

TRUCKEE TAHOE AIRPORT DISTRICT
AERONAUTICAL LEASE AGREEMENT
TRUCKEE TAHOE SOARING ASSOCIATION (TTSA)

This Lease and Use Agreement (herein referred to as this “Agreement”) is made and entered into for reference purposes as of _____, by and between the Truckee Tahoe Airport District (herein referred to as “Lessor”), a special district of the State of California (herein referred to as the “State”) and Truckee Tahoe Soaring Association (“TTSA”), a California 501c3 corporation (herein referred to as “Lessee”). Lessor and Lessee may herein be referred to individually as a “Party” or collectively as the “Parties”.

1. RECITALS

This Agreement is made with respect to the following facts:

- 1.1. WHEREAS, Lessor is a public agency established and existing under the provisions of the California Airport District Act and is governed in accordance with the California State Public Utilities Code (PUC) 22001 et seq. with the power to carry on its business as it is now being conducted under the statutes of the State;
- 1.2. WHEREAS, Lessor is the owner and operator of the Truckee Tahoe Airport (herein referred to as the “Airport”) located in Nevada and Placer Counties, California.
- 1.3. WHEREAS, Lessor is the owner of certain real property described herein as the “Leased Premises”;
- 1.4. WHEREAS, Lessee has completed a Lessee and/or Operator Application (herein referred to as “Application”), has demonstrated immediate need for the Leased Premises, and desires to lease the Leased Premises from Lessor and use the Leased Premises to engage in certain Aeronautical Activities (herein referred to as the “Activities”) at the Airport;
- 1.5. WHEREAS, Lessor has accepted Lessee’s Application and desires to lease the Leased Premises to Lessee and allow Lessee to use the Leased Premises to engage in certain Activities at the Airport;
- 1.6. WHEREAS, Lessor and Lessee have reached agreement on the standard operating procedures of TTSA as outlined in the document, *TTSA Standard Operating Procedures 2024* effective 5-15-2024 and reviewed updated annually to accommodate any changes.
- 1.7. WHEREAS, Lessor has adopted Primary Management Compliance Documents for the Airport (herein referred to as the “PMCDs”), a compendium of policies, standards, guidelines, rules, and regulations that govern the operation and management of the Airport, including Rules and Regulations, Leasing/Rents and Fees Policy, Minimum Standards, and Development Standards;

- 1.8. WHEREAS, Specialized Aviation Service Operators (SASOs) are essential to the proper accommodation of general aviation products and services at the Airport;
- 1.9. WHEREAS, Lessor desires to make such products and/or services available at the Airport and Lessee is qualified, ready, willing, and able to provide such products and/or services; and
- 1.10. WHEREAS, the terms identified by use of a capital letter in this Agreement are defined in the PMCDs.

NOW, THEREFORE, for good and valuable consideration of the mutual representations, warranties, covenants, obligations, privileges, conditions, and agreements set forth in this Agreement (herein referred to as the “terms and conditions of this Agreement”), the Parties, intending to incorporate the foregoing Recitals into this Agreement and to be legally bound, hereby agree as follows:

2. LEASED PREMISES.

- 2.1. General Description. Lessor hereby leases to Lessee, certain real property located at the Airport in unincorporated Nevada County, commonly known as the TTSA Glider area Building/Shop/Shed in the Northeast quadrant of the airfield (herein referred to as the “Leased Premises”) and more particularly shown in Exhibit A, attached hereto and by this reference made a part hereof.
- 2.2. Elements and Improvement Descriptions. The Leased Premises consists of the following elements and Improvements:

Elements / Improvements	Approximate Size	Notes
Aeronautical Improved Land	10,700 square feet	Includes buildings, office, storage, and parking area
Asphalt/Gravel Apron	78,261 square feet	Apron, glider tie downs
	Applicable road fee	

- 2.3. Non-Use of Soaring 2-Story Building. The existing Soaring 2-story building (the “Soaring Building”) located on the Leased Premises shall not be included in the rental of the Leased Premises and shall not be used by

Lessee under any circumstances. Lessor reserves the right to remove or demolish the structure at its sole discretion during the Term of this Agreement. For avoidance of doubt, the Soaring Building is not considered in the square footage of the Leased Premises.

- 2.4. Temporary Structures. During the Term, Lessor will provide Lessee an alternate temporary building in place of the Soaring Building. Such temporary structure may include a rented construction container, modular unit, or similar temporary facility. Lessee acknowledges that the nature of the temporary structures on the Leased Premises may change over the course of the Term, including but not limited to, the replacement of temporary units with a containerized-office or a newly constructed building. Lessor shall notify Lessee in advance of any such changes or construction.
- 2.5. Portable Restrooms. Lessee is responsible for providing restroom facilities, such as portable toilets, during the Term of the Agreement. Lessee shall ensure that these facilities are maintained in a clean and sanitary condition and comply with all applicable health and safety regulations.
- 2.6. Other Elements or Improvements. At the time of this Agreement is executed by the Parties, there are limited Improvements located or situated on the Leased Premises which include a shed, water pump, and electrical service.
- 2.7. Inspection. Lessee warrants and represents that it has carefully and completely examined and inspected the Leased Premises and fully understands Lessee's responsibilities and obligations with respect to the Leased Premises and this Agreement. Lessee accepts the Leased Premises in an "as is, where is" condition without representation or warranties from Lessor as to the condition, suitability, or sufficiency of the Leased Premises
 - 2.7.1. A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lease or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises."

3. USE OF LEASED PREMISES.

- 3.1. Permitted Uses and Activities (General). In addition to Lessor leasing the Leased Premises to Lessee, this Agreement grants Lessee the right and privilege to occupy and use the Leased Premises to engage (on a non-exclusive basis) for the purpose of aeronautical club and or community service organization activities, as more fully described herein. The Leased

Premises may not be used for any other purposes or uses without the prior written consent of Lessor, which consent may be withheld in the sole and absolute discretion of Lessor.

3.2. Permitted Uses and Activities (Commercial Aeronautical Activities).

3.2.1. Lessee may use the Leased Premises to provide the following Commercial Aeronautical Activities: club meetings, workshops, fly-in with permit, breakfasts and lunches, and dinners; limited maintenance and/or repair, modification, restoration, construction, or alteration of lessee owned aircraft or golf carts, glider charter, glider tows, glider instruction, soaring competitions and camps involving air-sailing or soaring, and for-hire sightseeing and glider rides, provided, however, such Commercial Aeronautical Activities shall only be conducted when the KTRK Air Traffic Control Tower is in operation. If Lessee intends to operate Camps at this location, or provide youth services the Lessor requires Lessee to comply with California and Nevada County Codes and Regulations which govern Camps, if applicable. For any courses involving minors, a SAFESPORT certification is required to be obtained and provided to the District before minors may participate in any activities. Any outdoor events in the leased premises must be in accordance with Ordinance 2482 amending Article 2 of Chapter V of the Nevada County General Code regarding Outdoor Events.

3.2.2. Lessee's privilege to use the Leased Premises for engaging in the Activities identified in Section 3.2.1. of this Agreement may be suspended or permanently revoked if Lessee does not comply with the terms and conditions of this Agreement, the PMCDs, or the annually provide SOP's referenced in Section 1.6.

3.2.3. Lessee shall at all times adhere to the terms and conditions of the Air Traffic Control Letter of Agreement (LOA) and any supplements or modifications thereto. As an express condition to the commencement of any activities on or about the Leased Premises and Lessee's operations therefrom, Lessee's glider operations management team (i.e., Lead Tow Pilot, Daily Operations Manager, Line Supervisor) shall meet with KTRK Air Traffic Control Tower personnel to ensure Lessee and Lessee's employees, agents, contractors and consultants have a thorough understanding of the LOA.

3.3. Prohibited Uses and Activities.

3.3.1. Except as provided in Section 3.2.1., Lessee shall not occupy and/or use the Leased Premises to engage in any Commercial Aeronautical Activities (or any other commercial uses, occupancy, and/or purposes) from the Leased Premises. Without limiting the foregoing, Lessee shall not use the Leased Premises, or permit the Leased Premises to be used, for overnight lodging, tent camping,

recreational vehicle camping or onsite housing, without the consent of Lessor, which may be withheld in its sole discretion.

- 3.3.2. Lessee agrees not to occupy and/or use the Leased Premises or engage in Activities in any manner or purpose contrary to this Agreement or any Legal Requirement.
- 3.3.3. Lessee agrees not to occupy and/or use the Leased Premises for the provision of non-aeronautical products, services, or facilities (or any non-aeronautical uses, occupancy, and/or purposes) unless specifically authorized in Section 3.2.1. or 3.3.1.
- 3.3.4. In addition to the prohibited Activities identified in this Agreement and the Airport's PMCDs, the following occupancy, uses, and/or purposes are expressly prohibited on the Leased Premises: use of buildings as living quarters. This is not an exclusive list of prohibited activities.
- 3.3.5. Lessee shall not create, cause, maintain, or permit any public or private nuisance or waste in, on, or about the Leased Premises, or permit or allow the Leased Premises to be occupied or used for any unlawful or immoral purpose.
- 3.3.6. Lessee shall not do or permit to be done anything in any manner which unreasonably disturbs the users of neighboring properties either on or off the Airport. Specifically, and without limiting the above, Lessee agrees not to cause any unreasonable odor, noise, vibration, power emission, or other item to emanate from the Leased Premises.
- 3.3.7. Lessee shall not allow materials or articles of any nature to be stored outside upon any portion of the Leased Premises that create a nuisance or unsightly or untidy presentation.
- 3.3.8. Lessee shall not use Leased Premises in a manner that increases the risk of fire or damage of the Leased Premises or the Improvements thereon and/or increases the existing rates for or cancellation of fire, liability, or other insurance policies insuring the Leased Premises or the Improvements thereon. Any and all fires must be conducted in strict adherence to Truckee Fire District burn guidance and adhere to fire bans if/when in effect.
- 3.3.9. Lessee shall not paint, inscribe, or place an unreasonable sign or placard in or on said Leased Premises or the Improvements thereon without the express written consent of the Lessor; and no tree or shrub thereon shall be destroyed or removed (except in connection with Lessee's maintenance of, or modification to, the landscaping) or other waste committed on said Leased Premises.
- 3.3.10 Lessee shall not place or store motorcycles, vehicles, or other mechanical means of transportation anywhere on the Leased Premises, provided that the foregoing shall in no way limit Lessee's rights to use the vehicle and Aircraft parking areas on the Leased

Premises for the parking of vehicles and Aircraft. No repair, overhaul, or modification of any vehicle or Aircraft shall take place on the Leased Premises (unless specifically permitted in this Agreement) or the area or street in front of said Leased Premises.

- 3.4. Condition, Use of Leased Premises. Lessor makes no warranty or representation of any kind concerning the condition of the Leased Premises, or the fitness of the Leased Premises for the occupancy, uses, and Activities intended by Lessee and/or permitted by Lessor, and hereby disclaims any personal knowledge with respect thereto, it being expressly understood by the Parties that Lessee has personally inspected the Leased Premises, knows its condition, finds it fit for Lessee's intended use and Activities, accepts it as is, and has ascertained that it can be used exclusively for the limited purposes specified in Section 3.2.1 and Section 3.2.2. of this Agreement.
- 3.5. Compliance. Lessee's occupancy and use of the Leased Premises and the Airport is subject to the following requirements:
 - 3.5.1. As may be promulgated and/or amended from time to time, Lessee shall comply with all Legal Requirements including (a) the Airport Sponsor Assurances (herein referred to as the "Assurances"); (b) the Federal Aviation Administration's (herein referred to as the "FAA") regulations, obligations, and guidance; (c) the Lessor's policies, standards, rules, regulations, and directives including the PMCDs; (d) applicable zoning, building, fire, and safety codes; (e) and all other Legal Requirements of any Agency having jurisdiction.
 - 3.5.2. If any provision of this Agreement is found to be in conflict with Section 3.5.1. of this agreement, the provision that establishes the higher or stricter standard shall prevail. Additionally, Lessor may modify this Agreement to resolve the conflict.
 - 3.5.3. In the event of an alleged violation of Section 3.5.1. of this Agreement (or initiation of an investigation relating too same), Lessee shall immediately notify Lessor of the alleged violation and describe the action(s) being taken to resolve it.
 - 3.5.4. Any violation of (or failure to comply with) Section 3.5.1. of this Agreement shall be construed as a default or breach of this Agreement.
 - 3.5.5. Lessor may deny access, consistent with Legal Requirements, to the Airport or the Leased Premises to Lessee or its representatives, officers, agents, employees, guests, patrons, suppliers, vendors, invitees, contractors, subcontractors, or any other entity for any violation of (or failure to comply with) Section 3.5.1. of this Agreement.
 - 3.5.6. Lessee shall pay any penalties, fines, costs, and expenses, including Lessor's attorney's fees, for any violation of (or failure to comply with) Section 3.5.1. of this Agreement.

- 3.5.7. If penalties or fines are levied against Lessor or costs or expenses are incurred by Lessor relating to Lessee's for any violation of (or failure to comply with) Section 3.5.1. of this Agreement, Lessee shall pay Lessor one hundred twenty-five percent (125%) of the penalty, fine, cost, or expense.
- 3.5.8. Without limiting the foregoing any and all crossings of active runways shall be conducted in strict adherence with FAA standards and shall only be made by Lessee for operational purposes.
- 3.5.9. Lessee shall review and collaborate with Lessor with respect to its Standard Operating Procedures, shall conduct all operations on the Leased Premises in strict adherence with such Standard Operating Procedures and shall provide Lessor with advance written notice of any modifications or contemplated modifications of Lessee's Standard Operating Procedures.

4. TERM.

- 4.1. Original Term. The original term of this Agreement shall be for three (3) years, commencing at 12:00 a.m. on 15th day of May, 2025 (herein referred to as the "Commencement Date") and ending at 11:59 p.m. on 15th day of October, 2028 (herein referred to as the "Original Term"), unless sooner terminated in accordance with this Agreement. Notwithstanding the preceding sentence, Tenant shall only occupy the Leased Premises for five (5) months each year of the Term, between the period of May 15 and October 15.
- 4.2. Extension of Term. Lessee shall have the right to extend this Lease beyond the expiration of the Term for two (2) one (1) year periods (the "Extension Term") by giving Lessor written notice (the "Option Notice") of its intention to do so not later than six (6) months prior to the expiration of the Original Term, and thereafter six (6) months prior to the expiration of the applicable Extension Term; provided, however, that Lessee is not in default beyond any applicable notice and cure period under the Lease on the date of giving such notice or on the date of commencement of such Extension Term.

