

PRIVATE HANGAR SPACE MONTH-TO-MONTH LEASE

This Lease dated as of _____, 20__ (“Effective Date”) is made by and between the COUNTY OF SONOMA, a political subdivision of the State of California (hereinafter referred to as “County”), and _____, (hereinafter referred to as “Tenant”). County and Tenant are sometimes collectively referred to herein as the “parties” and singularly, a “party.

R E C I T A L S

WHEREAS, Tenant desires to place a private portable steel hangar at the Apron F area of the Sonoma County Airport (“Airport”); and

WHEREAS, in order to maximize the number of hangar spaces that can be located in the “Gun Club” area of the Airport, the Airport Manager has determined that a variance from Section 13.3 of the Airport Minimum Standards is appropriate.

NOW THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

A G R E E M E N T

1. **PREMISES.** By this Lease, County has leased and does hereby lease to Tenant, and Tenant does hereby take and hire from County, that certain PRIVATE HANGAR SPACE (the “Premises”; it is expressly understood that the Premises does not include the all steel aircraft hangar to be constructed thereon), located at the Sonoma County Airport (“Airport”).

SPACE NO. _____ [FOR A LARGE PORTABLE BOX HANGAR]

SPACE NO. _____ [FOR A SMALL PORTABLE BOX HANGAR]

SPACE NO. _____ [FOR A PORTABLE T-HANGAR]

2. **TERM.**

2.1 **Month-to-Month Term.** The term of this Lease shall be month-to-month, commencing August 1, 2004 (hereinafter referred to as the “Commencement Date”), and may be cancelled by either party upon thirty (30) days prior written notice. The first rental payment shall occur upon substantial completion of the steel aircraft hangar. Substantial completion shall mean that 90% of the construction has been completed as determined by the Airport Manager.

2.2 **Inability to Deliver Possession.** If County is unable to deliver possession of the Premises by the Commencement Date as a result of causes beyond its reasonable control, County shall not be liable for any damage caused for failing to deliver possession, and this Lease shall not be void or voidable.

3. CONSIDERATION.

3.1 Monthly Rental Payments. Tenant shall pay to County each month during the term as monthly rent, without deduction, setoff, prior notice, or demand the sum of _____, and No/100 Dollars (\$_____). Tenant shall pay rent on or before the first day of each month. The rent may be increased by County upon providing Tenant thirty (30) days prior written notice; provided however any rental increases shall not exceed four percent (4%) per year during the first twenty-four months.

3.2 Fees and Charges. Tenant agrees to pay to County all facility fees, fuel flowage fees, parking fees, and any other applicable fees or charges imposed by County at the Airport at the rate set forth in the latest schedule established by County.

3.3 Additional Rent. In addition to the monthly rent described above, Tenant shall pay and discharge when the same shall become due as additional rent (hereafter referred to as "additional rent"), all other amounts and obligations which Tenant assumes or agrees to pay or discharge pursuant to this Lease (collectively, the monthly rent, additional rent, fees, charges, and late charges are referred to herein as the "rent").

3.4 Late Charge. Tenant agrees to pay a late charge in accordance with the provisions set forth in the most recently adopted Board of Supervisors' Resolution concerning airport fees.

3.5 Manner of Payment of Rent. Monthly rent for any partial month shall be prorated at the rate of 1/30th of the monthly rent per day. The monthly rent, fees and charges, additional rent, late charges and any other sums payable by Tenant hereunder shall be paid by Tenant without notice, demand or offset at the office of the Airport Manager at the Airport, or at such other place or places as may from time to time be designated by County.

3.6 Taxes and Assessments.

3.6.1 Obligation to Pay. Tenant is fully responsible for and agrees to pay, all real and personal property taxes (including any tax levied on a possessory interest, as defined in California Revenue and Taxation Code Section 107 or successor statute, if applicable), general and special assessments, and other charges of every description, levied on or assessed against the Premises, personal property located on or in the land or improvements, the leasehold estate, or any subleasehold estate, to the full extent of installments falling due during the term. **It shall be conclusively presumed that any aircraft stored at the Sonoma County Airport pursuant to this Lease shall be considered "habitually situated" therein as that term is defined at Revenue and Taxation Code section 5362.** Tenant shall make all such payments directly to the assessing authority, at least ten (10) days before delinquency and before any fine, interest, or penalty shall become due or be imposed by operation of law for their nonpayment. If, however, the law expressly permits the payment of any, or all, of the above items, in installments (whether or not interest accrues on the unpaid balance), Tenant may, at Tenant's election, utilize the permitted installment method, but shall pay each installment, with any interest, before delinquency.

3.6.2 Proration for Partial Year. Any imposition of taxes referred to in Section 3.6.1 above relating to a fiscal period of a taxing authority, a part of which period is included within the term of this Lease and a part of which is included in a period of time before the Commencement Date or

after the termination of this Lease (whether or not such imposition shall be levied, assessed, confirmed, imposed or become a lien upon the Premises, or shall become payable, during the term of this Lease), shall be paid by Tenant as above but shall be prorated between County and Tenant.

3.6.3 Tenant's Right to Contest. Tenant may contest the legal validity or amount of any taxes, assessments, or charges for which Tenant is responsible under this Lease, and may institute such proceedings as Tenant considers necessary. If Tenant contests any such tax, assessment or charge, Tenant may withhold or defer payment, or pay under protest, but shall protect County and the Premises from any lien by adequate surety bond or other appropriate security.

3.6.4 Proof of Compliance. Tenant shall furnish to County at least three (3) days before the date when any tax, assessment, or charge would become delinquent, receipts or other appropriate evidence establishing their payment. Tenant may comply with this requirement by retaining a tax service to notify County whether the taxes have been paid.

