

GROUND LEASE AGREEMENT
FOR
NON-FIXED BASED OPERATIONS
AT
SEQUOIA FIELD AIRPORT
36000 Road 112, Visalia, California

THIS LEASE, is entered into as of this 22 day of May,
2014, between the County of Tulare ("COUNTY") and CASTLE AIR MUSEUM
FOUNDATION, INCORPORATED ("LESSEE").

WITNESSETH

WHEREAS, the COUNTY owns the Sequoia Field Airport ("the Airport"); and

WHEREAS, the parties wish to provide for the leasing of COUNTY designated storage space at the Airport ("the Premises") to store and repair LESSEE's Lockheed C-130A Hercules Serial Number 56-0473, FAA registration is N473TM ("C130").

IN CONSIDERATION OF THE MUTUAL CONVENANTS HEREINAFTER, IT IS AGREED BETWEEN THE PARTIES AS FOLLOWS:

1. This LEASE shall apply to that certain Premises situated at the Airport where the C130 is currently stored. The Premises located at the Airport may be changed from time to time by COUNTY.
2. The term of this LEASE shall commence on May 19, 2014 and terminate on May 18, 2015, or until terminated by either party as provided in Paragraph 17. The LESSEE agrees that at the end of the term, the C130 aircraft shall be removed from the Airport, whether by being flown or transported on the ground if the C130 is not airworthy at the expiration of the term.
3. LESSEE agrees to pay to COUNTY, without deduction or offset, the sum of \$ 1.00 per year, payable in advance.
4. The Premises shall be used solely for the purpose of storing LESSEE's C130 while it is being repaired and made ready to fly or made ready to be transported from the Premises. All tools, vehicles and equipment must be removed at the end of each day and no tools, vehicles or equipment shall be permitted to be stored at the airport. LESSEE shall provide confirmation, that work on the C130 is regularly being performed at intervals acceptable to

TULARE COUNTY AGREEMENT NO. _____

COUNTY. If no work is performed over a 120 day calendar period, LESSEE will be in default and COUNTY may terminate the LEASE and LESSEE shall remove the C130.

5. LESSEE agrees to waive the necessity of an unlawful detainer action, if at the expiration or termination of this LEASE, the C130 is not removed. If the C130 aircraft is not removed at the expiration or termination of this LEASE, and no agreement has been entered into extending the term of the LEASE, COUNTY shall have the right to remove the C130, and dispose of the C130 in any manner chosen by COUNTY, without LESSEE's consent, and without the necessity of any court proceedings. The LESSEE shall agree to pay any expenses incurred by COUNTY that are reasonably necessary to remove and dispose of the C130. The C130 intended to be stored on the Premises must be registered with the county, including the names of all pilots and owners thereof.

6. LESSEE shall comply with all FAA Regulations, and all other Federal, State, County, and Local laws, directives, or ordinances now in force or hereafter promulgated by any legally constituted authority. LESSEE shall report any accidents, LESSEE or any other pilot or owner of the aircraft registered under this LEASE is involved in at the Airport to the appropriate Federal, State, County, and Local authorities as required by law.

7. LESSEE shall not perform any repair and maintenance on the Premises which violates fire codes, causes structural or other damage to Airport property including surfaces, or detracts from a clean and orderly appearance of the Airport or the Premises. LESSEE shall not store aviation gasoline or other flammable materials on the Premises and shall not fuel, paint, or wash said C130 on the Premises.

8. LESSEE acknowledges that this LEASE creates a possessory interest which is subject to property taxation. LESSEE shall pay all such taxes levied against such interest directly to the taxing authority.