The Original Term and Extension shall be collectively referred to as the Term herein.

- 4.3. Expiration or Termination of Term. Lessee shall, at the expiration of the Term, or upon its earlier termination, return the Leased Premises in first-class order, repair, and condition and in a safe, clean, orderly, and sanitary condition to the complete satisfaction of Lessor as it is now at the date of this Agreement, ordinary and reasonable wear and tear expected; vacate the Leased Premises; and remove any and all of Lessee's personal property, including equipment, furniture, furnishings, and fixtures.
 - 4.3.1. Not more than thirty (30) days before expiration or termination, Lessee shall allow Lessor to inspect the Leased Premises and complete a walk-through to verify the condition of the Leased Premises.

5. RENTS, FEES, AND OTHER CHARGES.

5.1. Rent. The rent for the duration of the Term for the use and occupancy of the Leased Premises shall be nine thousand five hundred and ninety-seven dollars (\$9,597.00). The rent is based on the following:

Improvements	Area	Cost / Area	Monthly Total	Rent Due
Aeronautical Improved Land	10,700 square feet	\$.60 Sq ft/year	\$535 x 5 months	\$2,675
Gravel / Asphalt Apron	78,261 square feet	\$.20 Sq ft//year	\$1,304 x 5 months	\$6,522
Road Use	Area "D" Road	\$400		\$400
TOTAL				\$9,597

5.2. Fees and Other Charges. Lessee shall pay the fees and other charges identified in the Rents and Fees Schedule to Lessor when due and owing, which are subject to change from time to time in compliance with the Leasing/Rents and Fees Policy.

5.3. Payments. Payment of rents, fees, and other charges shall be made promptly without notice or demand, in legal tender of the United States of America.

5.3.1. Payment of rent shall be made by Lessee to Lessor annually on or before the 1st day of each calendar month. The rent for any partial month shall be prorated based on a thirty (30) day month.

5.3.2. Payments of rents, fees, and other charges shall be made by check or money order, payable to Lessor. Payments shall be delivered or mailed to Truckee Tahoe Airport District, 10356 Truckee Tahoe Airport Road, Truckee, CA 96161 or to such other location as may be directed in writing by Lessor. Payments shall be made without any abatement, deductions, reductions, offsets, or counterclaims of any kind.

5.4. Security Deposit. Prior to delivery of possession of the Leased Premises to Lessee, Lessee shall deposit (and keep on account throughout the Term) with Lessor a security and damage deposit (herein referred to as the "Security Deposit") in the amount of one thousand one hundred and seventy-two dollars (\$1,172.00) as security for the return of the Leased Premises at the expiration of the Term in first-class order, repair, and condition and in a safe, clean, orderly, and sanitary condition as when Lessee took possession of the Leased Premises, ordinary and reasonable wear and tear excepted, as well as the faithful, timely, and complete performance of the terms and conditions of this Agreement.

5.4.1. The Security Deposit shall not be construed as an advance payment of any rents, fees, or other charges due under this Agreement.

- 5.4.2. The Security Deposit may be used in the event of termination of this Agreement. The Parties agree that the Security Deposit may be used to cure any default or breach of this Agreement without prejudice to any other remedies available to Lessor and that Lessor may increase the Security Deposit in the event of default or breach.
- 5.4.3. Should the Security Deposit, in partial or whole, be appropriated and applied by the Lessor as herein provided, the Lessee shall, upon written demand of Lessor, forthwith remit to Lessor a sufficient amount of cash to restore said Security Deposit to the original amount. Lessee's failure to do so within five (5) days after receipt of such demand constitutes a material breach of this Agreement.
- 5.4.4. The Parties agree that the Security Deposit shall be increased in proportion to any increases in rents, fees, or other charges.
- 5.5. Late Charges. A late charge (as identified in the Rents and Fees Schedule) shall be automatically added to any rents, fees, or other charges due under this Agreement not received by Lessor by the close of business three (3) calendar days after due and owing. Additional late charges shall be imposed for each thirty (30) calendar day period payment remains due and owing. Late charges shall become part of the rents, fees, and other charges due and owing to Lessor.
- 5.6. Default Interest and Collection Costs. In addition to late charges, Lessor shall be entitled to interest at the rate of 10 percent (10%) per annum on rents, fees, or other charges due under this Agreement from the due date until paid plus all costs and expenses incurred by Lessor to collect (or attempt to collect) amounts past due, including without limitation, attorney and court fees, costs, and expenses

6. IMPROVEMENTS.

- 6.1. No Right to Make Improvements or Alterations to Leased Premises. Except with respect to Trade Fixtures, Lessee shall not construct, install, or cause to be constructed or installed, any alterations, improvements, modifications, or replacements on or about the Leased Premises.

7. LESSEE'S RIGHTS AND PRIVILEGES.

- 7.1. Use of the Airport. Lessee is allowed to use the Airport and its appurtenances together with all Public Areas and facilities, in common with Lessor and others, on a non-exclusive basis and subject to the terms and conditions of this Agreement, except such land and Improvements specifically leased herein and as may be leased by Lessor to others.
- 7.1.1. Lessee shall be liable and shall reimburse Lessor for all costs and expenses incurred by Lessor for the repair of any damage caused by Lessee to the Airport and its appurtenances and/or Public Areas or facilities at the Airport, excluding ordinary and reasonable wear and tear.

- 7.2. Ingress and Egress. Lessee, its representatives, officers, agents, employees, guests, patrons, suppliers, vendors, invitees, contractors, and subcontractors, shall have the right of ingress and egress to and from the Leased Premises. However, if the privileges granted by this provision adversely affect or conflict with Lessor or other tenants, Lessor shall have the right to restrict and/or limit the manner in which such ingress and/or egress may be exercised.
- 7.3. Quiet Enjoyment. Subject to the terms and conditions of this Agreement, and Lessee is not in default hereunder, Lessee shall peacefully and quietly have, hold, and enjoy the Leased Premises free from hindrance or interruption by Lessor. Lessee agrees temporary inconveniences such as noise, disturbances, traffic detours, and the like resulting from, caused by, arising out of, or associated with Lessor's construction, maintenance, and/or repair of Airport improvements or special events shall not constitute a breach of this Section.
- 7.4. New Locks. Lessee may install new locks on all exterior doors. Lessee shall advise Lessor of such action and shall provide Lessor with keys to said locks. Lessee shall also deliver to Lessor the old locks with keys. Upon termination of this Agreement, all locks shall be delivered to, and become the property of, Lessor.
- 7.5. Trade Fixtures. Lessee may from time to time during the Term install or affix equipment, furniture, furnishings, and fixtures on the Leased Premises and use equipment, tools, machinery, or other items of personal property (collectively referred to herein as the "Trade Fixtures") in connection with the permitted uses of the Leased Premises authorized in this Agreement at Lessee's sole cost and expense and sole discretion.
- 7.5.1. Title to all Trade Fixtures placed by Lessee upon the Leased Premises shall remain in Lessee, and replacements, substitutions, and modifications thereof may be made by Lessee throughout the Term.
- 7.5.2. As security for Lessee's performance of obligations under this Agreement, Lessee agrees to not place, or have placed, a mortgage, security interest or otherwise encumber all or any portion of the Trade Fixtures. Any right to remove the Trade Fixtures given Lessee by the provisions of Section 7.5. of this Agreement shall be exercisable only if, at the time of the removal, Lessee is not in default or breach in performance of this Agreement. Lessee may, however, at any time Lessee is not in default or breach in performance of this Agreement, trade in or replace any Trade Fixture, free of the security interest created by this Section. This security interest will then attach to the item that replaced the previous Trade Fixture. Upon default or breach in performance of this Agreement, Lessor shall immediately have as to the Trade Fixtures the remedies provided to a secured party under relevant sections of the California Uniform Commercial Code.

- 7.5.3. Lessor shall have no liability or responsibility for any theft, misappropriation, or damage to any Trade Fixtures placed by Lessee upon the Leased Premises or personal property belonging to Lessee or others.
- 7.5.4. Lessee may remove such Trade Fixtures upon termination of this Agreement if Lessee is not then in default or breach under this Agreement, provided that Lessee shall repair to the satisfaction of Lessor any damage to the Leased Premises and Improvements caused by such removal and provided that usual and customary lighting, plumbing, and heating fixtures shall remain upon the Leased Premises upon termination of this Agreement.
- 7.5.5. Any Trade Fixtures that are not removed from the Leased Premises by Lessee at the Termination Date shall be deemed abandoned by Lessee and shall automatically become the property of Lessor as owner of the real property to which they are affixed.
- 7.6. Other.
 - 7.6.1. Unless otherwise stated in this Agreement, Lessee's rights and privileges are limited strictly to the Leased Premises, no other rights or privileges are being granted by Lessor to Lessee for any other premises at the Airport or any other properties owned or leased by Lessee.
 - 7.6.2. Unless otherwise stated, this Agreement does not: (a) modify any other agreements between the Parties or (b) extend any rights or privileges to Lessee in any other agreements between the Parties.

8. LESSOR'S RIGHTS AND PRIVILEGES.

- 8.1. Lessor's Rights. Lessor reserves the following rights:
 - 8.1.1. Nothing contained in this Agreement shall be construed, in any way, to limit the use of the Airport by Lessor, the Police Department or Sheriff's Office, Fire prevention or suppression agency, FAA, or other Agencies performing official duties at the Airport, or others.
 - 8.1.2. Lessor reserves the right to designate specific areas of the Airport to be used for specific purposes and/or engaging in specific activities.
 - 8.1.3. Lessor reserves the right to develop and make any improvements, repairs, restoration, or replacement on, at, or to the Airport it deems necessary. Lessor will provide advance notice of the date and time of such projects. Lessor shall not be obligated or required to reimburse or compensate Lessee, or any other entities for any cost and/or expense incurred, for any revenue lost, or for any inconvenience that may result from, arise out of, or be associated in any way with such projects.
 - 8.1.4. Lessor (and its representatives, officers, officials, employees, agents, and volunteers) shall not be responsible for loss, injury, or damage to persons or property at the Airport resulting from, caused

by, arising out of, or associated in any way with any acts of nature, natural disasters, or illegal activity.

- 8.1.5. During time of war or national emergency, Lessor shall have the right to enter into an agreement with the United States Government for military use of part or all of the Airport and its facilities. If any such agreement is executed, this Agreement or any other agreement between the Parties, insofar as the agreements may be inconsistent with the agreement between Lessor and the United States Government, shall be suspended, without any liability to Lessor.
 - 8.1.6. Lessor does not and will not relinquish the right to take any action Lessor considers necessary to protect the aerial approaches of the Airport against obstruction or to prevent any person from erecting or permitting to be erected any facility or structure which, in the opinion of Lessor, might limit the usefulness of the Airport or constitute a hazard to Aircraft.
 - 8.1.7. Lessor will not waive any sovereign, governmental, or other immunity to which Lessor may be entitled nor shall any provision of this Agreement or any other agreement between the Parties be so construed.
 - 8.1.8. Lessor will not submit to the laws of any state other than those of the State.
 - 8.1.9. Lessor is under no obligation to obtain or provide financing or funding, make any improvements to the Airport, and/or facilitate any development proposed by Lessee or others.
 - 8.1.10. Lessor reserves the right to take such actions as it may deem necessary to protect the safety and security of the public and the integrity of the PMCDs.
 - 8.1.11. Lessor shall have no responsibility or liability to furnish any services to Lessee, however Lessee may request the provision of services and if agreed upon, shall pay Lessor the amount of compensation agreed upon by the Parties.
 - 8.1.12. Nothing contained in this Agreement shall be construed, in any way, as restricting or limiting the powers of Lessor to fully exercise its governmental functions and/or authority or fulfill its obligations under the Assurances (or any bond covenants) or comply with applicable Legal Requirements.
- 8.2. Lessor's Privileges. Lessor shall have the following privileges:
- 8.2.1. Normal Access to the Leased Premises. Lessor, and Lessor's designated agents, representatives, or employees, shall have the right to enter in, upon, or under the Leased Premises at reasonable times, upon not less than twenty-four (24) hours prior notice to Lessee, for reasonable purposes (e.g., (a) to ensure Lessee's compliance with the terms and conditions of this Agreement

including, but not limited to, Section 3.5.1. of this Agreement, (b) other lawful acts that may be necessary to protect Lessor's interest in the Leased Premises under this Agreement, (c) to perform Lessor's duties under this Agreement, etc.). Lessor may at any time during the last one hundred twenty (120) calendar days of the Term place on or about the Leased Premises any ordinary "For Lease" signs, all without rebate of rent or liability to Lessee.

- 8.2.2. Emergency Access to the Leased Premises. Lessor, and Lessor's designated agents, representatives, or employees, shall have the right to enter the Leased Premises at any time in the event of an apparent or actual emergency (e.g., fire, flood, or failure of an Improvement or utility, etc.).
- 8.2.3. Security Measures. Lessor shall have the right to require Lessee install a reasonable security system, device, operation, or plan be installed and implemented to protect the Leased Premises, Improvements, and the Airport. Should Lessor, in its sole discretion, require Lessee to install such a security system, Lessee agrees to bear the sole cost and expense of any security system, device, operation, or plan and the installation and implementation thereof. Lessee shall obtain Lessor's prior written consent before installing, implementing, or changing any Lessor approved security system, device, operation, or plan.
- 8.2.4. Performance of Acts. All acts performable under this Agreement by Lessor may, at the option of Lessor and without right of objection by Lessee, be performed by a representative of Lessor.
- 8.2.5. Exercising Rights or Privileges. No exercise of any rights or privileges reserved by Lessor shall be deemed or construed, in any way, as grounds for any abatement of rents, fees, or other charges nor serve as the basis for any claim or demand for damages of any nature whatsoever.

9. LESSEE'S OBLIGATIONS.

- 9.1. Conduct. Lessee shall be responsible for the conduct, demeanor, and appearance of its representatives, officers, officials, employees, agents, guests, patrons, suppliers, vendors, invitees, volunteers, contractors, subcontractors, or any other entity on the Leased Premises. Lessee's personnel shall: (a) be neat, clean, and courteous, (b) not conduct operations in an objectionable manner, and (c) shall wear suitable attire. Upon receipt of a complaint, Lessee shall take action to immediately resolve the complaint. Lessee's personnel shall cooperate with Lessor, its representative's or Agencies in dealing with emergencies on the Leased Premises and at the Airport.
- 9.2. Disturbance. Lessee shall conduct its authorized uses and Activities in an orderly and proper manner so as to not annoy, disturb, or interfere with others. Lessee agrees that it will not in any manner interfere with Aircraft operations or create a hazard to Aircraft, other lessees, or the public.

