

HANGAR AGREEMENT COVER PAGE

AIRPORT INFORMATION

Airport Name: _____
Hangar #: _____
Monthly Rental Fee: _____
Last Month: _____

Lease Term: _____
Agreement Type: _____
Deposit: _____
Initial Payment: _____

TENANT DATA

1. Owner Information

Name: _____
Address: _____
Bus. Phone: _____

Date: _____
City, State, Zip _____
Home Phone: _____

2. Co-Owner Information:

Name: _____
Address: _____
Bus. Phone: _____

Date: _____
City State, Zip _____
Home Phone: _____

3. Aircraft Information

N #: _____
Model: _____
Year: _____
Ins. Policy #: _____

Make: _____
Color: _____
Other: _____
Exp. Date: _____

AIRPORT HANGAR LEASE

This Lease is made by and between the COUNTY OF GLENN, a political subdivision of the State of California (hereinafter "LESSOR"), and _____, (hereinafter "LESSEE"). LESSOR AND LESSEE are sometimes collectively referred to herein as the "PARTIES" and singularly, a "PARTY."

1. PREMISES:

LESSOR rents to LESSEE and LESSEE rents from LESSOR for the term, in exchange for the rent, and upon the conditions set forth in this Agreement ("Lease") or incorporated by reference that Hangar # _____ ("PREMISES") located at the _____ Airport in _____, California ("AIRPORT"). The PREMISES is more particularly described in the attached Exhibit "A", incorporated by this reference and consists of approximately _____ square feet.

- 2. TERM:** The term of this Lease shall be one (1) year with an option for four additional one (1) year extensions commencing upon the date of complete execution by PARTIES, unless sooner terminated as provided for in this Lease. The Lease shall extend unless there is written notification from LESSEE to LESSOR or from LESSOR to LESSEE of the desire to not extend the Lease another term. Any holding over by LESSEE with LESSOR's consent beyond the term of this Lease (maximum of 5 years total) shall be a month-to-month tenancy at the rental rate and upon the applicable terms and conditions of this Lease.

- 3. RENTAL RATE:** LESSEE shall pay the monthly rent as set forth in Exhibit "B" ("Monthly Rent") due and payable in advance of the first day of each calendar month, beginning on the commencement date of this Lease. Unless directed to do otherwise by AIRPORT, LESSEE shall pay only in cash or by personal check, certified check, or money order. The rent shall be paid to the Airport Manager at his/her office or at any other address designated by the LESSOR or the Airport Manager. A late fee shall be levied in the amount of ten percent (10%) of the amount due for any amount not received by the fifth (5th) day of the month due. If the term of this Lease begins on a day other than the first day of the month, the Monthly Rent stated above for the first month shall be prorated based on a thirty-day month and shall be due and payable at the time LESSEE signs this Lease.

- 4. DEPOSIT:** LESSEE agrees upon execution of this Lease, to deposit with the LESSOR, an amount equal to two months' rent. One month will cover the final month's rent and the second month's rent will cover the security deposit. The LESSOR can use the security deposit or any portion thereof, to 1) cure any breach or default of this Lease by LESSEE, 2) to repair damages to the premises caused by LESSEE, or by LESSEE's guests or invitees, or 3) to clean the premises upon termination of tenancy. LESSEE shall, at all times maintain the set dollar amount of deposit on file with LESSOR, until termination of the Lease. At the termination of this Lease, LESSOR shall return the security deposit in the amount to LESSEE, less any amount due to LESSOR pursuant to Civil Code Section 1950.7. LESSOR shall not be required to pay LESSEE interest on the security deposit.