4. USES, PURPOSES.

4.1 Use of Premises. The Premises shall be used and occupied by Tenant solely for the construction of an all steel aircraft hangar, as more particularly described in Exhibit A attached hereto and incorporated herein, and storage therein of that certain aircraft ("Aircraft"), more particularly described on the signature page hereof, or any other similar craft owned or leased by Tenant ("Substitute Aircraft"), provided Tenant has obtained the prior written consent of County to store the Substitute Aircraft in the Premises. In the event Tenant is permitted to store a Substitute Aircraft in the Premises, all provisions of this Lease applicable to the Aircraft shall also be applicable to the Substitute Aircraft. The Premises shall be used only for storage of the Aircraft. **No commercial activity of any kind whatsoever shall be conducted by Tenant in, from, or around the Premises.** Aircraft maintenance is restricted to the preventative maintenance specified in the Federal Aviation Regulations at 14 CFR 43.3(h) and Appendix A, subsection (c), except subparagraph (c)(9) (Spray painting is expressly prohibited). Tenant shall take such steps as are necessary to ensure that the performance of such maintenance work does not damage the Premises. Tenant shall control the conduct and demeanor of its employees and invitees, and of those doing business with it, in and around the Premises and shall take all steps necessary to remove persons whom County may, for good and sufficient cause, deem objectionable. Tenant shall keep the Premises clean and free of debris at all times. In utilizing the Premises during the term, Tenant agrees to and shall comply with all applicable statutes, ordinances, rules, and regulations established by any federal, state, county, or local government agency. Upon termination of this Lease, Tenant shall immediately surrender possession of the Premises and shall remove the Aircraft and all other property therefrom, leaving the Premises in the same condition as when received, ordinary wear and tear and improvements made by Tenant excepted. Tenant shall be liable for any and all damage to the Premises caused by Tenant's use, including, without limitation, damage to unsealed floors due to fuel oil spillage.

4.2 Operational Requirements of Tenant. Tenant agrees throughout the term to abide by the following conditions and requirements:

4.2.1 Cancellation of Insurance; Increase in Insurance Rates. Tenant shall not do, bring, or keep anything in or about the Premises that will cause a cancellation of any insurance covering the Tenant's activities hereunder. If the rate of any insurance carried by County is increased as

a result of Tenant's use, Tenant shall pay to County within ten (10) days before the date County is obligated to pay a premium on the insurance or within ten (10) days after County delivers to Tenant a certified statement from County's insurance carrier stating that the rate increase was caused by an activity of Tenant at the Premises as permitted in the Lease, whichever date is later, a sum equal to the difference between the original premium and the increased premium.

4.2.2 Compliance with Laws; Federal Aviation Administration ("FAA") Rules and Regulations.

(a) Tenant shall comply with all laws concerning the Premises and the Airport or Tenant's use of the Premises and the Airport, including, without limitation, the goals, objectives and policies of the Air Transportation Element, the Airport Rules and Regulations, the Airport Minimum Standards, and any amendments thereto, provided however that the Airport Manager hereby grants a variance to Tenant from complying with Section 13.3 of the Airport Minimum Standards. Tenant shall not allow the Premises to be used for any improper, unlawful or objectionable purpose.

(b) This Lease is subject to FAA Regulations Part 107, Part 139, Executive Orders or Transportation Security Mandates relating to safety and security. If any violation of Part 107, Part 139, Executive Orders or Transportation Security Mandates occurs on the Premises, Tenant shall be strictly liable to reimburse County for the full amount of any fine, penalty or other financial loss resulting therefrom. This Lease is also subject to certain assurances mandated by the FAA for inclusion in airport leases.

4.2.3 Waste. Tenant shall not use the Premises in any manner that will constitute waste, nuisance or unreasonable annoyance to owners or occupants of adjacent properties. Tenant shall not use the Premises for sleeping, washing clothes, cooking or the preparation, manufacture or mixing of anything that might emit any odor or objectionable noises or lights onto adjacent properties. Tenant shall not do anything on the Premises that will cause damage to the Premises. Tenant shall dispose of all sewage and industrial waste in accordance with all applicable regulations and laws of those governmental agencies having jurisdiction or authority thereover. Tenant shall ensure that all solid waste materials are placed in appropriate covered containers designed for use with the type of waste involved, which shall remain covered, and that said containers are maintained within enclosures located on said Premises and designated to keep said trash containers out of the flow of traffic and obscured from view.

4.2.4 Hazardous Materials.

(a) Tenant shall not cause or permit any Hazardous Materials (as hereinafter defined) to be brought upon, kept or used in or about the Premises or the Airport by Tenant, its agents, employees, contractors or invitees, without the prior written consent of County, which County shall not unreasonably withhold as long as Tenant demonstrates to County's satisfaction that such Hazardous Materials: (i) are necessary or useful to Tenant's permitted use and will be used, kept and stored in a manner that complies with all laws, statutes, ordinances, rules, regulations, orders, requirements, and policies of any and all governmental agencies and authorities and any fire insurance underwriters applicable to any such Hazardous Materials ("Hazardous Materials Laws") and (ii) do not

otherwise, due to the quantity, nature or use of such Hazardous Materials, substantially increase the risk of fire or other casualty to the Premises or the Airport.

(b) To the extent any Hazardous Materials are used, kept, or are present in or on the Premises after the Commencement Date, Tenant shall ensure that all such Hazardous Materials, and all uses thereof, are in full compliance with all Hazardous Materials Laws.