Lessee shall prevent escape of hazardous fumes, odors, smoke, gas, or other hazardous substances from the Leased Premises (or cause or permit to be caused any act that would adversely affect the environment).

9.3. Taxes, Assessments, Levies, Fees, and Other Charges.

9.3.1. Payment of Taxes. Lessee shall pay and discharge all taxes, assessments, levies, and other fees (herein referred to as "Taxes"), when due and owing, on or before the last day on which payment may be made without penalty or interest, without offset or abatement, whether general or special, ordinary or extraordinary, charged by any government or quasi-governmental entity during the Term that are assessed against the Leased Premises or arise because of the occupancy, use, or possession of the Leased Premises including, but not limited to, Taxes on, or which shall be measure by, any rents or rental income, and Taxes on personal property, whether of Lessor or Lessee.

9.3.2. Real Property Taxes Defined. The term "real property taxes" as used herein shall mean all Taxes, general and special, foreseen and unforeseen, now or hereafter imposed by any governmental or quasi-governmental authority or special district having the direct or indirect power to tax or levy assessments, which are levied or assessed against or with respect to: (a) value, occupancy, use, or possession of the Leased Premises and/or the Improvements; (b) any improvements, furniture, fixtures, equipment, and other real or personal property of Lessee that are an integral part of the Leased Premises; or (c) use of and Activities on the Leased Premises, Improvements, public utilities, or energy within the Leased Premises. The term "real property taxes" shall also mean all Taxes imposed by reason of environmental regulation or other governmental control of the Leased Premises and/or the Improvements, new or altered excise, transaction, sales, privilege, assessment, or other taxes or charges now or hereafter imposed upon Lessor as a result of this Agreement, and all costs and fees (including attorneys' fees) incurred by Lessor in contesting any real property taxes and in negotiating with public authorities as to any real property taxes affecting the Leased Premises. If any real property taxes are based upon property or rents unrelated to the Leased Premises and/or the Improvements, then only that part of such tax that is fairly allocable to the Leased Premises and/or the Improvements, as determined by Lessor, on the basis of the assessor's worksheets or other available information, shall be included within the meaning of the term "real property taxes."

9.3.3. Real Property Taxes. Lessee shall pay, when due and owing, Lessee's share of all real property taxes (as defined in Section 9.3.1. of this Agreement). Lessee's liability to pay real property taxes shall be prorated on the basis of a three hundred sixty-five (365) calendar day year to account for any fraction or portion of a tax year included

in the Agreement term at the commencement or expiration of this Agreement.

- 9.3.4. Revenue and Taxation Code. Lessee specifically acknowledges it is familiar with section 107.6 of the California Revenue and Taxation Code. Lessee realizes that a possessory interest subject to property taxes may be created, agrees to pay any such tax, and hereby waives any rights Lessee may have under said California Revenue and Taxation Code section 107.6.
- 9.3.5. Personal Property Taxes. Lessee shall pay, when due and owing, or if requested by Lessor, reimburse Lessor for, any and all Taxes associated with the personal property contained in the Leased Premises. Lessee recognizes and understands in accepting this Agreement that its interest therein may be subject to a possible possessory interest tax that Lessor or County may impose on such interest and that such Tax payment shall not reduce any rents, fees, or other charges due Lessor hereunder and any such Tax shall be the liability of and be paid by Lessee
- 9.3.6. Instructions and Notices. Lessor agrees to give appropriate written instructions to public authorities for Taxes payable by Lessee to make sure that statements and billings will be mailed directly by public authorities to Lessee at the address set forth in this Agreement. Lessee shall deliver to Lessor, on demand, original receipts or photocopies evidencing payment of all Taxes payable by Lessee. If Lessee fails to pay Taxes on or before the last day on which payment may be made without penalty or interest, other than as provided for in this Section 9.3., Lessor may, but shall not be obligated to, pay those Taxes, together with interest and penalties. Any amounts that Lessor may pay pursuant to this provision, together with interest at the rate of five percent (5%) per annum, shall be repaid to Lessor by Lessee on demand as additional rent.
- 9.3.7. Contest of Taxes. Lessee shall not be required to pay, discharge, or remove any Taxes (including liens, forfeitures, penalties, and interest) against the Leased Premises or any part of the Leased Premises or any Improvements, so long as Lessee diligently and in good faith contests the validity or the legality of Taxes by appropriate legal proceedings, which should prevent the collection of the Taxes contested; provided however, that Lessee, prior to the date that the Taxes is due and payable, shall either have paid it under protest or shall have, (a) in the case of real estate taxes, posted a bond with Lessor sufficient to cover the amount of the taxes and penalties and interest and, (b) in the case of taxes other than real estate taxes, given to Lessor a letter executed by an officer of Lessee assuring Lessor that the Taxes will be paid when and to the extent that the legal proceedings conclude in a final determination that the Taxes is valid, legal, and owing. Upon such final determination, Lessee agrees to immediately pay the contested Taxes and remove and discharge any

lien or forfeiture arising from the prior nonpayment. Any proceedings for contesting the validity, legality, or amount of any Taxes, or to recover any Taxes paid by Lessee, may be brought by Lessee in the name of Lessor or in the name of Lessee, or both, as Lessee deems advisable. Lessor agrees that Lessor will, upon the reasonable request of Lessee, execute or join in the execution of any instrument or document necessary in connection with any proceeding. However, if any proceedings are brought by Lessee, Lessee agrees to indemnify Lessor for all reasonable loss, cost, or expense that may be imposed on Lessor in connection with the proceeding. Lessee's right to contest Taxes as provided in this Agreement shall not extend beyond the point where Lessor's title to the Leased Premises could be lost. In any event, Lessee shall notify Lessor in advance of any Taxes contest proceedings that Lessee intends to initiate, and shall then inform Lessor of all significant developments in the proceedings as they may occur.

- 9.3.8. If Lessee has not paid any Tax required by this Agreement to be paid by Lessee before its delinquency, or if a Tax is contested by Lessee and that Tax has not been paid within thirty (30) days after a final determination of the validity, legality, or amount of the Tax, then Lessor may, but shall not be required to, pay and discharge the Tax. If a Tax, including penalties and interest, are paid by Lessor, the amount of that payment shall be due and payable to Lessor by Lessee with the next succeeding rental installment, and shall bear interest at the rate of ten percent (10%) per annum from the date of the payment by Lessor until repayment by Lessee.
- 9.3.9. If any assessments for Improvements become a lien after the Commencement Date, Lessee shall pay only the installments of the assessments that become due and payable during the Term. On the request of Lessee, Lessor agrees to cooperate or join with Lessee in any application that may be necessary to permit the payment of the assessments in installments.
- 9.3.10. The covenants and agreements to pay Taxes by Lessee in Section 9.3 of this Agreement shall not be deemed to include the payment of any inheritance, estate, succession, transfer, gift, franchise, corporation, income, or profit tax, or capital levy that is or may be imposed on Lessor. If any excepted Taxes become a lien against the Leased Premises, Lessor agrees to pay and discharge them before foreclosure of the lien or to take the steps analogous to those permitted to Lessee under Section 9.3.8 of this Agreement to contest the Taxes, so long as the steps sufficiently protect Lessee's quiet enjoyment of the Leased Premises. If Lessor fails to pay and discharge those Taxes prior to the institution of proceedings to foreclose the lien, Lessee, at Lessee's sole option, may advance the funds required to pay and discharge the Taxes, together with all penalties and interest, in which event the amount of funds so

advanced shall be immediately due and payable from Lessor to Lessee and shall bear interest at the rate of ten percent (10%) per annum from the date of payment by Lessee, until repaid. Alternatively, Lessee may apply the amount advanced to the payment of the next succeeding rental installment or installments otherwise payable to Lessor until the advance, with interest, has been repaid to Lessee; provided, however, that the rights of Lessee under this Section shall be limited to those instances where the foreclosure or other enforcement of the lien may disturb Lessee's possession and peaceful enjoyment of the Leased Premises.

- 9.4. Maintenance and Repair. Lessee shall, at Lessee's sole risk, cost, and expense, diligently keep and properly maintain, repair, restore, and clean the Leased Premises, the Improvements thereto (or located thereon) including painting, maintenance of landscape areas, pavements, utilities, trash removal, snow removal, and sweeping and its personal property, in first-class order, repair, and condition and in a safe, clean, orderly, and sanitary condition to the complete satisfaction of Lessor, and in compliance with all applicable Legal Requirements, throughout the Term.
- 9.4.1. Lessee shall be responsible for the maintenance, repair, and replacement, at Lessee's sole risk, cost, and expense, all equipment, furniture, furnishings, and trade fixtures upon the Leased Premises required for the maintenance and operation of a first-class business of the type to be conducted pursuant to this Agreement.
- 9.4.2. Liens. Lessee further agrees that if and when any repairs, alterations, additions, or betterments shall be made by Lessee as required by this Section, Lessee shall promptly pay for all labor done or materials furnished and shall keep the Leased Premises free and clear of any lien or encumbrance of any kind whatsoever.
- 9.4.3. Waiver of Civil Code. Lessee expressly waives the benefit of any statute now or hereinafter in effect, including the provisions of sections 1941 and 1942 of the Civil Code of California, which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Agreement because of Lessor's failure to keep Leased Premises in first-class order, repair, and repair.
- 9.4.4. In the event Lessee fails to comply with any part of Section 9.4. of this Agreement, Lessor may notify Lessee and if Lessee fails to correct the condition within fourteen (14) calendar days of Lessor's written notice, Lessor may, but is not required to, enter the Leased Premises and perform any necessary maintenance, repair, restoration, replacement, or cleaning and Lessee shall pay one hundred twenty-five percent (125%) of the costs and expenses thereof to Lessor within fourteen (14) calendar days upon receipt of an invoice from Lessor. The making of such maintenance, repair, restoration, replacement, or cleaning by Lessor shall in no event be construed as a waiver of the duty of Lessee to perform any

necessary maintenance, repair, restoration, replacement, or cleaning as provided in this Section.

- 9.5. Utilities. Lessee shall pay all fees and charges, when due and owing, for all utilities (including connections) serving the Leased Premises. Such services shall include, but not be limited to: water, gas, electricity, sewer, telephone, cable, trash collection, snow removal, etc. unless collected and paid by the Lessor.
- 9.6. Costs, Expenses, and Other Charges. Lessee shall pay, when due and owing, all other costs, expenses, and other charges of every kind and nature whatsoever relating to the Leased Premises and/or Lessee's Activities during the Term.
- 9.7. Licenses, Certificates, And Permits. Lessee, at its sole risk, cost, and expense, shall obtain any and all required licenses, certificates, permits, or other authorizations from any and all Agencies having jurisdiction necessary for the uses and Activities authorized in this Agreement. Lessee shall not engage in or permit others to engage in activities on the Leased Premises in violation of any license, certificate, permit, or other authorization. If the attention of Lessee is called to any such violation, Lessee will immediately notify Lessor and cease and desist from and immediately cause to be corrected such violation. Lessee shall pay all penalties, fines, costs, or expenses associated with any such violation or correction.
- 9.8. Based Aircraft Report. Lessee shall maintain and furnish on or before the 10th of January each year (or upon request of Lessor) a report identifying all Based Aircraft on the Leased Premises. The report shall identify the Aircraft owner, contact information, registration number, year, make, and model of the Aircraft. Lessee shall immediately provide an updated report of any changes to the Based Aircraft report.
- 9.9. Signage and Lighting. All signage must be approved in writing by Lessor and shall conform to Section 3.5.1. of this Agreement.
- 9.10. Special Events. Lessee shall not conduct or hold special events without obtaining (a) appropriate permits and approval from the Agencies having jurisdiction and (b) the prior written consent of Lessor.

10. REQUIRED FAA CLAUSES.

10.1. Non-Exclusive Use.

10.1.1. This Agreement and all of the provisions hereof shall be subject to whatever right the United States Government has now or may have in the future or may acquire affecting the control, operation, regulation, and taking over of the Airport or the exclusive or non-exclusive use of the Airport by the United States Government during the time of war or national emergency. If any such agreement is executed, the terms and conditions of this Agreement shall be subordinate to the provisions of any agreement between Lessor and the United States relative to the Airport.

- 10.1.2. It is clearly understood by Lessee that no right or privilege has been granted which would operate to prevent any person, firm, or corporation operating Aircraft at the Airport from performing any services on its own Aircraft with its own Employees (including but not limited to, fueling, maintenance, and repair) that it may choose to perform.
- 10.1.3. Nothing in this Agreement shall be construed, in any way, as Lessor granting Lessee an Exclusive Right to engage in any Aeronautical Activity at the Airport.

10.2. Non-Discrimination.

- 10.2.1. Lessee, for itself, its heirs, successors, and assigns, as a part of the consideration hereof, does hereby covenant and agree that in the event Improvements are constructed, maintained, or otherwise operated on the Leased Premises described in this Agreement for a purpose for which a Department of Transportation (herein referred to as the "DOT") program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such Improvements in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the DOT, and as said Legal Requirements may be promulgated or amended from time to time.
- 10.2.2. Notwithstanding any other provision of this Agreement, during the performance of this Agreement, Lessee, for itself, its heirs, successors, and assigns, as part of the consideration of this Agreement does hereby agree, as a covenant running with the land, that: (a) no person on the grounds of race, color, religion, sex, familial status, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the use of the Leased Premises; (b) in the construction of any Improvements on, over, or under the Leased Premises, and the furnishing of services therein or thereon, no person on the grounds of race, color, religion, sex, familial status, or national origin shall be excluded from participation in, or denied the benefits of, such activities, or otherwise be subjected to discrimination; (c) in the breach of any of the above nondiscrimination covenants, Lessor shall have the right to terminate this Agreement and to reenter and repossess the Leased Premises and hold the same as if this Agreement had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 have been followed and completed, including expiration of appeal rights; (d) Lessee, for itself, its heirs, successors, and assigns, as a part of the consideration hereof, does hereby agree as a covenant running with the land that in the event Improvements are constructed, maintained, or otherwise operated on the Leased Premises for a purpose for which a DOT program or

activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such improvements and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the DOT, and as said Regulations may be amended.

