

**TRUCKEE TAHOE AIRPORT DISTRICT**

**STORAGE SPACE / GATHERING AREA LEASE AGREEMENT AND OPERATING PERMIT**

This Agreement is made effective the 1st day of August, 2015 by and between the TRUCKEE TAHOE AIRPORT DISTRICT ("District") and Surf Airlines Inc. ("Tenant"). The parties agree as follows:

**1. NOTICE.** THE PARTIES AGREE THAT THIS AGREEMENT AND THE RIGHTS, DUTIES, AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND SUBJECT TO THE CALIFORNIA SELF-SERVICE STORAGE FACILITY ACT, BUSINESS AND PROFESSIONS CODE SECTION 21700, ET SEQ. THE TENANT'S PROPERTY WILL BE SUBJECT TO A CLAIM OF LIEN AND MAY BE SOLD TO SATISFY THE LIEN IF THE RENT OR OTHER CHARGES DUE REMAIN UNPAID FOR FOURTEEN (14) CONSECUTIVE DAYS, AS AUTHORIZED BY THE CALIFORNIA SELF-SERVICE STORAGE FACILITY ACT.

**2. PURPOSE AND TERM.** District hereby leases to Tenant, and Tenant hereby leases from District, space located within the Truckee Tahoe Airport Administration Building and marked as "Surf Air Space" on the attached Exhibit A (the "Space"), for the storage of Tenant's hospitality supplies, including a hospitality cart, luggage cart, signage, and other hospitality items, and for the staging and gathering of passengers, crew, baggage, cargo, etc., related to the provision of scheduled and charter flight services to and from the Truckee Tahoe Airport.

Subject to earlier termination as provided below in this Agreement, this Agreement shall commence on August 1, 2015 and continue for an initial period of twelve (12) months (the "Initial Term"). After the Initial Term, this Agreement will automatically renew for additional twelve (12) month terms (each a "Renewal Term") until either Party gives written notice of termination, with or without cause, to the other party at least ninety (90) days prior to the end of the Initial or Renewal Terms (together, the "Term")

**PRIOR TO OCCUPYING THE SPACE, TENANT SHALL PROVIDE DISTRICT COPIES OF CURRENT REGISTRATION and/or PROOF OF OWNERSHIP, as applicable, and CURRENT CERTIFICATE OF INSURANCE.**

**Tenant understands and agrees that, should Tenant cease to use the Space for the above-specified purposes, this Agreement shall terminate regardless of any other provision herein.**

3. **RENT AND CHARGES.** Tenant shall pay as rent, in advance, on the first day of each month, at the Truckee Tahoe Airport District office, the amount of \$ 418.42 which represents the Base Monthly Rental Rate and common area maintenance. The Base Monthly Rental Rate amount is subject to an annual cost of living adjustment as explained in 3.D., below. In consideration of granting this commercial operating permit, the Permittee shall pay a fee based upon the equation:

$(\text{Number of monthly trips}) \times \$75.00 \times \text{*FEE} \times (.25 \text{ signatory incentive modification factor}) = \text{FINAL MONTHLY FEE}$ . Not to exceed 100 monthly trips. If monthly trips exceed 100 Permittee agrees to notify the District in writing no less than 30 days in advance. E-mail, with return receipt confirmation from an authorized representative of the District will be accepted. The District has the right to suspend, modify, or revoke this permit if operations raise to a level above 100 per month without both parties agreeing to amended terms. If Permittee fails to notify the District a fee of \$750 will be due and payable for the first offense, increasing by 10% for every failure to do so in the following 12 calendar month period. The base fee as of August 1, 2015 is  $56 \text{ monthly trips} \times \$75.00 \times \text{*FEE} \times .25 = \$1050.00$ .

**Quarterly Fee Audit:** The District receives the right to manually audit flight operation to verify the number of monthly trips and issue correction invoices reflecting additional charges or credits based on actual flight operations. This audit, if the District chooses to execute it will happen quarterly within the calendar year.

**(Signatory Incentive):** In exchange for Tenant's signatory promise to abide by the voluntary curfew and to follow prescribed noise abatement procedures when arriving or departing the airport the District will apply the following signatory incentive modification factor in determining the applicable transient use fee charges per trip:  $(\text{Number of monthly trips}) \times \$75.00 \times \text{*FEE} \times (.25 \text{ signatory incentive modification factor}) = \text{FINAL MONTHLY FEE}$ . EXAMPLE:  $(56 \text{ Monthly Trips}) \times \$75 \times .25 = \$1050 \text{ Final Monthly Fee}$ .