5. USE:

- A. The PREMISES shall be used and occupied by LESSEE solely for the storage of active aircraft. 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). LESSEE shall take such steps as necessary to ensure that the performance of such maintenance work does not damage the PREMISES. LESSEE shall control the conduct and demeanor of its employees and invitees, and of those doing business with it, in and around the AIRPORT and shall take all steps necessary to remove persons whom the County may, for good and sufficient cause, deem objectionable.
- B. LESSEE shall not commit or suffer to be committed any waste upon the PREMISES or airport lands or any public or private nuisance or any other act or thing which may disturb the quiet enjoyment of any other person or organization at the AIRPORT. LESSOR shall not use the PREMISES for any unlawful purposes, nor violate any laws, ordinance or reasonable and lawful directive issued by the Airport Manager or his/her agent(s).
- C. LESSEE shall take good care of the PREMISES and make all repairs necessitated by LESSEE's use, abuse, or misuse of the PREMISES. LESSEE shall at all times maintain the PREMISES and any airport grounds used in conjunction with LESSEE's operations in a clean and orderly manner. No junk, trash, refuse, material, substance or discharge of any kind shall be caused or permitted by LESSEE to exist or accumulate in or about the PREMISES or any of the LESSEE's operational sites or sites utilized by the LESSEE on the airport lands at any time during the term of the Lease. LESSEE's method of lighting the PREMISES and its installation of all exterior light fixtures shall be subject to LESSOR's prior approval, which shall not unreasonably be withheld. LESSEE shall maintain access control to the PREMISES in conformance with Federal Airport Security regulations, and other federal and LESSOR policies, directives and regulations that may be issued. For the purpose of vehicle storage while aircraft is in use, the LESSEE may utilize the space immediately adjacent to the hangar, provided access to other airport uses is not restricted. No long term storage is permitted outside of the hangar.
- D. LESSEE shall keep the hangar and the PREMISES free from liens arising out of any work performed, material furnished, hazards created, or any obligations incurred by LESSEE and LESSEE shall hold LESSOR harmless therefrom.
- E. LESSEE agrees not to make use of the PREMISES or any airport location in any manner which might interfere with the landing and taking off of aircraft from the AIRPORT, or that would otherwise constitute a hazard; in this Lease, hazard determination is an exclusive right of the LESSOR and shall be made at the discretion of the LESSOR. In the event the aforesaid covenant is breached, the LESSOR or its agent(s) reserves the right to enter upon the PREMISES and cause the abatement of such interference at the sole expense of LESSEE.

- F. Unless otherwise specified in writing by the LESSOR, the LESSEE shall not use the PREMISES to store any type of flammable, combustible, toxic or explosive substances other than that contained within the aircraft itself. Cleaning and lubricating materials in no greater quantities than to service one aircraft shall be permitted. No aircraft exterior or interior used in any agricultural operation shall be washed or otherwise cleaned at the AIRPORT or upon any airport lands. No aircraft parts shall be washed or otherwise cleaned unless done indoors and on the PREMISES with an effective recovery system, approved by LESSOR, employed as part of the cleaning operation. Steam cleaning shall only be allowed indoors and on the PREMISES in conjunction with an approved recovery system. Under no circumstance shall any waste product of any cleaning operation be allowed to drain, leak or otherwise enter outdoors, or drain into a sewer or other storm drainage system. All applicable County, State and Federal laws regarding the above-mentioned substances shall be obeyed.
- G. LESSEE shall keep the PREMISES for its exclusive use and shall pay for any repairs or damage caused by its negligence or misuse by its invitees.
6. **MAINTENANCE**: LESSEE acknowledges that it has inspected the PREMISES as thoroughly as LESSEE desires. LESSEE accepts the PREMISES “AS IS,” “WHERE IS” and “SUBJECT TO ALL FAULTS” condition, without any representation or warranty by LESSOR concerning the condition of the PREMISES, except as expressly set forth in this Lease, and without any obligation on the part of the LESSOR to make any alterations, repairs or additions to the PREMISES, except as expressly set forth in this Lease.
7. **ALTERATIONS AND IMPROVEMENTS**: LESSEE shall not install, make, or suffer to be made, any alterations or improvements to the PREMISES or any part thereof without the prior written consent of LESSOR which shall not unreasonably be withheld. All work performed by LESSEE shall be performed in accordance with good construction practices, applicable governmental requirements, the requirements of any insurance policy providing coverage to the PREMISES and the general and special conditions, plans and specifications approved by LESSOR. LESSEE shall comply with all construction and labor regulations of LESSOR and shall provide all bonds and insurance required by LESSOR, including such proof of bonding and insurance coverage as LESSOR may require. All alterations or improvements performed by LESSEE shall be carried out by licensed contractors reasonably approved by LESSOR and shall be carried out in accordance with all applicable laws and regulations. LESSEE shall at LESSEE's sole cost and expense obtain all necessary permits, licenses and authorizations in connection with the construction. LESSEE's work shall be subject to the general inspection of LESSOR. LESSEE shall provide proof satisfactory to LESSOR that LESSEE's contractor will (a) provide warranties for not less than one year against defects in workmanship, materials, and equipment; (b) carry or cause to be carried worker's compensation insurance covering all of the contractor's and its subcontractor's employees; and (c) carry public liability and property damage insurance which names LESSOR as an insured and requires thirty (30) days prior written notice to LESSOR before any change in or cancellation of coverage becomes effective. The policy or policies shall contain liability limits of not less than One Million Dollars (\$1,000,000) single limit coverage. LESSOR shall have the right to post a notice of non-responsibility for liens arising out of any work performed, materials furnished and obligations