(c) If Tenant breaches the obligations stated in subparagraphs (a) or (b) of Section 4.2.4 or if the presence of Hazardous Materials which become present on the Premises after the Commencement Date which results in contamination of the Premises or the Airport, or if Hazardous Materials are otherwise discharged or released from the Premises after the Commencement Date, then Tenant shall indemnify, defend (with counsel approved by County) and hold County harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, diminution in value of the Airport, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Airport, damages arising from any adverse impact on marketing of space in the Airport, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the term of this Lease as a result of such breach, contamination, discharge, or release, but excluding liability due to the negligence or willful misconduct of County, its employees, agents, contractors and representatives. This indemnification of County by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Materials present in, on or under the Airport. Without limiting the foregoing, if the presence of any Hazardous Materials on the Premises during the term of this Lease result in any contamination of the Airport, or otherwise results in the release or discharge on, under or from the Premises of Hazardous Materials, Tenant shall promptly take all actions at its sole expense as are necessary to return the Airport to the condition existing prior to the introduction of any such Hazardous Materials to the Airport or to otherwise remove and/or abate the release or discharged Hazardous Materials; provided that County's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Airport, will not unreasonably interfere with the use and enjoyment of other portions of the Airport, and will be performed in accordance with all Hazardous Materials Laws. Upon the termination of this Lease, Tenant shall surrender the Premises to County free of any and all Hazardous Materials (except any Hazardous Materials existing on the Premises prior to the Commencement Date) and in compliance with all Hazardous Materials Laws. This indemnification shall survive the termination or expiration of this Lease.

(d) For the purpose of this Section 4.2.4, the term "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §1801 et seq.), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. §6901 et seq.), Section 25117 of the California Health & Safety Code, Section 25316 of the California Health & Safety Code, and in the regulations adopted and publications promulgated pursuant to them, or any other federal, state, or local environmental laws, ordinances, rules, or regulations concerning the environment, industrial hygiene or public health or safety now in effect or enacted after this date.

4.2.5 Billboards and Signs. Tenant agrees not to construct, install or maintain, nor to allow upon the Premises any billboards, signs, banners or like displays which may be placed in or upon any building or structure in such manner as to be visible from the outside thereof.

4.2.6 Access; Locks; Keys. Tenant agrees to comply with all reasonable regulations and directives of County regarding access to the Premises. In case of mob riot, public excitement, strike, or other commotion, County reserves the right to prevent access to the Premises during the continuance of the same for the safety of the persons and protection of property. If Tenant is unable to use the Premises (excluding reasons of gate access device deactivation) in excess of seventy two (72) hours because of closure by County, Tenant's monthly rent shall be equitably adjusted during the closure period; provided, however, in such case the rental rebate shall be the sole adjustment to this Lease and no other damages or compensation shall be claimed or awarded. Tenant shall only use locks provided by County to secure the doors to the Premises or Tenant shall install a "knox box" system on the hangar that allows the Airport Manager and emergency response personnel to obtain access to the Premises. If a "knox box" is used, it shall be keyed to match other knox boxes on the Airport. The Airport Manager will attempt to contact Tenant twenty-four (24) hours prior notice before entering the improvements unless an emergency situation requires immediate entry. County shall not be liable for any loss of property by theft or otherwise. Gate access devices are available to be purchased from the Airport Managers office. The Tenant is responsible for the actions of anyone using their assigned access device. Any misuse of the gate devices by Tenant or persons granted use of Tenant's access devices shall result in the deactivation of said gate access devices.

4.2.7 Requests from Airport Manager. Tenant shall cooperate with any reasonable request from County's Airport Manager regarding use or operations at the Airport.

5. IMPROVEMENTS; ALTERATIONS AND MAINTENANCE.

5.1 Tenant's Duty to Construct Hangar Improvements. Within one hundred twenty (120) days after the Commencement Date, Tenant shall comply with the Conditions of Construction below and shall complete the construction of improvements consisting of a _____ sq. ft. steel hangar, which is described more fully in Exhibit A. Tenant hereby understands and acknowledges that this Lease is only valid to the extent of County's jurisdiction as a landowner of the Premises. Acquisition of any other necessary permits or entitlements for use are the sole responsibility of Tenant

5.2 Conditions of Construction. Before any construction is undertaken on the Premises, and before any building materials have been delivered to the Premises by Tenant, or under Tenant's authority, Tenant shall comply with all of the terms and conditions set forth in Exhibit B which is attached hereto and incorporated herein as fully set forth. Once the work is begun, Tenant shall, with reasonable diligence, prosecute to completion the construction of the improvements

5.3 Condition of Premises

5.3.1 As-Is Condition. Tenant hereby acknowledges that neither the County nor anyone acting for or on behalf of the County, has made any representation, warranty or promise to Tenant concerning the physical aspects or condition of any portion or part of the Premises or improvements, the feasibility, desirability or convertibility of the Premises into any particular use, the

conditions of the soil, subsoils, ground water, or surface waters or the presence or absence of any toxic waste or hazardous substances or material, and that by entering into this Lease has not relied on any representation, statement or warranty of the County, or anyone acting for or on behalf of the County, and that all matters concerning the Premises shall be independently verified by Tenant, and that Tenant shall lease the Premises on Tenant's own examination thereof, AND THAT TENANT IS LEASING THE PREMISES IN "AS IS" PHYSICAL CONDITION AND "AS IS" STATE OF REPAIR. Tenant does hereby waive and the County does hereby disclaim all warranties of any type or kind of description, including, without limitation, those of fitness for particular purpose, tenantability, habitability and use. Tenant hereby expressly waives any and all claims for damages or for rescission or cancellation of the Lease because of any representations made by the County or by any agent of the County. Tenant acknowledges that it has had sufficient time to conduct all inspections, reviews and studies of the Premises that Tenant may deem necessary. Tenant hereby expressly assumes the risk that adverse physical conditions and the full extent thereof, may not be revealed by Tenant's inspections, reviews and studies of the Premises.