- 10.2.3. Lessee will comply with pertinent statutes, Executive Orders, and such rules as are promulgated or amended from time to time to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from federal assistance. This provision obligates Lessee or its transferee for the period during which federal assistance is provided, or is in the form of personal property or real property or interest therein or structures or Improvements thereon. In these cases, this provision obligates Lessee or any transferee for the longer of the following periods: (a) the period during which the Leased Premises is used by the Lessor or any transferee for a purpose for which federal assistance is extended, or for another purpose involving the provision of similar services or benefits, or (b) the period during which Lessor or any transferee retains ownership or possession of the Leased Premises.
- 10.2.4. In the case of contractors, this provision binds the contractors from the bid solicitation period through the completion of the contract.
- 10.2.5. Lessee agrees it will practice non-discrimination in its activities and will provide Disadvantaged Business Enterprise (herein referred to as a "DBE") participation as required by the Lessor, in order to meet Lessor's goals, or required by the FAA.
- 10.2.6. Lessee shall not discriminate in any manner against any employee or Applicant for employment because of political or religious opinion or affiliation, race, creed, color, national origin, sex, age, or disability and further, Lessee shall include a similar clause in all subcontracts. Lessee agrees Lessor has the right to take such action against Lessee as the government may direct to enforce this provision of this Agreement. Lessee acknowledges that there are other protected classes in the State and that it is required under State law to comply with those requirements.

10.3. Assurances Required by the FAA.

- 10.3.1. Those certain thirty-nine (39) provisions set forth within Section C, "Assurances," of Exhibit E, "Assurances Required by the Federal Aviation Administration," attached hereto and made a part hereof, are those specific provisions required by the FAA to be appropriately included within all agreements (including, without limitation, leases, licenses, permits, and contracts) between DISTRICT and any and all persons and/or entities who use or perform work or conduct activities on DISTRICT -owned Airport premises for aeronautical or

non-aeronautical purposes. LESSEE, by its signature(s) hereunto affixed, acknowledges that it has reviewed the aforesaid Exhibit E, in its entirety, and fully understands the meaning, purpose, and intent thereof. LESSEE expressly agrees that, throughout the life hereof, it shall fully and faithfully comply with, abide by and/or adhere to, as applicable and appropriate, each and every one of the numbered provisions contained with Section C, "Assurances," of said Exhibit E (as said numbered provisions are reflected therein or as same may be amended, from time to time, during the life hereof, by DISTRICT, as and when the FAA's requirements thereon imposed may so dictate), which, pursuant to the guidelines established within Section 2 of Section A of said Exhibit E, shall either be applicable to LESSEE on the start date of the term hereof or which, as a result of changing facts and/or circumstances, shall subsequently become applicable to LESSEE, hereunder, during the life hereof.

11. DEFAULTS AND REMEDIES.

11.1. Defaults. In addition to the defaults and breaches identified throughout this Agreement, the occurrence of any one (1) or more of the following events or occurrences shall constitute a material breach of this Agreement by Lessee and, after expiration of any applicable grace period, shall constitute an event of default (herein referred to as an "Event of Default"):

11.1.1. The voluntary filing, petition, or application by Lessee under any law relating to insolvency or bankruptcy, whether for a declaration of bankruptcy, a reorganization, an arrangement, or otherwise.

11.1.2. The making by Lessee of any general arrangement or assignment for the benefit of creditors; Lessee's becoming a "debtor" as defined in 11 USC §101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) calendar days); the appointment of a trustee or receiver to take possession of all or substantially all of Lessee's assets located at or on the Leased Premises or of Lessee's interest in this Agreement where possession is not restored to Lessee within thirty (30) calendar days; or the attachment, execution, or other judicial seizure of all or substantially all of Lessee's assets located at or on the Leased Premises or of Lessee's interest in this Agreement, where such seizure is not discharged within thirty (30) calendar days.

11.1.3. The filing of any lien against the Leased Premises resulting from any act, error, omission, or negligence of Lessee which is not discharged or contested in good faith as determined by Lessor by proper legal proceedings within fourteen (14) calendar days of receipt of actual notice by Lessee, unless Lessee posts a bond within this time period equal to the amount of the lien.

- 11.1.4. The abandonment by Lessee of the Leased Premises (as defined by California Civil Code section 1951.3), the Lessee's absence from the Leased Premises for sixty (60) consecutive calendar days, or Lessee's failure to maintain an on-going business on the Leased Premises or at the Airport for a period of sixty (60) calendar days or more, notwithstanding circumstances beyond Lessee's control.
- 11.1.5. The dispossession of Lessee from the Leased Premises (other than by Lessor) by process of law or otherwise.
- 11.1.6. The transfer of Lessee's interest herein by other operation of law.
- 11.1.7. Lessee becomes in arrears in the payment of rent, fees, or other charges required to be made by Lessee hereunder, as provided in this Agreement, where such failure shall continue for a period of three (3) business days after written notice thereof from Lessor to Lessee. In the event Lessor serves Lessee with a Notice to Pay Rent or Quit pursuant to applicable Unlawful Detainer statutes, such Notice to Pay Rent or Quit shall also constitute the notice required by this subparagraph.
- 11.1.8. The falsification by Lessee of any of its records so as to deprive Lessor of any of its rights, privileges, rents, fees, or other charges under this Agreement or any other agreement between the Parties.
- 11.1.9. The failure by Lessee to observe or perform any of the terms and conditions of this Agreement or any other agreement between the Parties in any material respect, which by its nature Lessee has no capacity to cure;
- 11.1.10. The failure by Lessee to observe or perform any of the terms and conditions of this Agreement or any other agreement between the Parties in any material respect where such failure shall continue for a period of three (3) calendar days after written notice thereof from Lessor to Lessee; provided, however, that if the nature of Lessee's default is such that more than three (3) calendar days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commenced such cure within said three (3) calendar day period and thereafter diligently prosecutes such cure to completion.
- 11.1.11. A sale of stock in Lessee's corporation which divests the present stockholders of controlling interest.
- 11.1.12. The sale, assignment, or transfer or the attempted sale, assignment, or transfer of this Agreement by Lessee. Negotiations by Lessee for the sale, assignment, or transfer of this Agreement shall not be construed as an "attempted transfer".
- 11.1.13. Any default or breach of this Agreement by Lessee shall constitute a default or breach by Lessee of all other agreements between the Parties.

- 11.2. Remedies. In the event of an Event of Default by Lessee, Lessor may at any time thereafter, following any notice required by statute, and without limiting Lessor in the exercise of any right or remedy at law or in equity which Lessor may have by reason of such Event of Default:
- 11.2.1. Terminate Lessee's right to occupancy, use, and possession of the Leased Premises by any lawful means, in which case this Agreement shall terminate and Lessee shall immediately and peacefully surrender possession of the Leased Premises and Improvements to Lessor in the same condition as when received, with the exception of ordinary and reasonable wear and tear.
 - 11.2.2. In the event of termination, Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's Event of Default including but not limited to: (a) the cost of recovering possession of the Leased Premises and Improvements; (b) expenses of reletting, including necessary renovation and alteration of the Leased Premises and Improvements; (c) reasonable attorneys' and court fees, costs, and expenses; (d) the worth at the time of the award of the unpaid rent, fees, or other charges that had been earned at the time of termination of this Agreement; (e) the fees, costs, and expenses associated with the removal, storage, and/or disposal of personal property from the Leased Premises at Lessee's sole risk, cost, and expense and without any liability to Lessor for resulting damage; and (e) the worth at the time of award of the amount by which the unpaid rent, fees, and other charges for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided.
 - 11.2.3. As used in Section 11.2.2. of this Agreement, the worth at the time of award is computed by allowing interest at the rate of five percent (5%) per annum.
 - 11.2.4. Maintain Lessee's right to occupancy, use, and possession of the Leased Premises, in which case this Agreement shall continue in effect whether or not Lessee shall have abandoned the Leased Premises. In such event, Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Agreement, including the right to recover rent, fees, and other charges as they become due hereunder.
 - 11.2.5. Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the State. Lessor shall have all remedies provided by law and equity.
- 11.3. Non-Performance or Delay Default. No failure to perform or delay in performance which is caused by any war, national emergency, act of nature, or natural disaster shall be deemed an event of default or breach.
- 11.4. Continuing Obligations. No termination shall relieve Lessee of the obligation to deliver and perform any outstanding requirements and agreements prior

to the effective date of the termination and/or continue to be liable under this Agreement.

- 11.5. No Relief from Forfeiture After Default. Lessee waives all rights of redemption or relief from forfeiture under California Code of Civil Procedure sections 1174 and 1179, and any other present or future law, in the event Lessee is evicted or Lessee otherwise lawfully takes possession of the Leased Premises by reason of any default or breach of this Agreement by Lessee.
- 11.6. None of the following remedial actions, alone or in combination, shall be construed as an election by Lessor to terminate this Agreement unless Lessor has in fact given Lessee written notice that this Agreement is terminated or unless a court of competent jurisdiction decrees termination of this Agreement: any act by Lessor to maintain or preserve the Leased Premises; any efforts by Lessor to relet the Leased Premises; any re-entry, repossession, or reletting of the Leased Premises; or any re-entry, repossession, or reletting of the Leased Premises by Lessor pursuant to this Section. If Lessor takes any of the previous remedial actions without terminating this Agreement, Lessor may nevertheless at any later time terminate this Agreement by written notice to Lessee.
- 11.7. If Lessor relets the Leased Premises, Lessor shall apply the revenue from the reletting as follows: first, to the payment of any indebtedness other than rent due from Lessee to Lessor; second, to the payment of any cost of reletting, including without limitation finder's fees and leasing commissions; third, to the payment of the cost of any maintenance and repairs to the Leased Premises; and fourth, to the payment of rent and other amounts due and unpaid under this Lease. Lessor shall hold and apply the residue, if any, to payment of future amounts payable under this Lease as the same may become due, and shall be entitled to retain the eventual balance with no liability to Lessee. If the revenue from reletting during any month, after application pursuant to the previous provisions, is less than the sum of (i) Lessor's expenditures for the Leased Premises during that month and (ii) the amounts due from Lessee during that month, Lessee shall pay the deficiency to Lessor immediately upon demand.
- 11.8. After the occurrence of an Event of Default, Lessor, in addition to or in lieu of exercising other remedies, may, but without any obligation to do so, cure the breach underlying the Event of Default for the account and at the expense of Lessee. However, Lessor must by prior notice first allow Lessee a reasonable opportunity to cure, except in cases of emergency, where Lessor may proceed without prior notice to Lessee. Lessee shall, upon demand, immediately reimburse Lessor for all costs, including costs of settlements, defense, court costs, and attorney's fees, that Lessor may incur in the course of any cure.
- 11.9. No security or guaranty for the performance of Lessee's obligations that Lessor may now or later hold shall in any way constitute a bar or defense to any action initiated by Lessor for unlawful detainer or for the recovery of the Leased Premises, for enforcement of any obligation of Lessee, or for

the recovery of damages caused by a breach of this Lease by Lessee or by an Event of Default.

11.10. Except where this is inconsistent with or contrary to any provisions of this Lease, no right or remedy conferred upon or reserved to either party is intended to be exclusive of any other right or remedy, or any right or remedy given or now or later existing at law or in equity or by statute. Except to the extent that either party may have otherwise agreed in writing, no waiver by a party of any violation or nonperformance by the other party of any obligations, agreements, or covenants under this Lease shall be deemed to be a waiver of any subsequent violation or nonperformance of the same or any other covenant, agreement, or obligation, nor shall any forbearance by either party to exercise a remedy for any violation or nonperformance by the other party be deemed a waiver by that party of the rights or remedies with respect to that violation or nonperformance.

12. TERMINATION BY LESSEE.

12.1. If Lessee is current on rent payments, in good standing with this Agreement, and if the Leased Premises and Improvements are in good condition and subject to providing written notice to Lessor, Lessee may terminate this Agreement after the occurrence of one (1) or more of the following events:

12.1.1. permanent abandonment or closure of the Airport;

12.1.2. the lawful assumption by the United States Government, or any authorized Agency of the operation, control, use, or occupancy of the Airport, or any substantial part or parts thereof, in such manner as to substantially restrict Lessee from conducting the uses or Activities authorized in this Agreement for a period of at least ninety (90) calendar days;

12.1.3. the default or breach by Lessor of any of the terms and conditions of this Agreement required to be performed by Lessor and the failure of Lessor to remedy such default or breach for a period of sixty (60) calendar days after receipt from Lessee of written notice or if unable to be cured within sixty (60) days provided the Lessor commences repairs and diligently pursues; and

12.1.4. in the event of substantial Condemnation or eminent domain which prevents or substantially impairs the conduct of Lessee's Activities and equates to fifty percent (50%) or more of the total Leased Premises. If terminating this Agreement, Lessee shall notify Lessor of termination within thirty (30) calendar days of receiving notice of Condemnation or eminent domain. If Lessee does not notify Lessor of termination, the Condemnation or eminent domain shall be considered a partial acquisition.

13. CONDEMNATION OR EMINENT DOMAIN.

13.1. General. In the event of the acquisition by Condemnation or the exercise of the power of eminent domain (by any governmental or other permitted Agency to take property for public use) of interest in all or a portion of the

Leased Premises during the Term, Lessee shall not institute any action or proceeding or assert any claim against Lessor for Compensation or consideration of any nature whatsoever and any provision contained herein contrary to the provisions of this Section shall have no force or effect.

13.1.1. All Compensation or consideration awarded or paid upon a total or partial acquisition of the Leased Premises (which for these purposes shall not include Compensation or consideration from Lessor) shall belong to and be the Property of Lessor without any participation by Lessee.

13.1.2. Nothing contained herein shall be construed or preclude Lessee from recovering directly from the condemning Agency the value of any claim, that may exist, for loss of business, or depreciation, damage, or costs or expenses of removal, or for the value of Lessee's personal Property; provided, however, that no such claim shall diminish or otherwise adversely affect Lessor's award.

13.2. Total. In the event of the acquisition by Condemnation or eminent domain of all interest in the Leased Premises during the Term, Lessee's obligation to pay rents, fees, or other charges and the leasehold estate created shall cease and terminate as of 12:01 a.m. of the date title of the Leased Premises is transferred to the governmental or other permitted Agency taking the Leased Premises for public use.

13.3. Substantial and Partial.

13.3.1. In the event of the acquisition by Condemnation or eminent domain of a portion of interest in the Leased Premises during the Term, Lessee's obligation to pay rents, fees, or other charges shall cease and terminate as it pertains to the specific portion of the Leased Premises taken as of 12:01 a.m. of the date title of the Leased Premises is transferred to the governmental or other permitted Agency taking the Leased Premises for public use. In the event of partial Condemnation or eminent domain, rent shall be adjusted accordingly.