- A trip is one arrival and one departure for the purposes of conducting passenger transport.
- Prescribed noise abatement procedures are published on the Districts website and/or Directed by the Airport General Manager.
- Voluntary curfew hours are from 10 PM – 7 AM and are published on the Districts website and/or Directed by the Airport General Manager.
- \*FEE is the current Board approved charge based on the published Truckee Tahoe Airport District Rates Fees and Charges Schedule for the subject aircraft providing service. At present the Transient Use Fee #2 will apply at a rate of \$75 per landing.

A. **LATE FEES/FEES FOR DENIED PAYMENT.** In the event that the entire rental payment is not received by the District by noon on the fifteenth of the month due, Tenant shall pay a late charge of \$5.00. If a Tenant incurs three late fees in any rolling twelve-month period, the District shall require that the tenant prepay one year's rental fees. Tenant further agrees to pay a fee of \$15.00 for each dishonored check or denied credit card.

B. **SECURITY DEPOSIT.** The security deposit shall be \$1674 (Rent x 4 months). District may use any amounts from that deposit that are reasonably necessary to repair damages caused by Tenant or to clean the Space upon Tenant vacating the Space. If applied toward damages during the term of this Agreement, Tenant agrees to reinstate the total security deposit within five days written notice from District to Tenant. On termination of this Agreement, the balance, if any, of the security deposit and an itemized statement of any deductions will be mailed to Tenant at Tenant's last known address within 21 days after Tenant surrenders the premises.

C. **RENT DEPOSIT.** Tenant has deposited \$1674 (Rent x 4 months) as a deposit towards the payment of rent. District may use any amounts from that deposit that are reasonably necessary to remedy Tenant's defaults in the payment of rent. If applied toward rent during the term of this Agreement, Tenant agrees to reinstate the total rent deposit within five days written notice from District to Tenant. On termination of this Agreement, the balance, if any, of the rent deposit and an itemized statement of any deductions will be mailed to Tenant at Tenant's last known address within 21 days after Tenant surrenders the premises.

D. **CONSUMER PRICE INDEX (CPI).** Tenant shall pay to District as additional rent a cost of living adjustment computed annually as follows: on September 1<sup>st</sup> of each year beginning with September 1, 2015, regardless of the commencement date of this Agreement, the monthly base rent shall be re-computed. The resulting monthly rent shall be equal to the original initial monthly rent multiplied by the ratio of the Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, Western - B/C (cities of 50,000 to 330,000 population), All Items (1982-84 = 100), for the month of June just preceding said September 1<sup>st</sup> to the same Index for the month of June just preceding the beginning of the original term. The amount, rounded up to the nearest dollar, thus derived shall be the monthly rent for each succeeding month during the next one (1) year of the term and shall be adjusted accordingly for each succeeding annual period, provided that the monthly rent shall in no event be less than the rent imposed at the beginning of the original term. In the event that the defined Index is not available as of September 1<sup>st</sup> the consumer price adjustment shall be computed as soon as such Index is available, and the rent shall be retroactively adjusted to the anniversary date of the Agreement. In the event no Index is published on September 1<sup>st</sup> the Index used shall be that for the next succeeding month which is published and an adjustment shall be made based thereon annually.

4. **ADJUSTMENT IN BASE RENT.** District shall have the right to adjust (increase or decrease) the rent to be paid hereunder pursuant to the terms of Section 3.D of this Agreement, only upon giving Tenant no less than thirty (30) days' prior written notice of such rent adjustment.

5. **UTILITIES.** Included in rent.

6. **DUMPSTER USE.** Tenant agrees to use the complimentary dumpsters at the various storage space locations only to dispose of small amounts of refuse generated at the Space and associated with purposes for the use of the Space as identified above. Use of these airport-sponsored receptacles to dispose of household trash, construction debris, any hazardous material, or other refuse from outside sources is prohibited.

7. **WASTE OIL.** (DELETED)

8. **HAZARDOUS MATERIALS.** Tenant acknowledges that if Tenant stores or uses any hazardous materials or substances in the Space, Tenant may be liable for the cost of any damages caused by such materials, fines levied by authorities having jurisdiction over such materials, costs associated with the proper disposal of such materials, costs associated with the loss of revenue to the District caused by such materials, associated legal fees, costs associated with the proper clean-up of such materials, and costs and expenses such as insurance and/or fee increases caused by such materials.