5.3.2 Soil Conditions. County makes no covenants or warranties respecting the condition of the soil, or sub-soil, or any other condition of the Premises. Tenant hereby understands and acknowledges that the Premises are within the area know as "Ordnance Road Area". It is suspected that the United States Army buried former war materials, including without limitation, gas ampules and ammunition, in and around Ordnance Road Area. Tenant further acknowledges that in the past County has encountered such materials when excavating in areas that comprised the former Army Air Field. Tenant further acknowledges that County has made no representations to Tenant as to the risks associated with excavating native versus non-native soils, nor has County represented to Tenant, what areas of the Premises or the Airport have been previously excavated. County represents that it has not withheld and will not withhold from Tenant, any adverse information requested by Tenant in the possession of County relating specifically to the Premises with respect to the condition of the soil, or sub-soil, or any other condition of the Premises. Tenant hereby releases County from any and all claims Tenant may have against County respecting the condition of the subsoil, or any other condition of the Premises, as well as any and all claims Tenant may have against County for the existence of any former war materials buried on or about County property, except and excluding any and all claims relating to or arising from any Hazardous Materials, other than any former war materials. which are or were existing, released, or discharged on, to, or in the Premises at any time prior to the Commencement Date. Tenant expressly waives the benefits of Civil Code §1542, which provides as follows:

"A general release does not extend to claims which the creditor does not know or expect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

5.4 Alterations. Tenant shall not make any alterations to the Premises without County's prior written consent. Title to all improvements constructed by or for Tenant on the Premises, including without limitation, all additions, alterations, and improvements thereto or replacements thereof and all appurtenant fixtures, machinery, and equipment installed therein, shall be and remain in Tenant. If Tenant fails to remove any fixtures or improvements, County may, at County's sole election, demand the removal from the Premises of all fixtures and improvements or of certain fixtures or improvements or both as specified in the notice provided for below. A demand to take effect at the normal expiration of the term shall be effected by notice given at least thirty (30) days before the expiration date. A demand to take effect on any other termination of the Lease shall be effected by notice given in or

concurrently with notice of such termination or within sixty (60) days after such termination. Tenant shall comply with the notice before the expiration date for normal termination, and within thirty (30) days after the notice for other terminations.

5.5 Maintenance of Premises. Throughout the term, Tenant shall, at Tenant's sole cost and expense, maintain the Premises in first-class condition and repair.

5.6 Utilities. County shall not be responsible for furnishing any utilities or services to the Premises. However, County shall provide a dumpster for use by tenant for trash generated on the Premises only. Tenant shall bear all costs directly or indirectly associated with any and all utilities required for Tenant's use of Premises.

5.7 Damage and Destruction. It is the intent of the parties that Tenant shall be responsible for the repair and restoration of the improvements on the Premises, and any part thereof, in the event of any casualty, injury, damage, or destruction to the Premises or improvements thereon. No damages, compensation or claim shall be payable by County for any inconvenience, or any annoyance, arising from any damage to or any destruction of all or any portion of the improvements on the Premises, except and excluding any damage or any destruction caused by the negligence or willful misconduct of County, its officers, agents, employees or representatives. Tenant shall not receive any abatement in or reduction of rent as a result of any damage or destruction to the improvements on the Premises or any loss of use of the Premises (or any part thereof) as a result thereof. Tenant shall either: (a) promptly and diligently repair, restore and replace at its sole cost and expense any part of the improvements on the Premises affected by any casualty, injury, damage or destruction; or (b) demolish the improvements constructed by Tenant and restore the real property of the Premises to its original condition, wear and tear excepted, on the Commencement Date and to give notice to County that Tenant terminates this Lease.

6. ASSIGNMENT AND SUBLETTING.

6.1 Restricted Transfers. Tenant shall obtain County's written consent, before entering into or permitting any transfer. A Transfer consists of any of the following:

(a) Any assignment, encumbrance or other transfer of any interest in this lease.

(b) Any sublease or occupancy of any portion of the premises by any persons other than Tenant. Subleasing activities shall be considered a commercial hangar operation and tenant shall obtain a permit for those operations as outlined in the Minimum Standards.

(c) Any change of ownership or reorganization. As used in this Article 6, a change of ownership shall include a "more than 25% change in ownership of Tenant." A "more than 25% change in ownership of Tenant" shall mean, if Tenant is a corporation, the transfer of more than 25% of the voting stock of Tenant, or if Tenant is a general partnership, the transfer of the right to share in more than 25% of the profits of such partnership; or, if Tenant is a limited partnership a transfer of more than 25% of the voting rights of the general partner thereof to individual(s) or entities which were not theretofore general partners of Tenant. In addition, the parking of aircraft not owned or under exclusive lease by Tenant in the Premises shall constitute a sublease for purposes of this Article.

6.2 Transfer Procedure. Before entering into or permitting any transfer, Tenant shall provide to County a written "Transfer Notice". The Transfer Notice shall include all of the following:

- (a) Information regarding the proposed Transferee, including the name, address and ownership of transferee.
- (b) Information regarding the proposed aircraft to be stored on the Premises, including without limitation, registration number, type, manufacturer and proof of ownership.
- (c) Should such transfer occur within two (2) years of the substantial completion of the hangar improvements or within two years of every subsequent transfer of this Lease, all the terms of the proposed Transfer, including the consideration payable by Transferee, the effective date of the Transfer; a calculation of the "Transfer Premium" as defined in Section 6.4, payable in connection with the transfer; and a copy of all documentation concerning the proposed Transfer.
- (d) An executed estoppel certificate from tenant in a form acceptable to County.