incurred by LESSEE. LESSEE agrees to advise LESSOR in writing at least ten (10) business days in advance of the date upon which alterations will be commenced in order to permit LESSOR to post such a notice. LESSEE shall keep the PREMISES free from any and all liens arising out of any work performed, materials furnished or obligations incurred by LESSEE. LESSEE shall indemnify, defend and hold LESSOR harmless against any claim, demand, liability or expense on account of claims for work done or materials supplied for LESSEE or person claiming under it.

All improvements made by LESSEE which are attached to the PREMISES so that they cannot be removed without material injury to the PREMISES shall become the property of the LESSOR upon installation. Not later than the last day of the term of this Lease, LESSEE shall, at LESSEE'S expense, remove all of LESSEE'S personal property and those improvements made by LESSEE which have not become the property of the LESSOR, including trade fixtures, cabinet work, moveable paneling, partitions and the like; repair all damage resulting from the installation or removal of such property and improvements; surrender the PREMISES in as good order, condition or repair as they were at the beginning of the term, except for reasonable use and wear thereof, and damage by fire, the elements, casualty, act of God or other cause not due to misuse or neglect of LESSEE or LESSEE'S officers, agents, employees, or visitors; and remove at LESSEE'S expense any signs, notices or displays placed or installed by LESSEE.

8. **LIEN:** LESSEE hereby grants to LESSOR a lien against the hangar, aircraft, and all personal property that LESSEE stores in the hangar. This lien exists and continues for all unpaid amounts that LESSEE may owe LESSOR, from time to time, and LESSOR's assertion of the lien does not relieve LESSEE from the obligation to pay the monthly rent as provided in this Lease. In the event LESSEE does not fully and immediately discharge all unpaid amounts, LESSOR is hereby granted and has the right to take and recover possession of the hangar and satisfy its lien in accordance with sections 1208.61 through 1208.70 inclusive of the California Code of Civil Procedure, and LESSOR may also take and recover possession of the stored aircraft and personal property, without notice or other action, and exercise its lien against the same and have and recover all costs and expenses including attorney's fees in connection with the repossession of said hangar, aircraft, or personal property and assertion of the lien.
9. **UTILITIES:** LESSEE is responsible for the payment of the following utilities provided to the PREMISES: waste removal and telephone. The cost of all janitorial services for the PREMISES shall be the sole responsibility of LESSEE.
10. **LESSEE AUTHORITY:** LESSEE and each individual executing this Lease on behalf of an entity represents and warrants that:
 - A. The individual(s) executing this Lease on behalf of LESSEE has/have full power and authority under LESSEE's governing documents to execute and deliver this Lease in the name of an on behalf of LESSEE and to cause LESSEE to perform its obligations under this Lease;

- B. LESSEE is authorized to transact business in the State of California and has the power and authority under applicable law and its governing documents to execute and deliver this Lease and to perform its obligations under this Lease.

