

**FALL RIVER MILLS COUNTY AIRPORT
FIXED HANGAR
LEASE AGREEMENT**

THIS LEASE is entered into between the County of Shasta, a political subdivision of the State of California through the Department of Public Works ("Lessor"), and Mark III Construction, Inc., hereinafter referred to as ("Lessee").

1. DESCRIPTION:

Lessor hereby leases to Lessee and Lessee hereby leases from Lessor, that certain real property known as Hangar No. 8 or alternate space provided by Lessor and acceptable to Lessee, at the Fall River Mills County Airport, County of Shasta. See attached Exhibit A for hangar location.

2. TERM:

The premises are leased for a term commencing on September 1, 2017, and ending on March 31, 2019, unless terminated earlier pursuant to the provisions of this lease except that if any such date falls on a Saturday, Sunday or holiday, then this lease shall end at 12:00 p.m. on the preceding business day.

3. RENT:

- A. The monthly rent of this lease is \$250.00 per month beginning on the date this lease commences. All rent payable pursuant to this lease is payable in advance to the Lessor and delivered to the Public Works Director no later than the first of each month during the term of this lease.
- B. Lessee shall pay to Lessor \$50.00 as a late fee in any month where the monthly rent is not received by Lessor before the tenth of the month in which it is due. Lessor and Lessee agree that determining the amount of actual damages resulting from late payment of rent is impracticable or extremely difficult to fix and, therefore, agree that \$50.00 shall be presumed to be the amount of damage sustained by a breach of the requirement to pay rent as provided in subdivision A. of this section.
- C. If the term begins (or ends) on other than the first (or last) day of the calendar month, the rent payment for the partial month shall be prorated on a per diem basis based upon the number of days of occupancy during the month.

4. USE AND OCCUPANCY:

- A. Lessee is leasing the premises in its present condition as of the date of execution of this lease.

- B. Lessee shall use and occupy the premises for the sole purpose of storage of an aircraft owned by Lessee. The premises shall be used for no other purpose without the written consent of Lessor.
- C. Lessee shall report the N number of the aircraft stored pursuant to this lease within 5 calendar days of (1) the commencement date of this lease; or (2) storage of an aircraft with a new N number. Lessee shall report the N number of the aircraft stored pursuant to this lease on or before April 1st of each subsequent calendar year following commencement of this lease.
- D. Lessee shall not conduct or permit to be conducted any business or sale on said premises, and no overhaul or repair work, or fueling or defueling, shall take place in the hangar.
- E. Lessee shall supply Lessor with keys to any locks placed on entry doors. If Lessee fails to supply Lessor with keys, Lessor may remove and replace lock(s), at Lessee's expense, at a cost of \$100.00 per lock. No notice by Lessor is required.

5. CARE AND REPAIR OF PREMISES:

Lessee shall not commit, or allow to be committed, any waste upon said premises or any nuisance or other act which may disturb the quiet enjoyment of any other hangar tenant. Lessee agrees to keep the premises air and water tight during the tenancy. Lessee shall immediately repair any damage to the premises caused by Lessee or Lessee's agents, employees, visitors, or licensees.

6. TERMINATION:

- A. After the original term of this lease, Lessee agrees to vacate the premises peaceably, and any holding over shall be on a month-to-month tenancy at the then lease rate, and all other provisions of this lease shall remain in full force and effect on a month-to-month tenancy unless and until either party gives thirty (30) days written notice to the other, and Lessee's tenancy shall terminate thirty (30) days following the last day of the month in which such notice is given.
- B. In the event that Lessee ceases to use the hangar for aircraft storage for a continuous period of six (6) months, Lessor shall be entitled to terminate the lease in accordance with the notice set forth in subsection 6.A. of this lease.
- C. Lessor shall have the right to terminate this lease upon thirty (30) days written notice. Lessor's right to terminate this lease or accept Lessee's surrender of the premises may be exercised by the Shasta County Board of Supervisors, Shasta County Executive Officer or his or her designee or the Lessor's Public Works Director.
- D. Upon termination of this lease, any personal property found in the leased hangar space may be stored by the Lessor for not in excess of thirty (30) days after notice

and all costs of storage shall be paid by Lessee. Property not claimed by Lessee within the thirty (30) day period may be disposed of by Lessor without any obligation to deliver the property to Lessee or to reimburse Lessee for the value thereof. In the alternative, Lessor may sell all such property and offset any amounts due Lessor against the proceeds of such sale. Costs of disposal or sale shall be paid by Lessee.