9. Prior to approval of this LEASE by COUNTY, LESSEE shall file with COUNTY evidence of the insurance in accordance with Exhibit A attached which outlines the minimum scope, specifications and limits of insurance required under this LEASE. Additional insured endorsements required as outlined in Exhibit A shall not be used to reduce limits available to COUNTY as an additional insured from LESSEE's full policy limits. Insurance policies shall not be used to limit liability or to limit the indemnification provisions and requirements of this LEASE or act in any way to reduce the policy coverage and limits available from the insurer (s). Failure to maintain or renew coverage, or to provide evidence of renewal, may be considered a

material breach of this LEASE. LESSEE shall require LESSEE's contractors to comply with COUNTY's insurance as outlined in attached Exhibit A.

10. LESSEE shall hold harmless, defend and indemnify COUNTY from and against any liability, claims, actions, costs, damages, and losses, for all injuries, including death, to any person or damage to any property resulting from LESSEE's acts or omissions under this LEASE. This obligation will continue beyond the term of this LEASE as to any act or omission which occurred during LESSEE's occupancy of the Premises. COUNTY shall not be responsible for injury or death of persons or damage to, or loss by fire, theft, storm, wind, or otherwise under the terms of this LEASE. COUNTY does not warrant the security of LESSEE's property at the Airport including, but not limited to, aircraft, tools, vehicles, and related equipment.

11. LESSEE shall specifically hold harmless, defend and indemnify COUNTY from and against any liability, claims, actions, costs, damages, or losses, for any injury, including death, to any person, or damage to any property resulting from any storage, spillage, discharge, release or any other occurrence relating to contamination, hazardous materials or pollution of the environment. This obligation will continue beyond the term of this LEASE as to any act or omission which occurred during LESSEE's occupancy of the Premises.

12. LESSEE accepts the Premises as being in good and usable condition. LESSEE shall maintain, at its cost, all portions of the Premises in acceptable condition. LESSEE shall, at or before the expiration of or termination of this LEASE, surrender the Premises to COUNTY in the same condition as received, normal wear and tear, damage from the elements or acts of God, excepted. LESSEE shall keep the Premises in a clean condition and shall regularly remove all trash and refuse of any kind from the Premises at its own expense. LESSEE shall be liable for any damage to the Premises resulting from any acts or omissions of LESSEE, its agents, employees or invitees. In the event the Premises is destroyed or damaged because of causes other than acts of God or the sole negligence of COUNTY, LESSEE agrees to repair or restore the Premises to the same condition as received at the commencement of the LEASE.

13. LESSEE shall not make, or suffer to be made, any alterations of the Premises, or any part thereof, without the prior written consent of COUNTY. LESSEE shall not place any signs, displays, advertisements, or decorations on the Premises.

14. COUNTY, its agents, or employees shall have the right to enter and inspect the Premises at any reasonable time to ensure fulfillment of the provisions of this LEASE. LESSEE

agrees to permit such inspection and shall not obstruct or hinder COUNTY, its agents or employees.

15. Except as may be otherwise required by law, any notice to be given shall be written and shall be either personally delivered, sent by facsimile transmission or sent by first class mail, postage prepaid and addressed as follows:

COUNTY:

COUNTY OF TULARE
GENERAL SERVICES PROPERTY MANAGEMENT
5953 SOUTH MOONEY BOULEVARD
VISALIA CA 93277-9394
ATTENTION: AIRPORT LEASE MANAGER

Facsimile (559) 624-1022

Confirming (559) 624-7240

LESSEE:

Castle Air Museum Foundation, Inc.
5050 Santa Fe Drive
Atwater, CA. 95301

Facsimile (209) 723-0323

Confirming (209) 723-2178

Notice delivered personally or sent by facsimile transmission is deemed to be received upon receipt. Notice sent by first class mail shall be deemed received on the fourth day after the date of mailing. Either party may change the above address by giving written notice pursuant to this paragraph.

16. This Agreement shall be interpreted and governed under the laws of the State of California without reference to California conflicts of law principles. Any litigation arising out of this Agreement shall be brought only in Tulare County, California. LESSEE waives the removal provisions of California Code of Civil Procedure Section 394.