13.3.2. If, during the Term, only a part of the Leased Premises is taken pursuant to any condemnation proceeding and the remaining portion is not suitable or adequate for the purposes for which Lessee was using the Leased Premises prior to the taking, or if the Leased Premises should become unsuitable or inadequate for those purposes by reason of the taking of any other property adjacent to or over the Leased Premises pursuant to any condemnation proceeding, or if by reason of any Legal Requirement the use of the Leased Premises for the purposes specified in this Agreement shall become unlawful, then and after the taking or after the occurrence of other described events, Lessee shall have the option to terminate, and the option can be exercised only after the taking or after the occurrence of other described events by Lessee giving ten (10)

days' written notice to Lessor, and rent shall be paid only to the time when Lessee surrenders possession of the Leased Premises.

14. FORCE MAJEURE.

- 14.1. General. If either Party shall be delayed, hindered in, or prevented from, the performance of the terms and conditions of this Agreement by reason of strikes, lockouts, labor disputes, acts of nature, inability to obtain labor, inability to obtain materials or reasonable substitutes, governmental restrictions, governmental regulation, governmental controls, judicial orders, enemy or hostile governmental actions, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the Party (herein referred to as "Permitted Delay"), such Party shall be excused for the period of time equivalent to the delay caused by such Permitted Delay.
- 14.1.1. Notwithstanding the foregoing, any extension of time sought by Lessee for a Permitted Delay shall be conditioned upon it providing written notice of such Permitted Delay to Lessor within fourteen (14) calendar days of the event causing the Permitted Delay.
- 14.1.2. In the event any work performed by Lessee or Lessee's contractors results in a strike, lockout, and/or labor dispute, the strike, lockout, and/or labor dispute shall not excuse the performance by Lessee of the terms and conditions of this Agreement.
- 14.1.3. In no event shall Lessee be relieved of its obligations to pay Lessor the rents, fees, or other charges due and owing, as set forth in this Agreement.

15. WAIVER.

- 15.1. Waiver by Lessor of one (1) or more term or condition of this Agreement or any default or breach of a term or condition of this Agreement shall not be construed as or constitute a waiver of any other term or condition of this agreement or subsequent default or breach. The subsequent acceptance by a Party of the performance of any term or condition of this Agreement by another Party shall not be deemed to be a waiver of any term or condition of this Agreement.
- 15.2. The exercise of any remedy, right, option, or privilege hereunder by Lessor shall not preclude Lessor from exercising the same or any and all other remedies, rights, options, and privileges hereunder and Lessor's failure to exercise any remedy, right, option, or privilege at law or equity, or otherwise which Lessor may have, shall not be construed as a waiver.
- 15.3. Failure on the part of Lessor to enforce any of the terms and conditions of this Agreement shall not be construed as or constitute a waiver or a relinquishment of the right to enforce such terms and conditions.
- 15.4. The acceptance by Lessor of any payment of rents, fees, or other charges shall not be construed as or constitute a waiver by Lessor of any default or breach by Lessee of any condition, obligation, privileges, or agreement

contained herein and shall not be construed as or constitute a waiver of Lessor's right to terminate this Agreement.

- 15.5. Lessee waives any claims against Lessor for loss of anticipated profit in any suit or proceeding involving this Agreement or any part thereof.

16. HAZARDOUS MATERIALS.

16.1. Survival Past Termination. The provisions of this Section 16., which govern Lessee's obligations with regard to Hazardous Materials (defined herein) shall survive the expiration of or early termination of the Agreement.

16.2. Hazardous Materials Defined. The term "Hazardous Materials" shall mean any toxic or hazardous substance, material, or waste; pollutant or contaminant; or infectious or radioactive material, including but not limited to, those substances, materials, or wastes regulated now or in the future under any of the following Legal Requirements and any and all of those substances included within the definitions of "hazardous substances", "hazardous waste", "hazardous chemical substance or mixture", "imminently hazardous chemical substance or mixture", "toxic substances", "hazardous air pollutant", "toxic pollutant", or "solid waste" in the (a) CERCLA or Superfund as amended by SARA, 42 U.S.C. Sec. 9601 et seq., (b) RCRA, 42 U.S.C. Sec. 6901 et seq., (c) CWA., 33 U.S.C. Sec. 1251 et seq., (d) CAA, 42 U.S.C. 78401 et seq., (e) TSCA, 15 U.S.C. Sec. 2601 et seq., (f) The Refuse Act of 1899, 33 U.S.C. Sec. 407, (g) OSHA, 29 U.S.C. 651 et seq. (h) Hazardous Materials Transportation Act, 49 U.S.C. Sec. 1801 et seq., (i) USDOT Table (40 CFR Part 302 and amendments) or the EPA Table (40 CFR Part 302 and amendments), (j) California Superfund, Cal. Health & Safety Code Sec. 25300 et seq., (k) Cal. Hazardous Waste Control Act, Cal. Health & Safety Code Section 25100 et seq., (l) Porter-Cologne Act, Cal. Water Code Sec. 13000 et seq., (m) Hazardous Waste Disposal Land Use Law, Cal. Health & Safety Code Sec. 25220 et seq., (n) Proposition 65, Cal. Health and Safety Code Sec. 25249.5 et seq., (o) Hazardous Substances Underground Storage Tank Law, Cal. Health & Safety Code Sec. 25280 et seq., (p) California Hazardous Substance Act, Cal. Health & Safety Code Sec. 28740 et seq., (q) Air Resources Law, Cal. Health & Safety Code Sec. 39000 et seq., (r) Hazardous Materials Release Response Plans and Inventory, Cal. Health & Safety Code Secs. 25500-25541, (s) TCPA, Cal. Health and Safety Code Secs. 25208 et seq., and (t) regulations promulgated pursuant to said Legal Requirements or any replacement thereof, or as similar terms are defined in the federal, state, and local Legal Requirements. Hazardous Materials shall also mean any and all other substances, materials, and wastes which are, or in the future become, regulated under applicable federal, state, or local Legal Requirements for the protection of health or the environment, or which are classified as hazardous or toxic substances, materials or wastes, pollutants or contaminants, as defined, listed or regulated by any federal, state, or local Legal Requirement or by common law decision, including without limitation: (a) trichloroethylene, tetracholoethylene, perchloroethylene, and other chlorinated solvents; (b) any petroleum products or fractions thereof; (c) asbestos, (d) polychlorinated

biphenyls; (e) flammable explosives; (f) urea formaldehyde; and (g) radioactive materials and waste. For the purposes of this lease the term Hazardous Materials shall not include fuel, oil, batteries and other items or materials in amounts that are used in aircraft or vehicles consistent with the operation of sailplanes, tow aircraft, and associated vehicles or in such quantities as to safely perform the activities approved in section 3.2.1. All materials shall be stored and disposed of in such a manner as to comply with all applicable laws, ordinances, codes, and regulations of federal, state, and local governments.

16.3. Compliance Regarding Hazardous Materials.

16.3.1. Lessee shall not cause or permit any Hazardous Materials to be brought upon, kept, or used in, on, under, around, or about the Leased Premises and the Airport by Lessee, its agents, employees, contractors, or invitees.

16.3.2. Lessee shall comply and cause all occupants of the Leased Premises to comply, with all Legal Requirements governing or applicable to Hazardous Materials as well as the recommendations of any qualified environmental engineer or other expert which apply or pertain to the Leased Premises and the Airport. Lessee acknowledges that Hazardous Materials may permanently and materially impair the value and use of the Leased Premises and the Airport.

16.3.3. Lessee shall not allow the installation, release or storage of Hazardous Materials in, on, under or from the Leased Premises or the Airport. For the purposes of this provision, a release shall include, but not be limited to, any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leeching, dumping, or otherwise disposing of Hazardous Materials.

16.4. Termination of Agreement. Lessor shall have the right to terminate the Agreement in Lessor's sole and absolute discretion in the event that: (a) any anticipated use of the Leased Premises involves the generation or storage, use, treatment, disposal, or release of Hazardous Materials in a manner or for a purpose prohibited or regulated by any Agency, authority, or Hazardous Materials Legal Requirements; (b) Lessee has been required by any lender or Agency to take remedial action in connection with Hazardous Materials contaminating the Leased Premises or Airport, if the contamination resulted from use of the Leased Premises or Airport; or (c) Lessee is subject to an enforcement order issued by any Agency in connection with the release, use, disposal, or storage of a Hazardous Materials on the Leased Premises, if the contamination resulted from use of the Leased Premises or Airport.

16.5. Assignment and Subleasing. It shall not be unreasonable for Lessor to withhold its consent to an assignment or subleasing to such proposed assignee or sublessee if: (a) any anticipated use of the Leased Premises by any proposed assignee or sublessee involves the generation or storage,

use, treatment, disposal, or release of Hazardous Materials in a manner or for any purpose; (b) the proposed assignee or sublessee has been required by any prior landlord, lender, or Agency to take remedial action in connection with Hazardous Materials contaminating a property, if the contamination resulted from such party's action or use of the property in question; or (c) the proposed assignee or sublessee is subject to an enforcement order issued by any Agency in connection with the release, use, disposal, or storage of Hazardous Materials.

16.6. Hazardous Materials Indemnity. Lessee shall indemnify, defend (by counsel reasonably acceptable to Lessor in the exercise of its reasonable judgment), protect, and hold Lessor harmless from and against any and all claims, liabilities, actions, foreseeable and unforeseeable consequential damages, penalties, forfeitures, losses, costs, and/or expenses, including without limitation, diminution in value of the Leased Premises or Improvements, damages for the loss or restriction on use of the rentable or usable space or of any amenity of the Leased Premises, damages arising from any adverse impact or marketing of the Leased Premises and sums paid in settlement of claims, response costs, cleanup costs, site assessment costs, attorneys' fees, consultant and expert fees, judgments, administrative rulings or orders, fines, costs of death of or injury to any person, or damage to any property whatsoever (including, without limitation, groundwater, soil, soil vapor, sewer systems, and atmosphere), arising from, caused, or resulting, either prior to or during the Agreement term, in whole or in part, directly or indirectly, by the presence or discharge in, on, under, around, or about the Leased Premises (by Lessee, Lessee's agents, employees, licensees, or invitees or at Lessee's direction, of Hazardous Materials, or by Lessee's failure to comply with any Hazardous Materials Legal Requirements, whether knowingly or by strict liability. For purposes of the indemnity provided herein, any acts or omissions of Lessee or its employees, agents, customers, sublessees, assignees, contractors, or subcontractors of Lessee (whether or not they are negligent, intentional, willful, or unlawful) shall be strictly attributable to Lessee. Lessee's indemnification obligations shall include, without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary Hazardous Materials management plan, investigation, repairs, cleanup, remedial, removal, restoration, detoxification, or decontamination of the Leased Premises, and the presence and implementation of any closure, remedial action or other required plans. In the alternative, Lessor may elect to conduct its own defense at the expense of Lessee.

16.7. Notice Regarding Hazardous Materials.

16.7.1. Lessee shall promptly notify Lessor if it knows, suspects or believes, there may be any Hazardous Materials in, on, under, around, or about the Leased Premises, or in the soil, groundwater, or soil vapor on or under the property, or that Lessee or the Leased Premises may be subject to any threatened or pending investigation by any

Agency under any Legal Requirements pertaining to any Hazardous Materials.

16.7.2. Lessee shall give written notice to the Lessor within ten (10) business days of receipt of such knowledge or cause for belief. Provided, however, if Lessee knows, or has reasonable cause to believe that such Hazardous Materials is an imminent and substantial danger to public health and safety, Lessee shall notify the Lessor immediately upon receipt of this knowledge or belief and shall take all acts necessary to alleviate such danger. Lessee will notify the Lessor immediately of any notice of violation received or initiation of environmental action or private suits relative to the Leased Premises.

16.8. Site Visits, Observations, and Testing. Lessor and its agents and representatives shall have the right at any reasonable time to enter and visit the Leased Premises for the purposes of observing the Leased Premises, taking and removing solid or groundwater samples, and conducting tests on any part of the Leased Premises. Such entry shall be during normal business hours except for emergencies. Lessor is under no duty, however, to visit or observe the Leased Premises or to conduct tests. No site visit, observation or testing by Lessor shall result in a waiver of any default of Lessee or impose any liability on Lessor. In no event shall any site visit, observation, or testing by Lessor be a representation that Hazardous Materials are or are not present in, on, under, around, or about the Leased Premises, or that there has been compliance with any Legal Requirement pertaining to Hazardous Materials or any other applicable Legal Requirement. Neither Lessee nor any other party is entitled to rely on any site visit, observation, or testing by Lessor. Lessor shall not be obligated to disclose to Lessee or any other party any report or finding made as a result of, or in connection with, any site visit, observation or testing by Lessor. In each instance, Lessor shall give Lessee reasonable notice before entering the Leased Premises or any other place Lessor is permitted to enter under this Section. Lessor shall make reasonable efforts to avoid interfering with Lessee's occupancy and use of the Leased Premises or any other property in exercising any right provided in this Section.

16.9. Right to Perform Tests. At any time prior to the termination of the Agreement, Lessor shall have the right to enter upon the Leased Premises in order to conduct tests of water and soil.