7. ALTERATIONS:

- A. Lessee, with Lessor's prior written consent, may make any alterations to the premises, or any part thereof that Lessee deems appropriate and necessary. All improvements made by Lessee to the premises which are attached to the premises so that they cannot be removed without material injury to the premises shall become the property of Lessor upon installation. Not later than the last day of the term, Lessee shall, at Lessee's expense, remove all of Lessee's personal property and other improvements made by Lessee which have not become the property of Lessor including, but not limited to, trade fixtures, cabinet work, moveable paneling, partitions and the like; repair all injury done or in connection with the installation or removal of such property and improvements and surrender the premises in as good a condition as it was at the beginning of the term. Reasonable wear and damage not due to the misuse or neglect of Lessee or Lessee's agents, employees, visitors, or licensees is excepted.
- B. Lessor reserves the exclusive rights to the structural parts and surfaces of the premises, and Lessee shall not place, or permit to be placed, upon any part of said premises any picture, sign, marquee or appurtenance which advertises or communicates any content, either verbal or pictorial, which is visible from the outside of the hangar space. Lessor may enter upon said premises and remove the same if Lessee violates this provision.

8. GOVERNMENTAL REQUIREMENTS:

Lessee shall, at its sole cost and expense, comply with the laws, regulations, or ordinances of all municipal, state and federal authorities now in force, or which may hereafter be in force pertaining to the premises, occasioned by or affecting the use to which the premises are to be put by Lessee.

9. ASSIGNMENT AND SUBLETTING:

Lessee shall not assign this lease, or any interest therein, and shall not lease or sublet the premises, or any part thereof, or any right or privilege appurtenant thereto, without the written consent of Lessor. Consent to one assignment or subletting shall not be construed as consent to any subsequent assignment or subletting. Unless such consent has been obtained, any assignment or transfer, or attempted assignment or transfer of this lease or any interest herein, or subletting, either by voluntary or involuntary act of Lessee, or by operation of law or otherwise, shall, at the option of Lessor, terminate this lease, and any

such purported assignment, transfer or subletting without such consent shall be null and void.

10. INDEMNITY:

Lessee shall indemnify and hold Lessor harmless from and defend against any and all claims, suits, actions, costs, expenses (including but not limited to reasonable attorney's fees of Lessor Counsel and counsel retained by Lessor, expert fees, litigation costs, and investigation costs), damages, judgments or decrees for any injury, death, or damage to any person or property occurring in, on, or about the premises when such injury, death, or damage is caused in part or in whole by the neglect, fault, or omission of any duty with respect to the same by Lessee, its agents, contractors, subcontractors or employees except when the injury or loss is caused by the sole negligence or intentional wrongdoing of Lessor. Lessee shall further indemnify and hold Lessor harmless from and against any and all claims, suits, actions, costs, expense (including but not limited to reasonable attorney's fees of County Counsel and counsel retained by Lessor, expert fees, litigation costs, and investigation costs), damages, judgments or decrees arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this lease, or arising from any negligence or wrongdoing of Lessee, or any of its agents, contractors, subcontractors or employees. If an action or proceeding is brought against Lessor by reason of any such claim, Lessee, upon notice from Lessor, shall defend the same at Lessee's expense provided, however, that Lessee shall not be liable for damage or injury occasioned by the sole active or sole passive negligence or intentional acts of Lessor or its agents or employees. Lessor shall be required to provide notice to the Lessee within 10 days of receipt or notice of any claim.

11. INSURANCE:

A. Lessee shall obtain, from an insurance carrier authorized to transact business in the State of California, and maintain during the term of this lease and any extension of this lease, a policy of Airport Premises Liability Insurance for the building and premises with limits no less than \$1 million combined single limit bodily injury and property damage. If Lessee is storing third-party aircraft, Lessee shall obtain, from an insurance carrier authorized to transact business in the State of California, and maintain during the term of this lease and any extension of this lease, a policy of Hangar keepers' Liability Insurance, with limits of no less than \$1 million per occurrence and \$1 million aggregate. If Lessee is operating a flight school or flying club, Lessee shall obtain, from an insurance carrier authorized to transact business in the State of California, and maintain during the term of this lease and any extension of this lease, a policy of Comprehensive Airport Liability Insurance for bodily injury (including death) and property damage including owned and non-owned aircraft coverage of \$1 million per occurrence and \$3 million aggregate.

1. Any deductible or self-insured retention exceeding \$25,000 for Lessee shall be disclosed to and be subject to approval by the Lessor's Risk Manager prior to the effective date of this lease.

2. Lessee shall provide Lessor an endorsement or amendment to Lessee's policy of insurance as evidence of insurance protection before the effective date of this lease. The endorsement or amendment shall name Lessor, its elected officials, officers, employees, agents, and volunteers as additional insureds. If the endorsement or amendment does not reflect the limits of liability provided by the policy, Lessee shall also provide Lessor a certificate of insurance reflecting those limits.
3. The insurance coverage required by this lease shall be in effect at all times during the terms of this lease. In the event any insurance coverage expires at any time during the term of this lease, Lessee shall provide, at least 20 days prior to said expiration date, a new endorsement or policy amendment evidencing insurance coverage as provided for herein for not less than the remainder of the term of this lease or for a period of not less than one year. In the event Lessee fails to keep in effect at all times insurance coverage as herein provided and a renewal endorsement or policy amendment is not provided within 10 days of the expiration of the endorsement or policy amendment in effect at inception of this lease, Lessor may, in addition to any other remedies it may have, terminate this lease upon 30 days notice.