6.3 Application Fee, Transfer Fee. As a condition to the effectiveness of the Transfer Notice, Tenant shall, when providing a Transfer Notice, pay the fee for proposed assignments that is set forth in the most recently adopted County Board of Supervisors Resolution concerning rates and fee. In addition, within thirty (30) days after county's written request, Tenant shall pay as additional rent the amount of any reasonable legal fees that the Airport Enterprise Fund or the County incurs in reviewing the processing the Transfer Notice ("Transfer Fee"). Tenant shall pay the Transfer Fee whether or not County Consents to the Transfer.

6.4 Transfer Premium. Transfer Premium means one half (50%) of the differential between the gross purchase price of the Hangar, including any amounts paid for the improvements and the gross sales price of the hangar, including any amounts paid for the improvements, should such transfer occur within two (2) years of the substantial completion of the hangar improvements or within two years of every subsequent transfer of this Lease. For example, if the leasehold interest, to include leasehold improvements is acquired for \$50,000 and is sold within two (2) years for \$100,000 the Transfer Premium is $(\$100,000 - \$50,000) \times 50\%$, or \$25,000. For purposes of this Agreement, the cost to purchase and install the steel hangar at the time of the Commencement Date is \$_____.

7. INSURANCE.

7.1 Duty to Maintain Insurance. Tenant shall obtain insurance acceptable to County in company or companies acceptable to County. The required documentation of insurance shall be furnished to County upon the execution of this Lease.

7.2 Liability Insurance. Non-commercial aircraft liability insurance, including coverage for bodily injury and property damage for all activities of Tenant arising out of or in connection with this Lease using an occurrence policy form, with policy limits of not less than One Million Dollars (\$1,000,000) combined single limit for each occurrence. Such policy shall be endorsed with the following specific language:

- (a) "The County of Sonoma is named as an additional insured for all liability arising out of the operations by or on behalf of the named insured in the performance of this Lease."

(b) “The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the company’s liability.”

(c) “The insurance provided herein is primary coverage to the County of Sonoma with respect to any policy of insurance or self-insurance programs maintained by the County. No insurance held or owned by the County shall be called upon to contribute to a loss.”

(d) “The insurer waives the right of subrogation against the County of Sonoma and against its agents and representatives.”

(e) “This policy shall not be canceled or materially changed without first giving the County of Sonoma thirty (30) days’ notice by certified mail.”

7.3 Workers’ Compensation. Tenant warrants that it currently has no employees. Should Tenant engage any employees during the term of this Lease, Tenant agrees to obtain workers’ compensation insurance as follows:

Workers’ compensation insurance with statutory limits as required by the Labor Code of the State of California. Tenant shall require all subtenants similarly to provide workers’ compensation insurance for all of their employees. All policies shall be endorsed with the following specific language: “This policy shall not be canceled or materially changed without first giving thirty (30) days’ notice to the County of Sonoma by certified mail.”

7.4 Fire Insurance. Fire insurance with standard extended coverage, including vandalism and malicious mischief endorsements, covering all of Tenant’s personal property, improvements and alterations in, on or about the Premises to the extent of at least 80% of their full replacement cost, without depreciation. All policies shall be endorsed with the following specific language: “This policy shall not be canceled or materially changed without first giving thirty (30) days’ notice to the County of Sonoma by certified mail.”

7.5 Policy Obligations. Tenant’s indemnity and other obligations shall not be limited by the foregoing insurance requirements.

7.6 Increases in Minimum Policy Limits. For insurance with no statutory limit, and for which no other provision for inflation or cost-of-living increases is provided in this Lease, policy limits shall be periodically increased at the request of the County.

7.7 Certificate of Insurance. Tenant shall furnish County with copies of all such policies promptly on receipt of them, or with certificates evidencing the insurance. Before commencement of the Lease, Tenant shall furnish County with binders representing all insurance required by this Lease.

7.8 Failure to Maintain Insurance, Proof of Compliance. Tenant shall deliver to County, in the manner required for notices, copies or certificates of all insurance policies required by this Lease, together with evidence satisfactory to County of payment required for procurement and maintenance of the policy, within the following time limits:

7.8.1 Execution of Lease. For insurance required at the commencement of this Lease, upon execution of the Lease.

7.8.2 After Execution of Lease. For insurance required at a later date, at least twenty (20) days before the requirement takes effect, or as soon thereafter as the requirement, if new, takes effect.

7.8.3 Renewals and Replacements. For any renewal or replacement of a policy already in existence, at least thirty (30) days before expiration or other termination of the existing policy.

7.8.4 Failure to Procure and Maintain Insurance. Notwithstanding anything stated to the contrary herein, Tenant fails or refuses to procure or maintain insurance as required by this Lease, or fails or refuses to furnish County with required proof that the insurance has been procured and is in force and paid for, County shall have the right, at the Airport Manager's election and without notice, to procure and maintain such insurance or to immediately terminate this Lease. In the event the Airport Manager elects to terminate the Lease pursuant to this paragraph and Tenant later obtains and provides evidence of the required insurance acceptable to County's Airport Manager, this Lease may be reinstated at the sole discretion of County's Airport Manager. If reinstated, Tenant shall pay Two Hundred Dollars (\$200.00) to County to cover the processing costs incurred by County.

8. INDEMNITY; EXCULPATION.

8.1 Indemnity. Tenant will indemnify, hold harmless and defend County, its agents and employees, from and against any and all actions, claims, damages, disabilities or expenses including, without limitation, attorneys' fees, witness costs and court costs that may be asserted by any person or entity, including Tenant, arising out of or in connection with any of the following circumstances:

8.1.1 Use of Premises. Use of the Premises or Airport in any manner by Tenant, its agents, employees, invitees, subtenants, licensees and contractors, and the agents, employees, patrons, contractors and invitees of Tenants and subtenants, including any use of the Premises or the Airport not allowed under this Lease.