17. The right to terminate this Agreement under this provision may be exercised without prejudice to any other right or remedy to which the terminating party may be entitled at law or under this Agreement.

- (a) Without Cause: Either party shall have the right to terminate this Agreement without cause by giving the other party at least THIRTY (30) days prior written notice of its intention to terminate pursuant to this provision, specifying the date of termination.
- (b) With Cause: The LEASE may be terminated by COUNTY should LESSEE:
 - (i) file a petition for protection under the Bankruptcy Act in United States Bankruptcy Court, or
 - (ii) become insolvent or have a receiver appointed, or
 - (iii) make a general assignment for the benefit of creditors, or
 - (iv) suffer any judgment which remains unsatisfied for 30 days, which would substantively impair the ability of the judgment debtor to perform under this Agreement, or
 - (v) materially breach this Agreement,
 - (vi) failure to perform work on the C130 over 120 day calendar period.

For any of the occurrences except item (v), termination may be effected upon written notice by COUNTY specifying the date of the termination. Upon a material breach, the LEASE may be terminated following the failure of LESSEE to remedy the breach to the satisfaction of COUNTY within THREE (3) days of written notice specifying the breach. If the breach is not remedied within that THREE (3) day period, COUNTY may terminate the LEASE on further written notice specifying the date of termination.

If the nature of the breach is such that it cannot be cured within a THREE (3) day period, LESSEE may submit a written proposal within that period which sets forth a specific means to resolve the default. If COUNTY consents to that proposal in writing, which consent shall not be unreasonably withheld, the LESSEE shall immediately embark on its plan to cure. If the default is not cured within the time agreed, COUNTY may terminate upon written notice specifying the date of termination.

- (c) Effects of Termination: Termination of this LEASE shall not terminate any obligations to indemnify COUNTY or pay sums due hereunder.

18. LESSEE shall not assign this LEASE or any interest therein, sublet the Premises or any part thereof to any person, firm or corporation during the term of this LEASE including any holdover or term extensions without first obtaining the written consent of COUNTY.

19. This Agreement represents the entire agreement between LESSEE and COUNTY as to its subject matter and no prior oral or written understanding shall be of any force or effect. No part of this Agreement may be modified, waived or repealed without the written consent of both parties.

20. Unless specifically set forth, the parties to this Agreement do not intend to provide any other party with any benefit or enforceable legal or equitable right or remedy.

21. The failure of either party to insist on strict compliance with any provision of this Agreement shall not be considered a waiver of any right to do so, whether for that breach or any subsequent breach. The acceptance by either party or either performance or payment shall not be considered to be waiver of any preceding breach of the Agreement by the other party.

22. This Agreement is subject to all applicable laws and regulations. If any provision of this Agreement is found by any court or other legal authority, or is agreed by the parties, to be in conflict with any code or regulation governing its subject, the conflicting provision shall be considered null and void. If the effect of nullifying any conflicting provision is such that a material benefit of the Agreement to either party is lost, the Agreement may be terminated at the option of the affected party. In all other cases the remainder of the Agreement shall continue in full force and effect.

23. Each party agrees to execute any additional documents and to perform any further acts which may be reasonable required to affect the purposes of this Agreement.

//

//

//

//

//

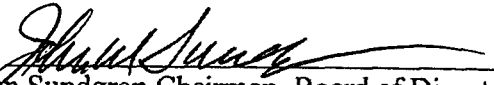
//


//

//

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first above written.

LESSEE
Castle Air Museum Foundation, Inc.

By 
John Sundgren, Chairman, Board of Directors

By  CEO
NAME AND TITLE

COUNTY
COUNTY OF TULARE

By _____
Chairman, Board of Supervisors

ATTEST: JEAN M. ROUSSEAU
County Administrative Officer/Clerk
of the Board of Supervisors,
County of Tulare.