11. CONFORMANCE WITH LAW:

- A. LESSEE shall at LESSEE's sole cost and expense at all times during the term of this Lease or any renewal or extension thereof comply with and observe all rules, regulations, ordinances, codes and laws which have been or may be promulgated by LESSOR or by other jurisdictions that relate to the PREMISES and the use of the facilities of the AIRPORT including all fire regulations, environmental regulations, safety regulations, noise control regulations and security regulations. Such rules, regulations, ordinances, codes and laws are hereby made a part of this Lease and LESSEE's failure to keep and observe the rules and regulations shall constitute a breach of the terms of this Lease in like manner as if the same were contained herein as covenants and conditions. LESSOR reserves the right to amend or supplement the rules, regulations, ordinances, codes and laws and to adopt additional rules, regulations, ordinances, codes and laws applicable to the PREMISES, to LESSEE's use of the PREMISES, and the use of the AIRPORT, and facilities of the AIRPORT. LESSOR shall have no obligation to LESSEE as a result of the violation of any such rules by any other person. LESSEE shall at all times obey the statutes, codes, ordinances, laws and regulations of the United States of America, the State of California, the County of Glenn and any other governmental entity having jurisdiction as the same may from time to time be amended during the term of this Lease. LESSEE shall deliver a copy of any notice of violation by any LESSEE parties or investigation of potential violation by any LESSEE parties of laws, rules, regulations, orders, opinion, guidance letters or other regulatory acts of the United States, the State of California, or any other duly constituted public authority having jurisdiction over the AIRPORT or LESSEE, within five (5) calendar days of LESSEE's receipt of any such notice.
- B. LESSEE covenants and agrees that in the event facilities are constructed, maintained, or otherwise operated on the PREMISES, for a purpose for which a federal Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the LESSEE shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally –Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
- C. LESSEE further agrees and covenants that: (1) no person on the grounds of race, color, gender, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of PREMISES, (2) that in the construction of any approved improvements on the PREMISES and the furnishing of services thereon, no person on the grounds of race, color, gender, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, (3) that the LESSEE shall use the PREMISES in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, DOT,

Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally –Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

- D. LESSEE covenants that in the event of breach of any of the nondiscrimination covenants, LESSOR shall have the right to terminate the Lease and to re-enter and repossess the PREMISES and the facilities thereon, and hold the same as if said Lease had never been made or issued. This paragraph does not become effective until the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.
- E. LESSEE shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that LESSEE may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.
- F. LESSEE covenants and agrees that it will undertake an affirmative action program as required by 14 CFR Par 152, Subpart E, to insure that no person shall, on the grounds of race, creed, color, national origin, or sex, be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The LESSEE assures LESSOR that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The LESSEE assures LESSOR that it will require that its covered sub-organizations provide assurances to the LESSEE that they similarly will undertake affirmative action programs and that they will require assurances from their sub-organizations, as required by 14 CFR 152, Subpart E, to the same effort.
- G. This Lease and all of the provisions hereof shall be subject to whatever right the United States Government now has or in the future may acquire, affecting the control, operation, regulation and taking over of the AIRPORT or the exclusive or non-exclusive use of the AIRPORT by the United States during the time of war or national emergency. If the AIRPORT or any part thereof is appropriated by the United States Government in a national emergency and, as a result thereof, LESSEE is prohibited by Federal law, rule or regulation from using or occupying the PREMISES, and LESSEE for such reason does not use or occupy the PREMISES and is not otherwise compensated for loss of use caused thereby, then, during the period in which all these conditions exist, LESSEE shall not be entitled to recover from LESSOR. Each and every provision, term and condition of this Lease shall remain in force and effect, unless by reason of the United States Government's having appropriated the AIRPORT or any part thereof, LESSEE shall be physically or legally prevented from carrying out such provisions, terms and conditions; LESSEE's obligation in this regard shall be suspended only during the period of time LESSEE is prevented from carrying out such obligations by reason of such appropriation by the United States Government. The term of this Lease shall not be extended because of the occurrence of the above conditions. LESSEE's obligation to pay rent and any other monetary payments to LESSOR shall also be suspended during the period of time LESSEE is prevented from occupying the PREMISES by reason of such appropriation. In the event LESSEE is

prevented from occupying the PREMISES as a result of such appropriation for a period of more than sixty (60) days, LESSEE shall have the right to terminate this Lease.