8.1.2 Breach by Tenant. Any breach by Tenant of the terms, covenants or conditions herein contained.

8.1.3 Other Activities. Any other activities of Tenant, its agents, employees and subtenants whether or not there is concurrent negligence on the part of the County, but excluding liability due to the sole active negligence or sole willful misconduct of County. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable by or for Tenant or its agents under workers' compensation acts, disability benefit acts or other employee benefit acts.

8.2 Exculpation of County. County, its officers, agents, and employees, shall not be liable to Tenant for any loss or damage to Tenant or Tenant's property from any cause. Tenant expressly waives all claims against County, its officers, agents, and employees, for injury or damage to person or property arising for any reason regardless of whether or not there is concurrent passive or

active negligence of County, its officers, agents, and employees, unless such injury or damage is caused by or due to the sole negligence or willful misconduct of County, its officers, agents, and employees.

9. TERMINATION AND EXPIRATION.

9.1 Termination. Either party may cancel this Lease by giving the other party thirty (30) days prior written notice.

9.2 Tenant’s Duty to Surrender. Upon the termination of the term, Tenant shall surrender to County in as good condition and repair as of the Commencement Date, the possession of the Premises, provided however that Tenant shall have thirty (30) days from the termination of the term to remove its hangar improvements and repair all damage to the Premises caused by such removal. If Tenant fails to surrender the Premises at the expiration or sooner termination of this Lease, Tenant shall defend and indemnify County from all liability and expense resulting from the delay or failure to surrender, including, without limitation, claims made by any succeeding tenant or Tenant found on or resulting from Tenant’s failure to surrender.

9.3 Holding Over. If Tenant shall continue to occupy or possess the Premises after the termination of this Lease without the consent of County, then all the terms, provision and conditions of this Lease shall apply to the hold over period except that the monthly rent shall be immediately adjusted upward to equal three hundred percent (300%) of the monthly rent for the Premises in effect under this Lease during the month which includes the day immediately prior to the date of the termination of this Lease. This hold over tenancy may be terminated by County or Tenant upon thirty (30) days’ prior written notice to the non-terminating party. In the event Tenant fails to surrender the Premises upon such termination of the holding over tenancy, Tenant shall indemnify and hold County harmless against all loss, liability, cost or expense resulting from or arising out of Tenant’s failure to surrender the Premises, including, without limitation, any amounts required to be paid to any lessee or prospective lessee who was to have occupied the Premises after said termination or expiration and any related attorneys’ fees and brokerage commissions. Notwithstanding the foregoing, no termination of this Lease shall release Tenant from any liability or obligation hereunder, whether of indemnity or otherwise, resulting from any acts, omissions or events happening prior to the date of termination, or date of surrender if it be later.

10. NOTICES. Any notice required or permitted to be given under this Lease shall be in writing. Delivery of such written notice shall be conclusively taken and sufficiently given forty-eight (48) hours after deposit in the United States Mail, registered or certified, return receipt requested, with the postage thereon fully prepaid, addressed as follows:

County: Jon Stout, Airport Manager
Charles M. Schulz-Sonoma County Airport
2290 Airport Blvd.
Santa Rosa, CA 95403

Tenant: _____

Any party may at any time change its address for notices by giving written notice of such change to the other party in the manner provided in this paragraph.

11. COUNTY'S RIGHT TO INSPECTIONS. County acting through its Airport Manager or other duly authorized representative shall have the right to enter upon the Premises at any and all reasonable times during the normal business day throughout the Lease term for the purpose of inspecting the same and posting any notices required or permitted under law.

12 MISCELLANEOUS PROVISIONS.

12.1 Joint and Several Obligations. If Tenant consists of more than one person, the obligation of all such persons is joint and several.

12.2 Captions, Table of Contents. The table of contents of the Lease and the captions of the various articles and sections of this Lease are for convenience and ease of reference only and do not define, limit, augment or describe the scope, content, or intent of this Lease or of any part or parts of this Lease.

12.3 Gender. The neuter gender includes the feminine and masculine, the masculine includes the feminine and neuter and the feminine includes the neuter, and each includes corporation, partnership or other legal entity when the context so requires.

12.4 Singular and Plural. The singular number includes the plural wherever the context so requires.

12.5 Exhibits, Addenda. All exhibits and addenda to which reference is made in this Lease are incorporated in the Lease by the respective references to them, whether or not they are actually attached, provided that they have been signed or initialed by the parties. Reference to the "Lease" includes matters incorporated by reference.

12.6 Merger. This Lease is intended both as the final expression of the Lease between the parties hereto with respect to the included terms, and as a complete and exclusive statement of the terms of the Lease, pursuant to California Code of Civil Procedure Section 1856. No modification of this Lease shall be effective unless and until such modification is evidenced by a writing signed by both parties. No promise, representation, warranty or covenant not included in this Lease has been or is relied on by either party. Each party has relied on his own examination of this Lease, the counsel of his own advisors, and the warranties, representations, and covenants in the Lease itself. This Lease shall be construed according to the fair meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Lease. The failure or refusal of either party to inspect the Premises, to read the Lease or other documents, or to obtain legal or other advice relevant to this transaction, constitutes a waiver of any objection, contention or claim that might have been based on such reading, inspection or advice.

12.7 Successors. Subject to the provisions of this Lease on assignment and subletting, each and all of the covenants and conditions of this Lease shall be binding on and shall inure to the benefit of the heirs, successors, executors, administrators, assigns and personal representatives of the respective parties.