9. **AS-IS; MAINTENANCE OF STORAGE SPACE; COMPLIANCE WITH RULES; CONDITION ON RETURN.** Tenant takes the Space as-is and shall return it to District in the same or better condition and without abandoned personal property remaining in the Space. Tenant agrees to maintain the Space in a clean and orderly condition at all times, and in accordance with California Department

of Industrial Safety and Fire Codes which may apply to the Space, and other applicable federal, state and local laws and ordinances. Tenant shall be responsible for clean-up and maintenance due to fuel or oil spills caused by Tenant. Tenant shall become familiar with and shall at all times abide by all of District's rules and regulations relating to use of the storage space and the use of any of District's other facilities, whether promulgated before or after the execution of this, and in particular Tenant shall abide by the following regulations (please initial next to each line):

- \_\_\_\_\_A. No heaters may be operated while not directly supervised;
- \_\_\_\_\_B. No fueling of any kind is permitted;
- \_\_\_\_\_C. All power tools used by Tenant shall be grounded;
- \_\_\_\_\_D. There shall be no priming or painting in storage spaces except for touching up minor chips;
- \_\_\_\_\_E. Paints, solvents, thinners, and other flammable liquids or materials are prohibited;
- \_\_\_\_\_F. Combustible materials must be stored in NFPA-approved containers and closed when not in use;
- \_\_\_\_\_G. There shall be no open flames or welding in the Space at any time;
- \_\_\_\_\_H. There shall be no smoking in the Space at any time;
- \_\_\_\_\_I. The Space shall be organized so that hospitality supplies can be moved into the storage space at all times;
- \_\_\_\_\_J. Tenant shall not permit any accumulation of oily rags, paper, rubbish, or other debris, nor overload electrical circuits, that could increase the risk for fire;
- \_\_\_\_\_K. Tenant's concierge cart and sign remain in the southern corner of the Admin Building.
- \_\_\_\_\_L. Luggage will be stored against the wall below the stairs adjacent to the concierge cart.
- \_\_\_\_\_M. Extra storage for umbrellas, drinks, snacks, etc. will be in the closet under the main stairs (Harry Potter Closet) in a designated area marked with tape by District.
- \_\_\_\_\_N. Luggage cart will be kept outside next to District luggage cart.
- \_\_\_\_\_O. Luggage will be loaded and unloaded outside. The luggage cart is not to be used inside the building
- \_\_\_\_\_P. All shipping and receiving will be done by Sierra Aero.

At the sole option of District, title to any personal property remaining in the Space at the time Tenant vacates the Space shall become the property of District and, under such circumstances, Tenant shall have no rights to said property and waives all ownership rights to said property and any rights to notice under Sections 1980 and following of the California Civil Code or any other provision of law relating to abandoned property.

**10. ALTERATIONS.** Tenant shall not alter any existing fixtures or improvements or alter the Space's walls, floor, ceiling or electrical system in any manner; nor shall Tenant hang anything from ceiling, walls, beams, doors, or fixtures in the Space; nor shall Tenant add fixtures or improvements or in any other way modify the Space without the express and prior written approval of the District. Any and all such work approved by District shall be conducted at Tenant's sole cost and expense. All fixtures, improvements, and additions made in or upon the Space, whether by District or by Tenant, shall become District's property and shall remain in or upon the Space at the termination of this Agreement, however terminated, without any compensation being paid by District to Tenant.

**11. INSURANCE.** Tenant must provide premises liability coverage naming the District as additionally insured. The limits of the premises liability insurance shall not be less than \$100,000. For the premises liability insurance the tenant may obtain an endorsement on their home owner's policy

**however the minimum limit of \$100,000 will still apply. The Liability Policy shall be endorsed to name District as an ADDITIONAL INSURED for the full amount of the policy limits. Such insurance shall contain a standard cross-liability endorsement.**

All insurance policies required herein shall contain a provision that written notice of cancellation or changes in coverage limits shall be delivered to District thirty (30) days in advance, except for cancellation for nonpayment which shall be delivered to District ten (10) days in advance. Tenant shall provide District with certification or proof of current insurance prior to use of the Space by Tenant.

**By signing this lease you acknowledge that the contents of your storage space are subject to water damage and the District makes no acceptance of liability for this event and will not pay or compensate you in any way for damage to contents of the storage space for any reasons associated with environmental factors such as water, humidity, rain, or flooding.**

**12. ASSIGNMENT.** Tenant agrees not to assign, sublet or otherwise permit occupancy or use of the Space for compensation or not, except as authorized in writing through the District Administration office in accordance with Policy Instruction 645.