By _____
Deputy Clerk

Approved as to Form,
County Counsel

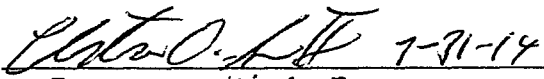
By  7-31-14
Deputy 2014877

EXHIBIT A

AIRCRAFT & AIRPORT OPERATIONS INSURANCE REQUIREMENTS

LESSEE shall provide and maintain insurance for the duration of this Agreement against claims for injuries to persons and damage to property which may arise from, or in connection with, performance under the Agreement by the LESSEE, his agents, representatives, employees and subcontractors, if applicable.

A. Minimum Scope & Limits of Insurance

1. Coverage at least as broad as Commercial General Liability Insurance of \$1,000,000 combined single limit per occurrence. If the annual aggregate applies, it must be no less than \$2,000,000.
2. Comprehensive Automobile Liability Insurance of \$1,000,000 per occurrence. If the annual aggregate applies it must be no less than \$2,000,000.
3. *Volunteer* Workers' Compensation as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
4. Hangar-keepers Liability of \$750,000 per occurrence or \$1,000,000 aggregate. ?
5. For fixed base operations, Flight Schools and Flying Clubs: Comprehensive Airport Liability Insurance for bodily injury (including death) and property damage including owned and non-owned aircraft coverage of \$300,000 per occurrence. Fueling or Refueling Operations - not less than \$500,000 if such operations are to be conducted by the Lessee.
6. Comprehensive Aircraft Liability Insurance for bodily injury (including death) and property damage which provides total limits of not less than \$300,000 combined single-limit per occurrence applicable to owned, non-owned and hired aircraft. A minimum of \$100,000 per passenger seat is required.

B. Specific Provisions of the Certificate

1. If any of the required insurance is written on a claims made form, the retroactive date must be before the date of the contract and must be maintained and evidence of insurance must be provided for at least three (3) years after completion of the contract work.
2. The Certificate of Insurance for General Liability, Comprehensive Automobile Liability Insurance, and Hangar-Keepers Liability must meet the following requirements:
 - a. *The COUNTY, its officers, agents, officials, employees and volunteers are to be covered as additional insureds as respects: liability arising out of work or operations performed by or on behalf of the Lessee; or automobiles owned, LEASE AGREEMENTd, hired or borrowed by the LESSEE.*
 - b. *For any claims related to this project, the LESSEE's insurance coverage shall be primary insurance as respects the COUNTY, its officers, agents, officials, employees and volunteers. Any insurance or self-insurance maintained by the COUNTY, its officers, agents, officials, employees or volunteers shall be excess of the LESSEE's insurance and shall not contribute with it.*
 - c. *Each insurance policy required by this agreement shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days prior written notice has been provided to the County.*
3. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the

COUNTY for all work performed by the LESSEE, its employees, agents and subcontractors.

- a. *Waiver of Subrogation. The workers' compensation policy shall be endorsed with a waiver of subrogation in favor of the COUNTY for all work performed by the LESSEE, its employees, agents and subcontractors. LESSEE waives all rights against the COUNTY and its officers, agents, officials, employees and volunteers for recovery of damages to the extent these damages are covered by the workers compensation and employers liability.*

C. Deductibles and Self-Insured Retentions

The COUNTY Risk Manager must approve any deductible or self-insured retention that exceeds \$100,000.

D. Acceptability of Insurance

Insurance must be placed with insurers with a current rating given by A.M. Best and Company of no less than A-VII and a Standard & Poor's Rating (if rated) of at least BBB and from a company approved by the Department of Insurance to conduct business in California. Any waiver of these standards is subject to approval by the County Risk Manager.

E. Verification of Coverage

Prior to approval of this Agreement by the COUNTY, the LESSEE shall file with the submitting department, certificates of insurance with original endorsements effecting coverage and a copy of the declarations page from the policy in effect in a form acceptable to the COUNTY. Endorsements must be signed by persons authorized to bind coverage on behalf of the insurer. The COUNTY reserves the right to require certified copies of all required insurance policies at any time.