12.8 Broker's Commissions, Expenses. Tenant and County mutually covenant that no brokers have been or will be used with respect to this Lease. In the event any broker or finder perfects a claim for a commission or finder's fee based upon any such contract, dealings or communication, the party through whom the broker or finder makes a successful claim shall be responsible for said commission or fee and all costs and any expenses (including reasonable attorneys' fees) incurred by the other party in defending against the same.

12.9 Applicable Law and Forum. This Lease shall be construed and interpreted according to California law and any action to enforce the terms of this Lease or for the breach thereof shall be brought and tried in the County of Sonoma.

12.10 Covenants and Conditions. All provisions of this Lease whether covenants or conditions, on the part of Tenant shall be deemed to be both covenants and conditions and such covenants shall survive termination.

12.11 Corporate Authority. If Tenant is a corporation, Tenant shall deliver to County upon execution of this Lease, a certified copy of a resolution of its board of directors authorizing the execution of this Lease and naming the officers that are authorized to execute this Lease on behalf of the corporation.

12.12 Time of Essence. Time is and shall be of the essence of this Lease and of each and every provision contained in this Lease.

12.13 No Discrimination. Tenant shall comply with all applicable federal, state and local laws, rules and regulations relating to non-discrimination in employment and services because of race, color, ancestry, national origin, religion, sex, marital status, age, medical condition and handicap.

12.14 AIDS Discrimination. Tenant has reviewed the provisions of Article II of Chapter 19 of the Sonoma County Code, prohibiting discrimination in housing, employment and services because of AIDS or HIV infection. Tenant agrees to comply with such provisions during the term of this Lease.

12.15 No Third Party Beneficiaries. Nothing contained in this Lease shall be construed to create and the parties do not intend to create any rights in third parties.

12.16 Construction of Lease; Severability. To the extent allowed by law, the terms, covenants, conditions, provisions and Leases in this Lease shall be construed and given effect in a manner that avoids any violation of statute, regulation or law. County and Tenant covenant and agree that in the event any term, covenant, condition, provision or Lease in this Lease is held to be invalid or void by court of competent jurisdiction, the invalidity of any such term, covenant condition, provision or Lease shall in no way affect any other term covenant, condition provision or Lease in this Lease.

12.17 Relationship. The parties intend by this Lease to establish the relationship of County and Tenant only, and do not intend to create a partnership, joint venture, joint enterprise, or any business relationship other than that of County and Tenant.

12.18 Standards of Consent. Unless a different standard is expressly set forth herein, any time County's consent is required or a determination is to be made by County, County may make such determination or grant or withhold such consent in its sole and absolute discretion.

12.19 Waiver of Jury Trial. Tenant and County hereby waive any right to a trial by jury or any litigation arising under this Lease.

IN WITNESS WHEREOF, the parties to this Lease have duly executed this Lease as of the Effective Date.

TENANT

Signature

Address

City/State/Zip

Telephone

COUNTY OF SONOMA

Airport Manager

AIRCRAFT

AC NO. N _____

MAKE _____

MODEL _____

YEAR _____

ATTACH COPY OF A/C REGISTRATION

EXHIBIT A
Conditions of Construction

Tenant shall comply with all of the following conditions of construction, unless specifically waived in writing by the Airport Manager:

1. Plans and Specifications. Tenant shall construct the improvements in accordance with those certain plans and specifications that were submitted as part of the building permit which was issued on _____, 2004 (“Approved Plans”). A copy of such plans and specifications are on file in the Airport Manager’s Office. All improvements shall be constructed within the exterior property lines of the Premises; provided that required work beyond the Premises on utilities, access and conditional use requirements do not violate this provision.

2. Notice of Intent to Construct . Tenant shall notify the Airport Manager of Tenant's intention to commence a work of improvement at least three (3) days before commencement of such work, or delivery of any materials. The notice shall specify the approximate location and nature of the intended improvements. The Airport Manager shall have the right to post, and maintain, on the Premises, any notices of nonresponsibility provided for under applicable law, and to inspect the Premises in relation to the construction, at all reasonable times. Tenant shall keep the Premises safe and shall take all reasonable measures to prevent harm, or injury, to persons entering on, or near, the construction site.

3. Construction Contract . Tenant's contract with the general contractor shall comply with all laws and regulations relating to construction of improvements upon public property, to the extent such laws and regulations are applicable to improvements constructed pursuant to this Lease, including, without limitation, prevailing wage regulations.

4. Compliance with Regulations. Tenant shall procure and deliver to the Airport Manager, at Tenant's expense, evidence of compliance with all then applicable codes, ordinances, regulations, and requirements for permits and approvals, including, without limitation, environmental approval, any required zoning or planning approval of the County of Sonoma, grading permit, building permit and any other approvals from governmental agencies or bodies having jurisdiction. Upon the reasonable request of Tenant, the Department of Transportation and Public Works will cooperate with and assist Tenant in connection with any applications for permits or other governmental approvals required of Tenant in connection with construction of the hangar.

5. Insurance. Tenant shall obtain insurance from an insurance company or companies with an A.M. Best Rating of B+VIII or better. The required documentation of insurance shall be furnished to County prior to commencement of any construction or grading work or other physical work preparatory to construction upon the Premises. Tenant shall not

commence work nor shall it allow its employees or subcontractors or anyone to commence work until all insurance required by this Section 6 has been obtained, submitted and approved. Tenant (or, as specified below, the general contractor(s), architect(s) and engineer(s)) shall take out and maintain at all times while such work is in progress the following policies of insurance:

(a) Builder's Risk. Special Form Builder's Risk coverage, excluding the perils of earthquake and flood, in an amount equal to the actual cost of the construction work. County shall be named as an additional insured. All builder's risk policies shall be endorsed with the following specific language:

i. "The County of Sonoma, its officers and employees, is named as an additional insured for all liability arising out of the operations by or on behalf of the named insured in the performance of this agreement."

ii. "This policy shall not be canceled or materially changed without first giving the County of Sonoma thirty (30) days' written notice by certified mail."

iii. "The insurer waives the right of subrogation against the County of Sonoma and against its agents and representatives."