**13. DELINQUENCY IN RENT; RIGHTS OF DISTRICT.** When any part of the rent or other charges due from Tenant remain unpaid for fourteen (14) consecutive days, District shall be entitled to terminate the right of Tenant to use the Space by sending to Tenant a Preliminary Lien Notice, at Tenant's last known address, and to the alternative address, if any, provided by Tenant and set forth herein, by Certified Mail/Return Receipt, containing the following:

A. An itemized statement of the District's claim showing the sums due at the time of the notice and the date when the sums became due;

B. A statement that the Tenant's right to use the Space will terminate on a specified date (not less than fourteen [14] days after the mailing of the notice) unless all sums due are paid by the Tenant prior to the specified date;

C. A notice that the Tenant may be denied access to the Space after the termination date if the sums are not paid, and that the District's lien may be imposed thereafter; and

D. The name, street address and telephone number of the District whom the Tenant may contact to respond to the notice.

If a Preliminary Lien Notice of the type set forth above has been sent, and the total sum due has not been paid as of the date specified in the notice, then a lien imposed by the California Self-Service Storage Facility Act, Business & Professions Code Sections 21700, and following, shall be attached as of the date specified, and the District may deny Tenant access to the Space, enter the Space, and remove any property found therein to a place of safekeeping. The District shall be entitled to exercise all rights provided by the California Self-Service Storage Facility Act, Business & Professions Code Section 21700, et seq., including, when appropriate, the right to sell the Tenant's property in order to satisfy the District's lien. The rights provided by this Agreement and by the California Self-Storage Facility Act shall be in addition to and shall not limit all other rights provided by law to a creditor.

**14. OTHER DEFAULT.** In the event that Tenant violates any of the terms herein (other than the obligation to pay rent or other charges), then District may, at its option, provide Tenant with a notice stating that if such violation is not cured within thirty (30) days of the date of such notice, then this Agreement shall automatically terminate. Tenant agrees that in the event of such termination, Tenant shall immediately surrender possession of the storage space to District and remove all of Tenant's property from the storage

space, and if Tenant does not immediately notify District of surrender of the storage space and notify District that Tenant's property has been removed, District may proceed according to and in compliance with Section 13 hereof and with the terms of the California Self-Service Storage Facility Act, Business & Professions Code Section 21700, et seq.

**15. CHANGE IN OPERATIONS.** Tenant agrees to give the District at least thirty (30) days notice of any plans to make a substantial change to the character or volume of Tenant's use of the Space. In the event that the District determines that the proposed use of the Space is inappropriate for such planned service within five (5) business days of receipt of such notice, Tenant and the District agree to make their best reasonable efforts to identify a suitable space for the continuance of Tenant's service to Truckee Tahoe Airport and to amend this Agreement to reflect the change in space leased by Tenant.

**16. INDEMNITY.** Tenant shall indemnify and hold harmless District, its directors, officers, employees and agents, from and against any and all claims arising from Tenant's use of the Space, or from any activity, work or things done, by Tenant in or about the storage space or elsewhere and shall further indemnify and hold harmless District, its directors, officers, employees and agents, from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Agreement or arising from any negligence of the Tenant, or any of Tenant's agents, contractors, guests, invitees, or employees, and from and against all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against District, its directors, officers, employees and agents, by reason of any such claim, Tenant upon notice from District shall defend the name at Tenant's expense by counsel satisfactory to District. However, any responsibilities of the Tenant under this Section 16 shall be reduced in proportion to District's negligence, actions, or failures to act contribute to the underlying cause of a claim, action or proceeding.

**17. RISK OF LOSS.** Tenant bears all risk of loss or damage to any property stored in the Space. District will not provide insurance for any property stored in the Space and is not responsible for any damage to or loss of the stored property, whether caused by fire, water, earthquake, liquefaction, theft, terrorism, or any other risk. Tenant acknowledges that insurance is available from independent insurance companies to protect Tenant in the event of theft, damage, or destruction of the stored property.

**18. SUCCESSORS IN INTEREST.** Subject to the restrictions upon assignment as set forth in Section 12 herein, this Agreement shall be in favor of and bind the heirs, executors, administrators, successors and assigns of the parties hereto.