17. RESERVATION OF AVIGATIONAL EASEMENT.

17.1. Avigation Easement. Lessor hereby reserves to itself and its successors and assignees, for the use and benefits of the public, a right of avigation over the Leased Premises for the passage of Aircraft landing at, taking off, or operating from the Airport. This public right of flight shall include the right to cause in the airspace any noise inherent in the operation of any Aircraft used for navigation or flight through the said airspace or landing at, taking off from or operating on the Airport. For the purpose of this Agreement, all

rights reserved pursuant to this Section 17, are referred to collectively herein as the "Avigation Easement." This Avigation Easement shall not operate to deprive Lessee, its agents, contractors, directors, employees, officers, and representatives, of any rights which Lessee, its agents, contractors, directors, employees, officers, and representatives, may from time to time have against any operator of Aircraft or third parties responsible for any act or omission respecting the operation of Aircraft. The Avigation Easement includes:

- 17.1.1. For the use and benefit of the public, the easement and continuing right to fly, or cause or permit the flight by any and all persons, or any aircraft, of any and all kinds now or hereafter known, in, through, across, or about any portion of the airspace associated with the Airport;
- 17.1.2. The easement and right to cause or create, or permit or allow to be caused and created within all space above the existing surface of the Leased Premises and any all airspace laterally adjacent to the Leased Premises, such noise, vibration, currents, fumes, dust and fuel particle emissions and other effects of air illumination and fuel consumption as may be inherent in, or may arise or occur from or during the operation of aircraft and any and all kinds, now or hereafter known or used, for navigation of or flight in air;
- 17.1.3. A continuing right to clear and keep clear from the airspace any portions of buildings, structures, or improvements of any kind, and of trees or other objects, including the right to remove or demolish those portions of such buildings, structures, improvements, trees, or other things which extend into or above said airspace, and the right to cut to the ground level and remove, any trees which extend into or above the airspace;
- 17.1.4. The right to prohibit electrical interference, glare, misleading lights, visual impairments, and other hazards to Aircraft flight from being created on the Leased Premises;
- 17.1.5. The right to mark and light, or cause or require to be marked or lighted, as obstructions to air navigation, any and all buildings, structures, or other improvements, and trees or other objects, which extend into or above the airspace; and
- 17.1.6. The right of ingress to, passage within, and egress from the Leased Premises for the purposes described in Sections 17.1.3., 17.1.4., and 17.4.5. above at reasonable times and after proper advance notice.
- 17.1.7. The easements and rights-of-way herein granted shall be deemed both appurtenant to and for the direct benefit of that real property which constitutes the Truckee Tahoe Airport, in the Counties of Placer and Nevada, State of California; and shall further be deemed in gross, being conveyed to the Lessee for the benefit Lessee and any and all members of the general public who may use said

easement or right-of-way, in landing at, taking off from or operating such Aircraft in or about the Airport, or in otherwise flying through said airspace.

17.1.8. This grant of easement shall not operate to deprive the Lessor, its successors or assigns of any rights which may from time to time have against any Aircraft owner or operator for negligent or unlawful operation of Aircraft.

17.2. Lessee's Assumption of Risk. As between Lessee and Lessor, Lessee agrees to voluntarily assume all risk of loss, damage, or injury to the person and property of Lessee (including the right of Lessee to occupy the Leased Premises), its agents, contractors, directors, employees, officers, and representatives, in or about the Airport or the Leased Premises which may be caused by or arise or occur in any manner:

17.2.1. from the flight of any Aircraft of any and all kinds now or hereafter flown in, through, across, or about any portion of the air space over the Airport or the Leased Premises or

17.2.2. from noise, vibration, currents, and other effects of air, illumination, and fuel consumption, or fear thereof, arising or occurring from or during such flight, or from or during the use by Aircraft of the Airport, including but not limited to, landing, storage, repair, maintenance, operation, run-up, and take-off of such Aircraft, and the approach and departure of Aircraft to or from the Airport.

This provision does not waive Lessee's right against third parties arising from such third parties' action or inaction.

17.3. Waiver and Release. Lessee hereby waives and releases Lessor, its agents, contractors, directors, employees, officers, and representatives, from any and all claims or causes of action which it may now or hereafter have against Lessor, its agents, contractors, directors, employees, officers, and representatives, for any such loss, damage, or injury as it pertains to this reservation of Avigation Easement.

18. AMERICANS WITH DISABILITIES ACT.

18.1. Lessee shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 and California Civil Code Sections 54 et seq. (herein referred to collectively as the "ADA"), as amended from time to time, with respect to the Leased Premises and its Activities at the Airport. Lessee shall develop a workplan to correct or avoid any violations or non-compliance with the ADA. Lessee shall deliver to Lessor, upon Lessor's request, a copy of each such workplan. Lessor's approval of or acceptance of any aspect of Lessee's Activities under this Agreement shall not be deemed or construed in any way as a representation that such item, activity, or practice complies with the ADA. Pursuant to Section 21. of this Agreement, Lessee agrees to indemnify, defend, and hold Lessor harmless from any and all costs incurred by Lessor with respect to Lessee's failure to

comply with the ADA as it applies to Lessee's uses of the Leased Premises and Activities at the Airport.

19. INSURANCE.

19.1. Procurement. Lessee shall procure, maintain, and pay, at Lessee's sole cost and expense, all insurance coverages, limits, and premiums required by this Agreement, the PMCDs, and Legal Requirements throughout the Term.

19.1.1. Lessee's responsibility for the Leased Premises and associated uses and Activities begins immediately upon delivery of the Leased Premises.

19.1.2. The procuring of such insurance coverages and limits shall not be construed to limit Lessee's liability hereunder nor to fulfill the indemnification terms and conditions of this Agreement. Notwithstanding the policy or policies of insurance, Lessee shall be obligated for the full and total amount of any damage, injury, or loss caused by or connected with this Agreement or with use or occupancy of the Leased Premises, except to the extent caused by the active negligence or willful misconduct of Lessor or Lessor's representatives, officers, officials, employees, agents, and volunteers.

19.2. Coverages. Insurance coverages shall be kept in full force and effect at all times during the Term in limits and in a form acceptable to Lessor as set forth in Exhibit B, attached hereto and incorporated herein by reference, as may be amended from time to time. The policies shall include the required endorsements, certificates of insurance, and coverage verifications as described in Exhibit B.

19.2.1. Lessor retains the right at any time to review the coverage, form, and limits of the insurance required hereby. If, in the opinion of Lessor's Director of Finance & Administration (or comparable official), the insurance terms and conditions in this Agreement do not provide adequate protection for Lessor and for members of the public using the Leased Premises, Lessor may require Lessee to obtain insurance sufficient in coverage, form, and limits to provide adequate protection as determined by Lessor's Risk Manager. Lessor's requirements shall be reasonable and shall be designed to assure protection from and against the kind and extent of risk that exists at the time a change in insurance is required.

19.2.2. Lessor shall notify Lessee in writing of changes in the insurance requirements. If Lessee does not deposit copies of acceptable insurance policies with Lessor incorporating such changes within sixty (60) calendar days of receipt of such notice, or in the event Lessee fails to maintain in effect any required insurance coverage, Lessee shall be in default under this Agreement without further notice to Lessee. Such failure shall constitute a material breach and

shall be grounds for immediate termination of this Agreement at the option of Lessor.

- 19.3. Additional Insured. The insurance set forth in Exhibit B shall name Lessor as an additional insured.
- 19.4. Insurance Companies. Any insurance required under this Section shall be written by insurance companies authorized to do business in the State. Lessee will instruct Lessee's insurance broker to provide at least thirty (30) calendar days' prior written notice of cancellation to Lessor.
- 19.5. Lessor Insurance. During the Term, Lessor shall keep the Leased Premises insured against loss or damage by fire, with extended coverage and vandalism, malicious mischief and special extended perils (all risk) endorsements or their equivalents, in amounts not less than one hundred percent (100%) of the replacement cost of the Leased Premises and Improvements insured, and with commercially reasonable deductibles.
- 19.6. Certificates of Insurance. Lessee shall deposit with Lessor, on or before (a) the effective date of this Agreement and (b) issuance, reinsurance, or renewal of any insurance, certificates of insurance necessary to satisfy Lessor that the insurance provisions of this Agreement have been complied with, and to keep such insurance in effect and the certificates therefore on deposit with Lessor during the entire Term. Should Lessee not provide evidence of such required coverage at least three (3) calendar days prior to the expiration of any existing insurance coverage, Lessor may purchase such insurance, on behalf of and at the expense of Lessee to provide six (6) months of coverage. Upon request by Lessor, Lessee shall provide a duplicate copy of the policy or policies to Lessor.
- 19.7. Recourse. Companies issuing the insurance policies shall have no recourse against Lessor for payment of premiums or assessments for any deductibles that are the responsibility of Lessee.
- 19.8. Waiver. Lessee and Lessor each waives any and all rights of recovery against the other, or against the representatives, officers, officials, employees, agents, and volunteers of the other, for the loss of or damage to such waiving party or the Property of others under its control, where such loss or damage is insured against under any Property insurance policy in force at the time of such loss or damage. Lessee and Lessor shall give notice to respective insurance carriers that the foregoing mutual waiver of subrogation is contained in the Agreement.

20. DAMAGE, DESTRUCTION, AND TERMINATION.

- 20.1. Nontermination and Nonabatement. Except as provided herein, no destruction or damage, whether totally or partially, to the Leased Premises by fire, windstorm, earthquake, accumulation of snow, or other casualty, whether insured or uninsured, shall entitle Lessee to terminate this Agreement. Lessor and Lessee waive the provisions of any statutes which relate to termination of an Agreement when leased property is destroyed

and agree that such event shall be governed by the terms and conditions of this Agreement.

20.2. Damage or Destruction by Lessee. If any part of the Leased Premises, the Airport, or associated Improvements is damaged or destroyed, whether totally or partially, by Lessee, its representatives, officers, agents, employees, guests, patrons, suppliers, vendors, invitees, contractors, or subcontractors, Lessee, at their own cost and expense and in compliance with current building codes, shall diligently, properly, and promptly repair, restore, reconstruct, or replace to the condition and character of the Leased Premises, the Airport, or associated Improvements immediately prior to damage or destruction.

20.2.1. If Lessee fails to comply with Section 20.2. of this Agreement Lessor may, at its own discretion, repair, restore, reconstruct, or replace the Leased Premises, the Airport, or associated Improvements. Lessee shall pay Lessor, upon demand, one hundred twenty-five (125%) of the amount that Lessor expended to repair, restore, reconstruct, or replace the damaged or destroyed part of the Leased Premises, the Airport, or associated Improvements.

20.3. Lessor Responsibility. If at any time during the Term, any part of the Leased Premises is damaged or destroyed, Lessor shall be under no obligation to repair, restore, reconstruct, or replace the damaged or destroyed portion of the Leased Premises unless Lessor is responsible for such damage or destruction.

20.4. Destruction Due to Risk Covered by Insurance. If, during the Term, the Leased Premises are totally or partially destroyed from a risk covered by the insurance described in Section 19. Insurance. of this Agreement, rendering the Leased Premises totally or partially inaccessible or unusable, Lessee shall restore the Leased Premises to substantially the same condition as it was in immediately before destruction, and in compliance with current building codes, but only to the extent of insurance proceeds actually received. Such destruction shall not terminate this Agreement. If the laws existing at that time do not permit the restoration, either Party can terminate this Agreement immediately by giving notice to the other Party.

20.4.1. Minor Loss. If, during the Term, the Leased Premises are destroyed from a risk covered by the insurance described in Section 19. Insurance. of this Agreement, and the total amount of loss does not exceed one hundred thousand dollars (\$100,000), Lessee shall make the loss adjustment with the insurance company insuring the loss. The proceeds shall be paid directly to Lessee for the sole purpose of making the restoration of the Leased Premises in accordance with this Agreement.

20.4.2. Major Loss-Insurance Trustee. If, during the Term, the Leased Premises are destroyed from a risk covered by the insurance described in Section 19. Insurance. of this Agreement, and the total amount of loss exceeds the amount set forth in Section 20.4.1. of this Agreement, Lessee shall make the loss adjustment with the

insurance company insuring the loss and on receipt of the proceeds shall immediately pay them to an institutional lender or title company as may be jointly selected by the Parties (herein referred to as the "Insurance Trustee"), and funds shall be disbursed by the Insurance Trustee pursuant to the procedures set forth in Section 20.5. of this Agreement.

20.5. Destruction Due to Risk Not Covered by Insurance. If, during the Term, the Leased Premises are totally or partially damaged or destroyed from a risk not covered by the insurance described in Section 19. Insurance. of this Agreement, rendering the Leased Premises totally or partially inaccessible or unusable, Lessee shall restore the Leased Premises to substantially the same condition as it was in immediately before destruction, and in compliance with current building codes, whether or not the insurance proceeds are sufficient to cover the actual cost of restoration. Such destruction shall not terminate this Agreement. If the laws existing at that time do not permit the restoration, either party can terminate this Agreement immediately by giving notice to the other party.

20.5.1. If the cost of restoration exceeds twenty-five percent (25%) of the then replacement value of the Leased Premises totally or partially damaged or destroyed, Lessee can elect to terminate this Agreement by giving notice to Lessor within sixty (60) calendar days after determining the restoration cost and replacement value. If Lessee elects to terminate this Agreement, Lessor, within thirty (30) calendar days after receiving Lessee's notice to terminate, can elect to pay to Lessee, at the time Lessor notifies Lessee of its election, the difference between twenty-five percent (25%) of the replacement value of the Leased Premises and the actual cost of restoration, in which case Lessee shall restore the Leased Premises. On Lessor's making its election to contribute, each Party shall deposit immediately the amount of its contribution with an Insurance Trustee. If the Destruction does not exceed twenty-five percent (25%) of the then replacement value of the Leased Premises but does exceed one hundred thousand dollars (\$100,000), Lessee shall immediately deposit the cost of restoration with the Insurance Trustee. This Agreement shall terminate if Lessee elects to terminate this Agreement and Lessor does not elect to contribute toward the cost of restoration as provided in this Section.

20.5.2. If the Leased Premises are destroyed from a risk not covered by the insurance described in Section 19. Insurance. of this Agreement, and Lessee has the obligation to restore the Leased Premises as provided in Section 20.4.2. of this Agreement, both Parties shall deposit with the Insurance Trustee their respective contributions toward the cost of restoration. All sums deposited with the Insurance Trustee shall be held for the following purposes and the Insurance Trustee shall have the following powers and duties:

a. The sums shall be paid in installments by the Insurance Trustee to the contractor retained by Lessee as construction progresses, for payment of the cost of Restoration. A five percent (5%) retention fund shall be established that will be paid to the contractor on completion of restoration, payment of all costs, expiration of all applicable lien periods, and proof that the Leased Premises are free of all mechanics' liens and lienable claims.

b. Payments shall be made on presentation of certificates or vouchers from the architect, engineer, or project manager retained by Lessee showing the amount due. If the Insurance Trustee, in its reasonable discretion, determines that the certificates or vouchers are being improperly approved by the architect or engineer retained by Lessee, the Insurance Trustee shall have the right to appoint an architect, engineer, or project manager to supervise construction and to make payments on certificates or vouchers approved by the architect, engineer, or project manager retained by the Insurance Trustee. The reasonable expenses and charges of the architect, engineer, or project manager retained by the Insurance Trustee shall be paid by the insurance trustee out of the trust fund. The Parties shall promptly execute all documents and perform all acts reasonably required by the Insurance Trustee to perform its obligations under this Section.

c. If the sums held by the Insurance Trustee are not sufficient to pay the actual cost of restoration Lessee shall deposit the amount of the deficiency with the Insurance Trustee within fifteen (15) calendar days after request by the Insurance Trustee indicating the amount of the deficiency. Any undisbursed funds after compliance with the provisions of this Section shall be delivered to Lessor to the extent of Lessor's contribution to the fund, and the balance, if any, shall be paid to Lessee. All actual costs and charges of the Insurance Trustee shall be paid by Lessee.

d. If the Insurance Trustee resigns or for any reason is unwilling to act or continue to act, a new trustee shall be jointly selected by the Parties and shall be substituted in the place of the designated Insurance Trustee. The new trustee must be an institutional lender or title company.