(b) Workers' Compensation. Workers' Compensation Insurance with statutory limits as required by the Labor Code of the State of California. Tenant shall require the general contractor and all subcontractors similarly to provide Workers' Compensation Insurance for all of their employees. All policies shall be endorsed with the following specific language: "This policy shall not be canceled or materially changed without first giving thirty (30) days' notice to County by certified mail."

(c) General Liability. Commercial General Liability insurance carried by the general contractor and covering bodily injury, personal injury, and property damage for all activities of the general contractor and its subcontractors arising out of or in connection with the construction work, the construction contract or this Lease, using an occurrence policy form, with policy limits of not less than one million dollars per occurrence and not less than two million dollars in General Aggregate and Products/Completed Operations Aggregate. Such insurance shall include but not be limited to: premises and operations liability, contractual liability and personal injury liability. County and Tenant shall be named as additional insureds. All Commercial General Liability policies shall be endorsed with the following specific language:

i. "The County of Sonoma, its officers and employees, shall be named as an additional insured for all liability arising out of the operations by or on behalf of the named insured in the performance of this agreement."

ii. "The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured and the coverage afforded shall apply

as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the company's liability."

iii. "The insurance provided herein is primary coverage to the County of Sonoma with respect to any policy of insurance or self-insurance programs maintained by the County. No insurance held or owned by the County shall be called upon to contribute to a loss."

iv. "This policy shall not be canceled or materially changed without first giving the County of Sonoma thirty (30) days' written notice by certified mail."

v. "The insurer waives the right of subrogation against the County of Sonoma and against its agents and representatives."

(d) Automobile Liability. Automobile Liability Insurance covering bodily injury and property damage in an amount not less than one million dollars, combined single limit for each occurrence. Said insurance shall include coverage for owned, hired and non-owned vehicles. All policies shall be endorsed with the following specific language: "This policy shall not be canceled or materially changed without first giving thirty (30) days' notice to County by certified mail."

(e) Professional Liability. Professional liability insurance for all activities of Tenant's architect and/or engineer arising out of or in connection with the construction work, the construction contract or this Lease, on a claims made basis, in an amount not less than one million dollars combined single limit for each occurrence. Tenant's architect and/or engineer shall maintain such insurance in effect for not less than five years following completion of performance of the construction work. All policies shall be endorsed with the following specific language: "This policy shall not be canceled or materially changed without first giving thirty (30) days' notice to County by certified mail."

(f) Documentation. The following documentation shall be submitted to County at the time specified above:

i. Properly executed Certificates of Insurance clearly evidencing all coverages, limits, and endorsements required above.

ii. Copies of the specified endorsements for each policy.

iii. Upon County's written request for certified copies of insurance policies, said policy copies shall be submitted within ninety (90) days of County's request.

(g) Policy Obligations. Tenant's indemnity and other obligations shall not be limited by the foregoing insurance requirements.

(h) Material Breach. If Tenant or its general contractor, for any reason, fails to maintain insurance coverage which is required by this Lease, the same shall be deemed a material breach of this Lease. County, at its sole option, may terminate this Lease and obtain damages from Tenant resulting from such breach. Furthermore, County may purchase the required insurance coverage, and the cost of same shall be payable by Tenant to County within thirty (3) days' of County's notice of its action to Tenant.

6. Protection of County Against Cost or Claim. No reference to the Mechanic's Lien Law made in this Lease shall be construed to be an agreement or an acknowledgment that such law applies to improvements constructed pursuant to this Lease, or that such improvements are, or are not, public works. Tenant shall pay, or caused to be paid, the total cost and expense of all works of improvement, as that phrase is defined in the Mechanics' Lien Law (commencing with California Civil Code § 3109). No such payment shall be construed as rent. Tenant shall not suffer or permit to be enforced against the Premises, or any part of it, any recorded mechanic's, materialman's, contractor's or subcontractor's lien, arising from any work of improvement, however it may arise. However, Tenant may, in good faith, and at Tenant's own expense, contest the validity of any such asserted lien, claim, or demand, provided Tenant has furnished, within ten (10) days of recordation of such a lien, the bond required in Civil Code § 3143 (or any comparable statute hereafter enacted for providing a bond freeing the premises from the effect of such a lien claim.) Tenant shall defend and indemnify County against all liability and loss of any type, arising out of work performed on the Premises by Tenant, together with reasonable attorney's fees and all costs and expenses incurred by County in negotiating, settling, defending, or otherwise protecting against such claims; provided, however, that the County shall not negotiate or settle any such liability or loss of any type without first securing in each instance the specific written consent of Tenant.

7. County's Right to Discharge Lien. If Tenant does not cause to be recorded the bond described in California Civil Code § 3143, or otherwise protect the Premises under any alternative or successor statute, and a final judgment has been rendered against Tenant by a court of competent jurisdiction for the foreclosure of a mechanic's, materialman's, contractor's or subcontractor's lien claim, and if Tenant fails to stay the execution of the judgment by lawful means or to pay the judgment, County shall have the right, but not the duty, to pay or otherwise discharge, stay, or prevent the execution of any such judgment or lien or both. Tenant shall reimburse County for all sums paid by County under this Section 8, together with all County's attorneys' fees and costs, plus interest on those sums, fees and costs.

8. Notice of Completion. On completion of any substantial work of improvement during the term, Tenant shall file, or cause to be filed, a notice of completion.