**19. ENTRY TO THE SPACE; MOVING OF HOSPITALITY SUPPLIES.** Tenant consents to District's entry and inspection of the Space during the term of this Agreement and any extension thereof, without notice to Tenant, to determine compliance with the terms hereof, for maintenance or repairs that may be required, to respond to heat/smoke detector alarm, or for any other reasonable purpose. In the event District finds it necessary that Tenant's hospitality supplies must be moved for any non-emergency purpose, District shall give Tenant notice whenever possible and Tenant shall move the hospitality supplies. In the event Tenant cannot be reached or does not move the hospitality supplies, District shall thereafter have the hospitality supplies moved by experienced personnel and Tenant, at the option of District, may be solely responsible for the reasonable cost of moving. In an emergency situation, District may move Tenant's hospitality supplies without notice and Tenant, at the option of District, shall be solely responsible for the reasonable cost of moving said hospitality supplies. The District will not be held responsible for any damage to the hospitality supplies, or other belongings in the event that the District is required to move hospitality supplies. Tenant must provide written authorization to District for access of other persons to the Space, except that Tenant grants permission for the fire district and other emergency services agencies to enter the storage space during emergency situations.

**20. TAXES. TENANT AGREES TO PAY ALL TAXES INCLUDING THE POSSESSORY INTEREST TAX LEVIED BY NEVADA OR PLACER COUNTIES ON STORAGE SPACE TENANTS.**

**The Tenant of record on January 1<sup>st</sup> of each year will be billed directly by the appropriate county. Payment is to be made directly to the County.**

**21. ATTORNEYS' FEES.** In the event of any litigation or arbitration to enforce the provisions of this Agreement, the prevailing party in such litigation or arbitration shall be entitled to reasonable attorneys' fees as fixed by the Court.

**22. ENTIRE AGREEMENT.** This Agreement, including any addenda incorporated by attachment, contains the entire agreement of the parties hereto, and supersedes any prior written or oral agreements between them concerning the subject matter contained herein.

**23. GOVERNING LAW.** The construction of this Agreement, and the rights and liabilities of the parties hereto, shall be governed by the laws of the State of California.

**24. FORUM.** Any litigation or other proceeding to enforce or interpret the provisions of this Agreement or the parties' rights and liabilities arising out of this Agreement of the performance hereunder shall be maintained only in the courts of the Counties of Nevada or Placer, State of California.

**25. TIME OF ESSENCE.** Time is of the essence in the performance of all obligations under this Agreement.

**26. NECESSARY ACTS.** Each party to this Agreement agrees to perform any further acts and execute and deliver any further documents that may be reasonably necessary to carry out the provisions of this Agreement.

**27. NON-WAIVER.** Failure of either party to enforce any provision of this Agreement is not construed as a waiver of that provision or of either party's right to enforce that provision or any other provision of this Agreement. The acceptance of rent by District shall not operate as a waiver of any breaches of this Agreement.

**28. SEVERABILITY.** If any term of this Agreement is held by a court of competent jurisdiction to be void or unenforceable, the remainder of this Agreement remains in full force and effect.

**29. NOTICES.** Any notice herein required or permitted to be given or served hereunder whether pursuant to the terms of this Agreement or any provision of law shall be served by Certified Mail/ Return Receipt to the respective addresses set forth herein, and, in the case of the Tenant, to the alternative address set forth herein, or at such other address as the party to be notified may from time to time designate in writing. Notice by telephone, fax or e-mail shall not be required, but may be given as a courtesy at the sole discretion of District.

For purposes of this Agreement, District's address to which notices shall be sent is as follows:

**TRUCKEE TAHOE AIRPORT DISTRICT**

Attention: General Manager 530-587-4540 phone

10356 Truckee Airport Road 530-587-2984 fax

Truckee, California 96161

**For purposes of this Agreement, Tenant's address to which notices shall be sent is as follows:**

Legal Department  
Surf Airlines Inc.  
1408 Third Street Promenade, Suite 300  
Santa Monica, CA 90401  
[legal@surfair.com](mailto:legal@surfair.com)  
888-704-2582

**Tenant is specifically required to provide below the name and address of another person to whom Preliminary Lien Notices and subsequent notices pursuant to the California Self-Storage Facility Act may be sent:**

Legal Department  
Surf Airlines Inc.  
1408 Third Street Promenade, Suite 300  
Santa Monica, CA 90401  
[legal@surfair.com](mailto:legal@surfair.com)  
888-704-2582

---

**TRUCKEE TAHOE AIRPORT DISTRICT**

By: \_\_\_\_\_  
General Manager

Date: \_\_\_\_\_

By: \_\_\_\_\_  
President, Board of Directors

Date: \_\_\_\_\_

**TENANT**

By signing this document Surf Airlines Inc. agrees to abide by the terms and conditions of this Storage Space/Gathering Area Lease Agreement and rules and regulations of the Truckee Tahoe Airport District and certify under penalty of perjury I am authorized to enter into this agreement on behalf of Surf Airlines Inc.

By: \_\_\_\_\_

Date: \_\_\_\_\_



Signature of Lessee

---

Printed Name