- 20.6. Procedure for Restoring Leased Premises. When Lessee is obligated to restore the Leased Premises, within ninety (90) days Lessee at its cost shall prepare final plans, specifications, and working drawings complying with applicable Legal Requirements that will be necessary for restoration of the Leased Premises and shall deliver the same to Lessor for approval. The plans, specifications, and working drawings must be approved by Lessor, such approval not to be unreasonably withheld or delayed. Lessor shall have thirty (30) days after receipt of the plans, specifications, and working drawings to either approve or disapprove the plans, specifications, and working drawings and return them to Lessee. If Lessor disapproves the plans, specifications, and working drawings, Lessor shall notify Lessee of its objections and Lessor's proposed solution to each objection. Lessee acknowledges that the plans, specifications, and working drawings shall be subject to approval of the appropriate Agencies and that they will be prepared in such a manner as to obtain that approval. The restoration shall be accomplished as follows:
- 20.6.1. Lessee shall make commercially reasonable efforts to complete the restoration within one hundred eighty (180) calendar days after final plans, specifications, and working drawings have been approved by the appropriate Agencies and all required permits have been obtained (subject to a reasonable extension for delays resulting from causes beyond Lessee's reasonable control).
 - 20.6.2. Lessee shall retain a licensed contractor that is bondable. The contractor shall be required to carry public liability and property damage insurance, standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, during the period of construction in accordance with Section 19. Insurance. of this Agreement. Such insurance shall contain waiver of subrogation clauses in favor of Lessor and Lessee in accordance with the provisions of Exhibit B.
 - 20.6.3. Lessee shall notify Lessor of the date of commencement of the restoration at least ten (10) business days before commencement of the restoration to enable Lessor to post and record notices of nonresponsibility. The contractor retained by Lessee shall not commence construction until a completion bond and a labor and materials bond have been delivered to Lessor to insure completion of the construction.
 - 20.6.4. Lessee shall accomplish the restoration in a manner that will cause the least inconvenience, annoyance, and disruption on the Leased Premises and at the Airport.
 - 20.6.5. On completion of the restoration Lessee shall immediately record a notice of completion in the county in which the Leased Premises are located.
 - 20.6.6. If funds are required to be deposited with an Insurance Trustee as required by this Section 20. of this Agreement, the restoration shall not be commenced until sums sufficient to cover the cost of

restoration are placed with the Insurance Trustee as provided in this Section 20.

21. HOLD HARMLESS AND INDEMNIFICATION.

21.1. Lessee Indemnification. Lessee shall defend, indemnify, save, protect, and hold harmless Lessor, individually and collectively, and its representatives, officers, officials, employees, agents, and volunteers from and against (and reimburse Lessor for) any and all actual or alleged claims, demands, causes of action of any nature, damages, expenses, costs, fees (including, but not limited to, attorney, accountant, paralegal, expert, and escrow fees), fines, environmental costs, and/or penalties (collectively referred to as costs) which may be imposed upon, claimed against or incurred or suffered by Lessor and which, in whole or in part, directly or indirectly, arise from or are in any way connected with any of the following, except to the extent resulting from Lessor's gross negligence or willful misconduct: (a) any act, error, omission, or negligence of Lessee or Lessee's partners, officers, directors, agents, employees, invitees, or contractors, (b) any occupation or use, management, or control of the Leased Premises, whether or not due to Lessee or Lessee's own act, error, omission, or negligence (c) any condition created in, on, or about the Leased Premises after the effective date, and (d) any breach, violation, or nonperformance of the Lessee or the Lessee's obligations under this Agreement or any other agreement between the Parties.

21.1.1. In the event a party indemnified hereunder is responsible, in part, for the loss, the indemnitor shall not be relieved of the obligation to indemnify; however, in such a case, liability shall be shared in accordance with the State's principles of comparative fault.

21.2. Lessor Indemnification. Lessor shall defend, indemnify, save, protect, and hold harmless Lessee, individually and collectively, and its representatives, officers, officials, employees, agents, and volunteers from and against (and reimburse Lessee for) any and all actual or alleged claims, demands, causes of action of any nature, damages, expenses, costs, fees (including, but not limited to, attorney, accountant, paralegal, expert, and escrow fees), fines, environmental costs, and/or penalties (collectively referred to as costs) which may be imposed upon, claimed against or incurred or suffered by Lessee and which, in whole or in part, directly or indirectly, arise from or are in any way connected with injury to or death of persons or loss of or damage to property occurring on or about the Leased Premises that grow out of or are connected with Lessee's occupation and use of the Leased Premises or the condition of the Leased Premises that grow out of or are connected with the negligence or willful misconduct of Lessor or Lessor's agents, employees, or contractors.

21.3. Environmental Indemnification. Notwithstanding any other provisions of this Agreement, in the event of an environmental Legal Requirement violation or an environmental contaminating accident or incident caused by Lessee or Lessee's employees, vendors, suppliers, contractors, or any other entity

associated with Lessee or in the event any of these entities violates any environmental Legal Requirement, Lessee shall accept total responsibility and shall defend, indemnify, save, protect, and hold harmless Lessor, individually and collectively, and its representatives, officers, officials, employees, agents, and volunteers.

- 21.4. Waiver of Claims. Lessee waives any claims against Lessor for injury to Lessee's business or any loss of income therefrom, for damage to Lessee's property, or for injury or death of any person in or about the Leased Premises, from any cause whatsoever, except to the extent caused by the active negligence or willful misconduct of Lessor or Lessor's officers, agents, contractors, volunteers, and employees.
- 21.5. Non-Waiver of Protections. Nothing herein shall constitute a waiver of any protection available to Lessor, individually and collectively, and its representatives, officers, officials, employees, agent, and volunteers under the State's sovereign, governmental, or other immunity acts or similar statutory provisions.

22. NON-LIABILITY OF OFFICIALS AND EMPLOYEES OF LESSOR.

- 22.1. No official or employee of Lessor shall be personally liable for any default or liability under this Agreement.

23. SALE, ASSIGNMENT, OR TRANSFER.

- 23.1. Lessor Consent. Lessee shall not sublease, sell, assign, transfer, or hypothecate its interest in the Leased Premises or this Agreement, in whole or in part, without the prior written consent of Lessor.
- 23.1.1. Consent by Lessor to one sublease, sale, assignment, transfer, or hypothecation shall not be deemed to be consent to any subsequent sale, assignment, transfer, or hypothecation.
- 23.1.2. Any such sublease, sale, assignment, transfer, or hypothecation without Lessor's prior written consent shall be null and void and, at Lessor's option, shall constitute a default or breach of this Agreement.
- 23.1.3. Dissolution of Lessee or the transfer of thirty-three percent (33%) or more of its outstanding stock, equity, or certificates of membership or interest to any single entity or party shall be deemed a sale, assignment, or transfer under this Agreement.
- 23.2. Consent Not Required. Subject to the provisions of Section 30.2. of this Agreement, Lessee may assign this Agreement without Lessor's written consent (but shall provide written notice of the same to Lessor) if the assignment is made to a wholly-owned subsidiary of Lessee.
- 23.3. Lessee's Continued Liability. In the event Lessee's interest in the Leased Premises or this Agreement is sold, assigned, transferred, hypothecated, in whole or in part, Lessee shall remain liable to Lessor for the payment of rents, fees, and/or other charges not paid by the assignee when due and owing.

- 23.4. Assignee Restrictions. The assignee shall not sell, assign, transfer, or hypothecate its interest in the Leased Premises or this Agreement without the prior written consent of Lessor and any sale, assignment, transfer, or hypothecation by Lessee shall contain a provision to this effect. Any assignee of Lessee shall be bound by the terms and conditions of this Agreement.
- 23.5. Lessor's Assignment. Lessor may sell, assign, transfer, or hypothecate any of its rights hereunder without notice to Lessee.

24. ENCUMBRANCES.

- 24.1. Lessee shall have no authority, express or implied, to create (or consent to the creation of) any lien, charge, or encumbrance upon the Leased Premises or mortgage, pledge, assign as collateral, voluntarily or otherwise, its interest in the Leased Premises or this Agreement and Lessee shall not permit the Leased Premises to be or become subject to any lien (including mechanic's liens), charge, or encumbrance whatsoever without the prior written consent of Lessor.

25. RELOCATION.

- 25.1. Lessee understands Lessor has the right to replace the Leased Premises, in whole or in part, with equivalent premises similarly situated at the Airport. If the change is solely for the benefit of Lessor, Lessor agrees to pay all reasonable relocation costs and expenses associated with relocating Lessee.

26. BOOKS AND RECORDS.

- 26.1. Lessee's Obligations. Lessee shall maintain complete books and records containing the accounting and other financial records of Lessee's Activities on the Leased Premises and at the Airport including rents, fees, and other charges paid by Lessee for the current year and previous five (5) years.
- 26.1.1. All books and records shall be kept by Lessee in accordance with generally accepted accounting principles and shall reflect all amounts due and owing to Lessor.
- 26.1.2. In the event of an audit, Lessee shall provide the auditor access to and shall furnish the auditor with information, records, reports, or other documentation regarding financial transactions, conduct of Activities on the Leased Premises and at the Airport or any other information, records, reports, or other documentation that relates to the Activities being conducted by Lessee on the Leased Premises and at the Airport. Lessee shall also provide access for the auditor to inspect all Improvements, facilities, vehicles, equipment, and Aircraft used by Lessee on the Leased Premises and at the Airport.
- 26.2. Lessor's Rights. Lessor may, at all reasonable times, audit records to enable verification and/or confirmation of the amount of rents, fees, and other charges due and owing to Lessor.

- 26.2.1. If Lessor is not satisfied with the findings of any audit conducted by Lessor, Lessor shall serve notice to Lessee.
- 26.2.2. If Lessee agrees with Lessor's audit findings, Lessee shall, within thirty (30) calendar days after receipt of notice, make known Lessee's agreement with Lessor's findings in writing and pay one hundred twenty-five percent (125%) of all monies due and owing to Lessor. If Lessee does not agree with Lessor's findings, Lessee shall, within sixty (60) calendar days after receipt of notice from Lessor, furnish to Lessor, at Lessee's sole cost and expense, an audit made by an independent CPA mutually agreeable to both Parties.
- 26.2.3. All costs and expenses of Lessor's audit shall be paid by Lessee if the report of the independent CPA certifies Lessor's audit contained a finding prejudicial to Lessor's receipt of rents, fees, and/or other charges as described herein, in an amount equal to or greater than two percent (2%) of the amount of rents, fees, and other charges reported by Lessee.
- 26.2.4. The final audit of the independent CPA made under this Section shall be conclusive upon the Parties and Lessee shall pay to Lessor, within fourteen (14) calendar days after a copy of the independent CPA's final report has been delivered to Lessee, one hundred twenty-five (125%) of the amount, if any, identified as due and owing to Lessor. The failure of Lessee to make payment within fourteen (14) calendar days shall constitute a default under this Agreement and shall give cause to Lessor for immediate termination of this Agreement.

27. SURRENDER LEASED PREMISES.

- 27.1. Upon expiration of the Term, or earlier termination of this Agreement, Lessee shall promptly vacate, surrender, and deliver possession of the Leased Premises to Lessor. If Lessee fails to do so, Lessor may immediately commence eviction proceedings at its sole discretion.
- 27.2. Lessee shall return the Leased Premises to Lessor in as good condition as when Lessee took possession, ordinary and reasonable wear and tear excepted. Any deterioration or damage caused by incident, accident, abuse, carelessness, negligence, or misconduct shall not be considered ordinary and reasonable wear and tear. In the event that Lessee fails to return the Leased Premises to Lessor in good condition, Lessor may perform any work necessary to return the Leased Premises to good condition including maintenance, repair, restoration, replacement, and cleaning and deduct the cost of the work from the Security Deposit. If the Security Deposit is insufficient to cover the work performed, Lessee shall be obliged to pay the additional balance to Lessor.
- 27.3. Provided Lessee is not in default or breach of this Agreement, Lessee shall also remove all personal property from the Leased Premises upon expiration of the Term or earlier termination of this Agreement. If Lessee

fails to do so, Lessor may remove or caused to be removed, at Lessee's sole risk, cost, and expense and without any liability to Lessor, all personal property. Lessor may dispose of any personal property removed from the Leased Premises in accordance with the PMCDs, other directives of Lessor, and Legal Requirements and deduct the cost of doing so from the Security Deposit. If the Security Deposit is insufficient to cover the work performed, Lessee shall be obliged to pay the additional balance to Lessor.

- 27.4. The Security Deposit or the portion not applied pursuant to the terms and conditions of this Agreement shall be returned to the Lessee without interest no later than fourteen (14) calendar days after the expiration of the Term provided the Lessee has vacated and surrendered possession of the Leased Premises to Lessor.
- 27.5. Surrender of Agreement or Leased Premises. The voluntary or other surrender of this Agreement or the Leased Premises by Lessee, mutual cancellation of this Agreement, or termination of this Agreement by Lessor shall not work a merger, and shall, at the option of Lessor, terminate all or any existing subleases or subtenancies, or may, at the option of Lessor, operate as an assignment of any and all such subleases or subtenancies.

