commitment to give Guarantor not less than 30 days' prior written notice in the event of cancellation or material adverse change in coverage; (iii) indicates that such insurance shall not be invalidated by any action or inaction of American and shall insure Guarantor regardless of any breach or violation of any warranty, declaration, or condition contained in such policies by American; (iv) shall waive any right of subrogation, set-off, or counterclaim against Guarantor; (v) shall name the Guarantor Indemnified Parties hereunder as additional insureds; and (vi) indicates that such coverage is primary without right of contribution from any insurance carried by Guarantor.

(b) Guarantor. At all times during the Air Service Period, Guarantor shall carry and maintain, at its sole cost and expense, commercial general liability insurance with aggregate limits of at least US \$10,000,000 for personal injury (including without limitation bodily injury and death) and property damage. If so requested by American, Guarantor will furnish American within thirty (30) days of such request an insurance certificate which: (i) indicates that the insurer has accepted and insured Section 15(b) of this Agreement; (ii) includes the insurer's commitment to give American not less than 30 days' prior written notice in the event of cancellation or material adverse change in coverage; (iii) indicates that such insurance shall not be invalidated by any action or inaction of Guarantor; (iv) shall waive any right of subrogation, set-off, or counterclaim against American; and (v) indicates that such coverage is primary without right of contribution from any insurance carried by American.

18. Sovereign Immunity. To the extent that either party or any of its property is or becomes entitled at any time to any immunity on the grounds of sovereignty or otherwise, from any legal action, suit, arbitration proceeding or other proceeding, from set-off or counterclaim, from the jurisdiction of any court of competent jurisdiction, from service of process, from attachment prior to judgment or after judgment, from attachment in aid of execution or levy or execution resulting from a decree or judgment, from judgment or from jurisdiction, or such party's liability is limited pursuant thereto, that party, to the extent permitted by applicable law, for itself and its property does hereby irrevocably and unconditionally waive all rights to, and agrees not to plead or claim any such immunity with respect to its obligations, liabilities or any other matter arising out of or in connection with this Agreement or its subject matter in an action brought by the other party to enforce or interpret this Agreement. This waiver of immunity shall not inure to the benefit of a third party who is not a signatory to this Agreement; provided that, for the avoidance of doubt, Guarantor shall not assert any such defense of governmental or sovereign immunity in any third party action in the event that Guarantor has or may have an indemnification obligation to the American Indemnified Parties under this Agreement as a result of such third party action. The foregoing waiver and agreement is not subject to withdrawal in any jurisdiction, unless prohibited by applicable law.

19. Representations. To the fullest extent permitted by applicable law, each of American and Guarantor warrants, represents, and agrees that it has: (i) the full right, power, legal capacity, and authority to enter into this Agreement and to carry out and perform all of the obligations thereof; and (ii) will not harm, misuse, or bring into dispute the trademarks or service marks of the other.

20. Assignment. Neither party may assign this Agreement or any interest herein without obtaining the prior written consent of the other party, except that American may assign or delegate this Agreement and the rights and obligations created hereunder to any wholly owned subsidiary of American Airlines Group Inc. without the consent of Guarantor.

21. Waivers and Modifications. This Agreement embodies the entire agreement and understanding of the parties, and, as of its effective date, terminates and supersedes all prior or contemporaneous agreements and understandings, whether written or oral, between the parties covering the subject matter hereof. The schedules, exhibits, annexes, and attachments to this Agreement are incorporated into this Agreement and form a part hereof for all intents and purposes.

The provisions of this Agreement shall govern all services to be provided hereunder by the parties, and no addition, amendment, waiver, or modification of (or execution of any document contrary to) these provisions shall be effective unless signed jointly by a duly authorized representative of both American and Guarantor.

22. Severability. In the event that any one or more of the provisions of this Agreement shall be determined to be invalid, unenforceable or illegal, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal and unenforceable provision had never been contained herein with the remainder of this Agreement being enforced to the fullest extent possible.

23. Relationship of the Parties. Each of the parties is an independent contractor. Nothing in this Agreement is intended, or shall be construed, to create or establish any agency, partnership, joint venture, affiliate, or fiduciary relationship between the parties. Neither party, nor any of its affiliates, has any authority to act for, or to incur any obligations on behalf of, or in the name of, the other party or any of its affiliates. This Agreement is the product of negotiations between the parties, and shall be construed as if jointly prepared and drafted by them, and no provision hereof shall be construed for or against any party due to its actual role in the preparation or drafting hereof by reason of ambiguity in language and/or rules of construction against the drafting party or similar doctrine.

24. Notices. Any notice required to be given by either party to the other pursuant to this Agreement shall be in writing and shall be deemed to have been properly given if (a) delivered in person, (b) sent by traceable overnight delivery via a nationally recognized courier, or (c) sent by registered or certified mail, return receipt requested, in each case addressed to the other party at the following address, and shall be deemed to have been given (as applicable) (x) on the day such notice is so hand delivered, (y) one business day following the date such notice is sent via overnight delivery via a nationally recognized courier, or (z) two business days following the date such notice is sent via certified mail:

To American:

American Airlines, Inc.  
Attn: Brian Znotins, Senior Vice President - Network and Schedule Planning  
1 Skyview Drive, MD 201  
Fort Worth, Texas 76155

To Guarantor:

Name: City of Santa Fe  
Attn: City Manager  
Address: P.O. Box 909, Santa Fe, New Mexico 87504-0909

Either party will have the right to change their representative and address for notice to any other location by giving at least five (5) business days' prior written notice to the other party in the manner set forth above.