B. Lessee releases Lessor from liability for loss or damage covered by Lessee's fire and extended insurance coverage and waives subrogation rights of the insurer.

12. DAMAGES:

Lessee, as a material part of the consideration to be rendered to Lessor under this lease, hereby waives all claims against Lessor for damages to goods, wares and merchandise in, upon, or about the premises, and for injuries to persons in or about said premises, from any cause other than Lessor's sole negligence or intentional wrongdoing.

13. CONDITION OF PREMISES:

On the last day of the term or upon earlier termination of this lease, Lessee shall peaceably and quietly leave; surrender and yield up to Lessor said premises in good order, condition and repair, reasonable use and wear thereof excepted.

14. DEFAULT:

If either the Lessor or Lessee fails to comply with any of the material provisions of this lease, notice of such default shall be served on the defaulting party pursuant to the notice provisions of Section 20 of this lease and the defaulting party shall have ten (10) days from receipt of the notice of default to cure said breach. In the event the default is not cured within the ten (10) day period, the noticing party may terminate the lease.

15. RIGHT OF ENTRY:

Lessee shall permit Lessor and its employees or agents to enter into and upon the premises at all reasonable times for the purpose of inspecting the same or for the purpose of maintaining the building in which the hangar is situated and for the purpose of making repairs or alterations. The Lessee shall supply Lessor with keys to any locks placed on entry doors.

16. TAX LIABILITY:

Pursuant to Revenue and Taxation Code § 107.6, Lessee is advised that a possessory interest subject to property taxation may be created by Lessee's acceptance of this lease. Lessee shall be responsible for and pay possessory interest tax and other taxes as may be applied to or result from this lease.

17. GOVERNING LAW:

All questions with respect to construction of this lease and the rights and liabilities of the parties hereto shall be governed by the laws of the State of California. Any litigation shall be venued in Shasta County.

18. INUREMENT:

Subject to the restrictions on assignments as herein contained, this lease shall inure to the benefit of, and shall be binding upon the assigns, successors in interest, personal representatives, estates, and heirs of the respective parties hereto.

19. ENTIRE DOCUMENT:

- A. This lease constitutes the entire agreement between the parties pertaining to the subject matter contained in it as it relates to all prior and contemporary agreements, representations, and understandings of the parties. No supplement, modification, or amendment of this lease shall be binding unless executed in writing by all of the parties.
- B. No waiver of the provisions of this lease shall be deemed, or shall, constitute a waiver of any other provision, nor shall it be binding unless executed in writing by the party making the waiver.
- C. Minor amendments which do not result in substantial or functional change to the original intent of this lease and do not cause a decrease in the maximum amount payable under it may be agreed to in writing between Lessee and the Lessor's Public Works Director.

20. NOTICES:

All notices required by law or by this lease to be given to either party may be given personally or by depositing the same in the United States mail, postage prepaid, and addressed to either party as set forth below and, in that event, notice shall be deemed to have been given three days after mailing.

If to Lessor: Shasta County Department of Public Works
1855 Placer Street
Redding, CA 96001
(530) 225-5661; Fax (530) 225-5667

If to Lessee: Dan Carlton, President
Mark III Construction, Inc.
5101 Florin Perkins Road
Sacramento, CA 95826
(916) 379-8363; Cell (916) 397-6195

21. ATTORNEY FEES:

If any legal action is brought by either party hereto for the enforcement or interpretation of this lease, for remedy due to its breach, recovery of the premises or in any other way arising from the terms of this lease, the prevailing party shall be entitled to recover reasonable attorney fees (including fees of County Counsel), costs and other litigation expenses which shall become a part of any judgment in the action.

22. SEVERABILITY:

If any portion of this lease or application thereof to any person or circumstance is declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal or state statute or regulation or County ordinance, the remaining provisions of this lease, or the application thereof, shall not be invalidated there and shall remain in full force and effect to the extent that the provisions of this lease are severable.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the parties have executed this lease on the dates set forth below. By their signatures below, each signatory represents that he/she has the authority to execute this lease agreement and to bind the party on whose behalf his/her execution is made.

COUNTY OF SHASTA

Date: _____

DAVID A. KEHOE, CHAIRMAN
Board of Supervisors
County of Shasta
State of California

ATTEST:
LAWRENCE G. LEES
Clerk of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:
RUBIN E. CRUSE, JR.
County Counsel

RISK MANAGEMENT APPROVAL

By: _____
David M. Yorton, Jr.
Senior Deputy County Counsel

By: _____
Jim Johnson
Risk Management Analyst III

LESSEE
MARK III CONSTRUCTION, INC.

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Tax I.D. #: _____

Aircraft N #: _____