28. REPRESENTATIONS AND WARRANTIES OF LESSEE.

- 28.1. Lessee represents and warrants to Lessor that:
- 28.1.1. Lessee is duly organized and validly existing under the laws of its jurisdiction, incorporation, or establishment;
- 28.1.2. Lessee has the power and the authority to enter into and perform the terms and conditions of this Agreement and to pay the rents, fees, or other charges required under this Agreement;
- 28.1.3. this Agreement has been duly authorized, executed, and delivered by Lessee and assuming the due authorization, execution, and delivery hereof by the Parties hereto, constitutes a legal, valid, and binding obligation of it enforceable against it in accordance with the terms and conditions of this Agreement, subject to applicable bankruptcy, insolvency, and similar laws affecting creditor's rights generally, and subject, as to enforceability, to general principles of equity regardless of whether enforcement is sought in a proceeding in equity or at law;
- 28.1.4. Lessee's execution and delivery of this Agreement and its performance of the terms and conditions of this Agreement do not and will not constitute or result in a default, breach, or violation of, or the creation of any lien or encumbrance on the Leased Premises under, its charter or bylaws (or equivalent organizational documents), or any other agreement, instrument, law, ordinance, regulation, judgment, injunction, or order applicable to Lessee or the Leased Premises;
- 28.1.5. all consents, authorizations, and approvals requisite for Lessee's execution, delivery, and performance of this Agreement have been

obtained and remain in full force and effect and all conditions, obligations, privileges, and agreements thereof have been duly complied with, and no other action by, and no notice to or filing with, any governmental authority or Agency is required for such execution, delivery, or performance; and

28.1.6. there is no proceeding pending or threatened against Lessee at law or in equity, or before any governmental instrumentality or in any arbitration, which would materially impair Lessee's ability to perform the terms and conditions of this Agreement and there is no such proceeding pending against Lessee which purports or is likely to affect the legality, validity, or enforceability of this Agreement.

29. MISCELLANEOUS PROVISIONS.

29.1. Independent Entities. Nothing in this Agreement is intended to nor shall it be construed, in any way, as creating or establishing a relationship of partners between the Parties or as constituting Lessee as a representative, officer, official, employee, agent, or volunteer of Lessor for any purpose or in any manner whatsoever.

29.2. Binding Effect. This Agreement shall be binding on and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the Parties. Whenever a reference is made to either Party, such reference shall be deemed to include, wherever applicable, a reference to the heirs, successors, and assigns of such Party, as if in every case so expressed.

29.3. Conflict of Interest. Lessee shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement. Lessee warrants and covenants that no official or employee of Lessor nor any business entity in which any official or employee of Lessor is interested: (a) has been employed or retained to solicit or aid in the procuring of this Agreement or (b) will be employed in the performance of this Agreement without the divulgence of such fact to Lessor. In the event that Lessor determines that the employment of any such official, employee, or business entity is not compatible with such official's or employee's duties as an official or employee of Lessor, Lessee upon request of Lessor shall immediately terminate such relationship or employment. Violation of this provision constitutes a serious breach of this Agreement and Lessor may terminate this Agreement as a result of such violation.

29.4. Memorandum of Agreement. Following execution of this Agreement, either Party, at its sole expense, shall be entitled to record a Memorandum of Agreement in the official records of Placer or Nevada County. Upon termination or expiration of this Agreement, Lessee shall execute and record a quitclaim deed as to Lessee's leasehold interest.

29.5. Estoppel Certificate. The Parties shall, from time to time, upon at least fifteen (15) calendar days prior written notice from a Party, execute, acknowledge, and deliver to the other Party a certificate certifying:

29.5.1. the Commencement Date and the Term;

- 29.5.2. the date to which the rents, fees, and other charges, if any, have been paid;
 - 29.5.3. certifying this Agreement is unmodified and in full force and effect or, if modified, stating the nature of the modification and certifying that the Agreement, as modified, is in full force and effect;
 - 29.5.4. acknowledging that there are not to Party's knowledge any actual or claimed defaults or breaches that have not been cured, except, if any, those actual or claimed defaults or breaches must be specified in the certificate, and Party must certify that no event has occurred that, but for the expiration of the applicable time period or the giving of notice or both, would constitute a default or breach under this Agreement; and
 - 29.5.5. other matters as may be reasonably requested.
- 29.6. Subordination. This Agreement is subject and subordinate to the provisions of any existing or future agreements between Lessor and the United States, the State, or any other entity pertaining to the planning, development, operation (including maintenance and repair), and management of the Airport. Should the DOT, FAA, or any successor department or agency issue an order determining that any provision herein is inconsistent with any covenant or restriction of the deeds under which the Lessor acquired the Airport, or the provisions of any existing or future agreement entered into between the Lessor and United States, the Parties shall amend this Agreement as necessary to resolve the inconsistency. If the Parties cannot agree on the manner in which to resolve the inconsistency, the Lessor shall have the unilateral right to amend the Agreement to resolve the inconsistency.
- 29.7. Dispute Resolution. Unless otherwise mutually agreed to, any controversies between Lessee and Lessor regarding the construction or application of this Agreement, and claims arising out of this Agreement or its defaults or breaches shall be submitted to mediation within thirty (30) calendar days of the written request of one (1) Party after the service of that request on the other Party.
- 29.7.1. The Parties may agree on one (1) mediator. If they cannot agree on one (1) mediator, the Party demanding mediation shall request the Superior Court of Nevada County to appoint a mediator. The mediation meeting shall not exceed one (1) day (eight (8) hours). The Parties may agree to extend the time allowed for mediation under this Agreement.
 - 29.7.2. The costs of mediation shall be borne by the Parties equally.
 - 29.7.3. Mediation under this Section is a condition precedent to filing an action in any court. In the event of litigation arising out of any dispute related to this Agreement, the prevailing party shall be entitled to recover their reasonable attorney's fees, expert witness costs, and cost of suit.

- 29.8. Governing Law and Venue. This Agreement shall be deemed to have been made in, and shall be construed in, accordance with the statutes and laws of the State without regard to conflicts of law principles.
- 29.8.1. The Superior Court of Nevada County (Court) shall have exclusive jurisdiction and venue with respect to all disputes, actions, and proceedings arising from or under this Agreement, regardless of the nature or basis of the dispute.
- 29.8.2. Lessee consents to the jurisdiction and venue of the Court and waives personal service of any and all process upon Lessee in all such actions or proceedings, and consents that all such service or process shall be made by certified mail, return receipt requested, directed to Lessee at the address herein stated, and service so made shall be completed two (2) calendar days after the same shall have been posted.
- 29.8.3. If any action at law or in equity is brought about by either Party to enforce this Agreement or any part thereof, the prevailing Party shall be entitled to recover from the other Party as part of prevailing Party's costs reasonable attorney and court fees, costs, and expenses, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered.
- 29.9. Holding Over. If Lessee, upon expiration of the Term, remains in possession of the Leased Premises, such holding over shall be regarded as a month-to-month tenancy (not as a renewal or extension of this Agreement) which may be terminated at any time by Lessor or Lessee by providing not less than thirty (30) calendar days written notice. The rents, fees, and other charges that shall be paid during the holding over period shall be equal to one hundred fifty percent (150%) of the monthly rents, fees, and other charges that were being charged by Lessor at the time the Term expired. The holdover period shall be subject to all of the terms and conditions of this Agreement. This provision shall not be construed as Lessor's permission for Lessee to hold over. Acceptance of rents, fees, and other charges shall not constitute a renewal or extension of this Agreement.
- 29.10. Compliance with Legal Requirements. The Parties hereto shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state and local governments (herein referred to as "Legal Requirements") in the performance of their rights, duties, and obligations under this Agreement.
- 29.11. Interpretations. In construing or interpreting this Agreement, the word "or" shall not be construed as exclusive and the word "including" shall not be limiting. The Parties agree that this Agreement shall be fairly interpreted in accordance with its terms without any strict construction in favor of or against any other Party.
- 29.12. Captions. The captions of the various sections, paragraphs, and subparagraphs of this Agreement are inserted only as a matter of convenience or reference only, and are not intended to define, limit, or describe the scope of this Agreement or any provision contained herein.

- 29.13. Severability. If any provision in this Agreement is held to be illegal, invalid, or unenforceable in full or in part, for any reason, by any court of competent jurisdiction, then such provision shall be modified to the minimum extent necessary to make the provision legal, valid, and enforceable. The illegality, invalidity, or unenforceability of any such provision shall in no way affect any other provisions in this Agreement, provided that the illegality, invalidity, or unenforceability of any such provision does not materially prejudice either Party with regard to the respective rights and obligations of each Party contained in the valid terms and conditions of this Agreement.
- 29.14. Brokers. Each Party represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Agreement in any manner. Each Party shall hold harmless the other Party from all damages resulting from any claims that may be asserted against the other Party by any broker, finder, or other person with whom the Indemnifying Party has or purportedly has dealt.
- 29.15. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 29.16. Amendments. The Parties acknowledge no oral agreements regarding this Agreement have been entered into by and between the Parties and that no modification, alteration, or variation of the terms and conditions of this Agreement shall be valid unless made in writing, agreed to, and signed by the Parties at the time of the modification, alteration, or variation.
- 29.17. Time of Essence. It is mutually agreed by the Parties that time is of the essence in the performance of the terms and conditions to be kept and performed under this Agreement. However, any prevention, delay, or stoppage due to strikes, walkouts, labor disputes, natural disasters, inability to obtain labor or materials or reasonable substitute therefore, governmental restrictions, governmental regulations, governmental controls, enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the Party obligated to perform, shall excuse the performance by such Party for a period equal to any such prevention, delay, or stoppage, except for the obligation imposed with regard to rental and other charges to be paid by Lessee pursuant to this Agreement.
- 29.18. Entire Agreement. This Agreement, including any exhibits attached hereto, contains and embodies the entire understanding and sole agreement between the Parties respecting the occupancy and use of the Leased Premises by the Lessee and supersedes and replaces any and all prior understandings and agreements, written or oral, expressed or implied, relating to this Agreement.
- 29.19. Notices. Except as otherwise expressly provided by Legal Requirement, whenever any notice or communication is required or permitted by this Agreement or by Legal Requirement to be made, served on, given, or transmitted to the Parties, such notice or communication shall be in writing

and shall be hand delivered or sent by certified mail (postage prepaid), courier, or overnight carrier, and addressed to:

Lessor:

With a Copy to:

Truckee Tahoe Airport District	Joshua Nelson, Esq. Best Best & Krieger
10356 Truckee Tahoe Airport Road	500 Capitol Mall, Suite 2500 ·
Truckee, CA 96161	Sacramento, CA 95814

Lessee:

With a Copy to:

Truckee Tahoe Soaring Association	Entity Name
P.O. Box 2657	Address
Truckee, CA 96161	City, State and Zip

29.19.1. The date of service of notice shall be the date such notice is actually delivered to the intended Party or the date delivery is refused by the intended Party.

29.19.2. The Parties may, from time to time, designate to each other in writing a different address or different entity or entities to which all such notices, communications, or payments shall be given or made.

29.20. Signing Authority. All individuals executing this Agreement on behalf of Lessee represent that they are authorized to execute and deliver this Agreement on behalf of Lessee. Lessee shall, prior to the execution of this Agreement, deliver to Lessor evidence of that authority and evidence of due formation, all satisfactory to Lessor.

29.21. Lessee's Obligations. If a California corporation, Limited Liability Company or Limited Liability Partnership, Lessee shall furnish Lessor a copy of its Articles of Incorporation or Articles of Organization, as appropriate and a current listing of its officers and directors filed with the California Secretary of State. If an out-of-state corporation, Limited Liability Company or Limited Liability Partnership, Lessee shall also furnish a copy of a current Certificate of Qualification issued by the California Secretary of State, qualifying the entity to do business in the State of California. If a partnership Lessee shall furnish LESSOR a copy of the published statement of doing business under a fictitious name filed with the Nevada or Placer County Clerk. Regardless of Lessee's status, each person executing this Agreement on behalf of Lessee shall complete, as individuals, the Lessor's "lessee/licensee information form" and return the same to the Lessor.

29.22. Exhibits. The following exhibits are attached hereto and made a part of this Agreement: Exhibit A, Exhibit B, Exhibit D, and Exhibit E.

[signatures on following page]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year set forth herein. This Agreement is effective as of the last date signed by either party.

TRUCKEE TAHOE AIRPORT DISTRICT:

ATTEST:

Rick Stephens, BOARD PRESIDENT

Robb Etnyre, GENERAL MANAGER

Dated: _____

Approved as to form and legality by:

Joshua Nelson
Truckee Tahoe Airport District Attorney

TRUCKEE TAHOE SOARING
ASSOCIATION

ATTEST:

XXXXXXXX, PRESIDENT

[NAME], [TITLE]

[NAME], [TITLE]
[NAME OF LESSEE]

Dated: _____

EXHIBIT A
DEPICTION OF LEASED PREMISES

[Attached]

Exhibit A

EXHIBIT B

AIRCRAFT INSURANCE CERTIFICATE

Issued by COSTELLO INSURANCE ASSOCIATES, INC., administrator of the SOARING SOCIETY OF AMERICA group insurance program.

1. Named Insured and Address

Truckee-Tahoe Soaring Association, its officers, directors, and board of trustees
P O Box 2657
Truckee, CA 96160-2657

Renewal Coverage for

Expiring Policy No. SS003394554-25

2. Policy Period From: November 1, 2024 To: November 1, 2025 12:01 A.M. standard time at the address of the insured as stated above.

3. Coverages

Coverage Limits

Coverage is provided only where a coverage limit or amount of insurance is shown.

Liability Coverage

Table with 4 columns: Coverage Description, Applicable, Amount, and Limit. Includes rows for Single Limit Bodily Injury and Property Damage Liability, and Medical Coverage.

Physical Damage Coverage

Table with 4 columns: Coverage Description, Deductible, F.A.A. Registration No., and Amount of Insurance. Includes rows for Hull (In Motion or Not, In Motion) and Trailer.

4. Insured Aircraft:

See policy for fleet schedule

5. Purpose(s) of Use: As required by the named insured.

6. Additional Coverages:

Includes permissive user (renter pilot) liability of \$100,000 bodily injury / \$300,000 per occurrence / \$100,000 property damage. Winter storage for N186WJ, N7531 and N17YC: Effective 11/1/24 into storage, Effective 5/15/25 back to flight

7. Pilots: As presently covered.

8. Lien Holders: Loss payee for N17YC; Truckee Tahoe Airport District

9. Annual Premium: The total premium must be paid by the anniversary date to continue coverage.

Aircraft

1. \$2,178.00 2. \$2,178.00 3. \$3,556.00 4. \$3,556.00 5. \$3,060.00 Total \$14,528.00

Coverage is subject to the Company's standard forms for coverages bound. This Certificate does not amend, extend or alter the terms of the Policy. Requested changes of coverage subject to the underwriter's agreement and premium adjustment.

Issued: 10/21/24 RC

By: [Signature: Pat Costello]

EXHIBIT C
RESERVED

Exhibit C

EXHIBIT D
RESERVED

Exhibit D

EXHIBIT E
ASSURANCES REQUIRED BY THE FEDERAL AVIATION ADMINISTRATION

[Attached]