

HANGAR/TIEDOWN AND PORTABLE HANGAR LEASE AGREEMENT

FOR
NON-FIXED BASED OPERATIONS

AT
SEQUOIA FIELD AIRPORT
36000 Road 112, Visalia, California

THIS LEASE, is entered into as of this _____ day of _____,
20____, between the County of Tulare ("COUNTY") and Kenneth Pierson
("LESSEE").

WITNESSETH

WHEREAS, the COUNTY owns and maintains aircraft hangars, tiedown and portable hanger spaces for use as aircraft storage at the Sequoia Field Airport; and

WHEREAS, the parties wish to provide for the leasing of said area for the installation of LESSEE's portable hangar and storage of one aircraft;

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

1. This LEASE shall apply to those certain Premises situated at the Sequoia Field Airport ("the Airport") known as Portable Hangar Space, No. 1 ("the Premises").

2. The term of this LEASE shall be for a period of five (5) years,, commencing on the date this agreement is fully executed and continuing thereafter to the last day of the first whole month of the 5th year following commencement of this lease or until terminated by either party as provided in Paragraph 17.

3. LESSEE agrees to pay to COUNTY, without deduction or offset, the sum of \$ 45.00 per month, payable in advance on or before the first day of each month and shall become delinquent if not paid by the 10th of each month. In the event a payment becomes delinquent, interest at the rate of 18% per annum will accrue on all unpaid rent.

4. The Premises shall be used solely for the purpose of installing LESSEE's portable hangar and for parking one (1) currently and validly registered flyable aircraft. LESSEE shall be permitted to park a motor vehicle on the Premises only while LESSEE is flying said aircraft.

TULARE COUNTY AGREEMENT NO. _____

The aircraft intended to be parked on the Premises must be registered with the COUNTY, including the names of all pilots and owners thereof.

5. 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.

6. LESSEE shall not perform any repair and maintenance in the hangar/tiedown area 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 storage space. LESSEE shall not store aviation gasoline or other flammable materials inside or adjacent to the hangar and shall not fuel, paint, or wash said aircraft in the hangar area.

7. 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 without offset against the rental amount contained herein.

8. Prior to approval of this Lease by the COUNTY, Lessee shall file with the 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 the Lessee's full policy limits. Insurance policies shall not be use to limit liability or to limit the indemnification provisions and requirements of this contract or act in any way to reduce the policy coverage and limits available from the insurer (s). LESSEE shall require his contractors to comply with the County's insurance as outlined in attached Exhibit A.

9. The LESSEE shall hold harmless, defend and indemnify the 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 the LESSEE's acts or omissions under this LEASE agreement. This obligation will continue beyond the term of this LEASE as to any act or omission which occurred during the 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 Agreement. COUNTY does not warrant the security

of LESSEE's property at the Airport including, but not limited to, aircraft, tools, vehicles, and related equipment.

10. The LESSEE shall specifically hold harmless, defend and indemnify the 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 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 the LESSEE's occupancy of the Premises.

11. 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 the COUNTY, LESSEE agrees to repair or restore the Premises to the same condition as received at the commencement of the LEASE.

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

13. The 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 the COUNTY, its agents or employees.

14. 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:

Name: Kenneth Pierson

Address: 1650 Jacques Ct.

City: Visalia, CA 93277

Telephone #: (559) 733-5781

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.

15. 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.

16. 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.

For any of the occurrences except item (v), termination may be effected upon written notice by the COUNTY specifying the date of the termination. Upon a material breach, the LEASE may be terminated following the failure of the LESSEE to remedy the breach to the satisfaction of the COUNTY within THREE (3) days of written notice specifying the breach. If the breach is not remedied within that THREE (3) day period, the 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, the LESSEE may, submit a written proposal within that period which sets forth a specific means to resolve the default. If the 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, the 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 the COUNTY or pay sums due hereunder.

17. 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 without first obtaining the written consent of COUNTY.

18. LESSEE agrees the relocation of LESSEE's portable hangar to the location as identified on Exhibit B, shall be at LESSEE's expense. If at any time, COUNTY requires the additional relocation of LESSEE's portable hangar during the term of this five (5) year lease term, the cost of relocation shall be at COUNTY's expense.

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

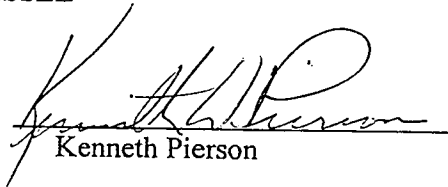
subsequent breach. The acceptance by either party or either performance or payment shall not be considered to be waiver of any preceding breach of the Agreement by the other party.

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

By 
Kenneth Pierson

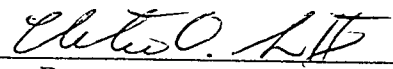
COUNTY

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 
Deputy

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 sub-lessees, 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 (if applicable) of \$1,000,000 per occurrence.
3. Workers' Compensation as required by the State of California.
4. Employer's Liability \$1,000,000 each accident, \$1,000,000 policy limit bodily injury by disease, \$1,000,000 each employee body injury by disease.
5. 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. The Certificate of Insurance for General Liability and Comprehensive Automobile Liability Insurance 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 aircraft or automobiles owned, leased, hired or borrowed by or on behalf of the Lessee; and with respect to liability arising out of work or operations performed by or on behalf of the Lessee including materials, parts or equipment furnished in connection with such work or operations.*
 - b. *For any claims related to this project, the Lessee's insurance coverage shall be primary insurance as respects 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.*
2. 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 subLessees.
 - 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 subLessees. 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
Lessee will eliminate self insured retentions as respects this agreement with County or provide a letter of credit or bond to satisfy the self insured retention.
- 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 authorized to do 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.