25. Headings/Construction. The headings contained herein are for convenience of reference and are not intended to define or limit the scope of any provision of this Agreement.

26. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties, their successors and permitted assigns and there is no intent to benefit any third parties.

27. Further Assurances. Each of the parties shall do and perform, at such party's expense, such further acts and execute and deliver such further instruments and documents as may be required by applicable law or as may be reasonably requested by the other party to effectuate the purposes of this Agreement.

28. Exhibits & Schedules. The exhibits and schedules to this Agreement are incorporated into this Agreement and form a part hereof for all intents and purposes.

29. No Waiver. No waiver of a breach of any provision of this Agreement by either party shall constitute a waiver of any subsequent breach of the same or any other provision hereof, and no waiver shall be effective unless made in writing and signed by a duly authorized representative of the waiving party. Except as expressly set forth herein, no delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

30. No Remedy Exclusive. Except as expressly set forth herein, no remedy herein conferred upon or reserved to a party herein is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Agreement or now or hereafter existing at law, in equity or by statute. In order to entitle a party to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice other than such notice as may be herein expressly required.

31. Expenses. Each party to this Agreement agrees to be responsible for its own costs, expenses and charges (including, without limitation, legal fees, advisory fees and accounting fees) in connection with the preparation of this Agreement and the transactions contemplated hereunder.

32. Miscellaneous. All obligations of American hereunder are subject to the receipt of all necessary government approvals.

33. Counterparts. This Agreement may be executed in separate counterparts (including by delivery of facsimile or other electronic transmission of signature pages), each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but the same instrument.

*[Signature Page Follows]*

In witness whereof, the parties have executed this Agreement as of the date first set forth above.

**City of Santa Fe**

**American Airlines, Inc.**

By: \_\_\_\_\_  
Name: Alan Webber  
Title: Mayor  
Date: \_\_\_\_\_

By: B. Znotins  
B. Znotins (Aug 15, 2025 15:46:48 CDT)  
Name: Brian Znotins  
Title: Senior Vice President,  
Network and Schedule Planning

Attest:

\_\_\_\_\_  
Andréa Salazar, City Clerk

Approved for Legal Sufficiency:

Kevin L. Nault  
Kevin L. Nault (Aug 15, 2025 15:46:43 MDT)  
Assistant City Attorney

APPROVED FOR FINANCES:

\_\_\_\_\_  
Emily Oster, Finance Director

**SCHEDULE 1  
TO AIR SERVICE AGREEMENT  
BETWEEN AMERICAN AIRLINES, INC. AND GUARANTOR FOR  
AIR SERVICE FLIGHTS BETWEEN LAX AND SAF**

**PROPOSED FLIGHT SCHEDULE\***

**October 6<sup>th</sup>, 2025 – October 4<sup>th</sup>, 2026**

| <b>Origin</b> | <b>Destination</b> | <b>Days of Operation</b> | <b>Flight Times*</b> |
|---------------|--------------------|--------------------------|----------------------|
| LAX           | SAF                | Daily                    | 12:45-15:50          |
| SAF           | LAX                | Daily                    | 16:20-17:30          |

Equipment: CRJ-700\*\*

Present Configuration: 65 seats\*\*

One Way Flight Charge: \$13,160 per Air Service Flight\*\*

\*Exact operating times are subject to change from time to time by American at its sole discretion.

\*\*Subject in all respects to Section 1(b) of the Agreement.

**SCHEDULE 2**  
**TO AIR SERVICE AGREEMENT**  
**FUEL ADJUSTMENTS FOR**  
**AIR SERVICE FLIGHTS BETWEEN**  
**LAX AND SAF**

1. If the average price per gallon that American pays for jet fuel during any given month during the Term (“Average Fuel Price”) changes as compared to an average price per gallon of US \$2.38 (“Initial Average Fuel Price”), the sum of Flight Charges for Air Service Flights during such month shall be adjusted as follows (each monthly adjustment a “Fuel Adjustment”):

(a) If the Average Fuel Price increases to US \$2.39 (the “Increase Trigger Price”) or above for any month during the Term, the sum of all Flight Charges for Air Service Flights during such month shall be increased by an amount equal to the product of the difference between the Average Fuel Price for such month and the Increase Trigger Price and the total number of gallons of jet fuel consumed on the Air Service Flights during such month, as determined by American.

(b) If the Average Fuel Price decreases to US \$2.37 (the “Decrease Trigger Price”) or below for any month during the Term, the sum of all Flight Charges for Air Service Flights during such month shall be decreased by an amount equal to the product of the difference between the Average Fuel Price for such month and the Decrease Trigger Price and the total number of gallons of jet fuel consumed on the Air Service Flights during such month, as determined by American.

2. All Fuel Adjustments will be included in the invoice for the respective Settlement Period or the final report, as applicable, as provided in Section 4(a) of the Agreement.

3. Examples:

(a) If the Average Fuel Price for December is US \$2.10, the Initial Average Fuel Price is US \$2.00, and American consumed 100,000 gallons of jet fuel on all Air Service Flights during December, the Fuel Adjustment for December will be an increase of the sum of all Flight Charges during December of:

$$(\$2.10 - \$2.00) \times 100,000 = \$10,000$$

(b) If the Average Fuel Price during December is US \$1.90, the Initial Average Fuel Price is US \$2.00, and American consumed 100,000 gallons of jet fuel on all Air Service Flights during December, the Fuel Adjustment for December will be a decrease of the sum of all Flight Charges for December of:

$$(\$1.90 - \$2.00) \times 100,000 = (\$10,000)$$