- H. LESSEE, for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that in the event facilities are constructed, maintained or otherwise operated on said property described in this Lease for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, LESSEE shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation Effectuation of Title VI of the Civil Rights Act of 1964.
- I. LESSEE shall obtain all necessary approvals and furnish, at its own expense, all licenses, permits and authorizations necessary for any permitted improvements and the undertaking of all activities authorized under this Lease.

12. AGREEMENTS WITH THE UNITED STATES:

- A. LESSEE acknowledges and agrees that LESSOR has entered into certain Grant Agreements with the Federal Aviation Administration, conditions of which require that all parties leasing property from LESSOR agree to be bound by certain sponsor's assurances given by LESSOR to the United States Government under the Airport and Airway Improvement Act of 1982, as the same may be amended from time to time. Accordingly, LESSEE on behalf of itself, its heirs, personal representatives, successors, and assigns, as additional consideration or the Lease of the PREMISES from LESSOR, does hereby covenant and agree for the term of this Lease to be bound by the provisions set forth on Exhibit "C" (Sponsors Assurances) attached hereto and incorporated herein by reference.
- B. This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between LESSOR and the United States Government or any authorized agency thereof, including but not limited to the Federal Aviation Administration, by which LESSOR obtains federally-owned surplus property or federal aid for the development, operation, and/or maintenance of the AIRPORT.
- C. In the event the Federal Aviation Administration or any other federal agency requires modifications or changes in this Lease as a condition for the granting of funds for the improvement of lands and improvements covered by its laws, rules, or regulations, Lessee agrees to consent to the amendments, modifications, revisions, supplements, or deletions of any of the terms, conditions, or requirements of this Lease, as may be required to obtain such funds except, however, that in no event will LESSEE be required, pursuant to this section, to agree to any increase in the rents or fees provided for in this Lease. In the event LESSEE refuses or fails to consent to the amendments, modifications, revisions, supplements, or deletions submitted to LESSEE by LESSOR pursuant to the provisions of this Section within thirty (30) days after receipt of the documents evidencing the changes, then this Lease shall be deemed to be amended and/or modified to comply with said charges as though the documents had been signed by all parties.

13. SIGNAGE: Unless authorized in writing by the LESSOR, the LESSEE shall not construct, install or maintain, nor allow upon the PREMISES or AIRPORT any billboards, signs, banners or like displays which may be placed in or upon any building or structure in such a manner as to be visible from the outside thereof.

14. DAMAGE OR DESTRUCTION: If the PREMISES are damaged or destroyed during the term hereof, LESSOR agrees to consult with LESSEE on the advisability of repairing or rebuilding the PREMISES. In the event there is destruction or damage to the PREMISES, LESSEE may either elect to repair or rebuild the PREMISES or may elect to terminate this Lease by giving notice of such election in writing to LESSOR within sixty (60) days after the occurrence of the event causing the damage. If LESSEE elects to terminate, all insurance proceeds received by either party as a result of the cost of repairing damage to the PREMISES shall belong to LESSOR. If LESSEE does not elect to terminate, this Lease shall continue and LESSEE shall diligently complete the repair or rebuilding of the PREMISES. If LESSEE elects to repair or rebuild, the damage shall be promptly repaired by LESSEE at LESSEE's expense, provided that LESSEE shall apply any insurance proceeds received as a result of such damage to the repair or replacement of the PREMISES. If damage to the PREMISES or repair or rebuilding of the PREMISES after such damage renders the PREMISES untenable in whole or in part and the damage is not due to the default or neglect of LESSEE and LESSEE elects to repair such damage pursuant to the provisions of this section, then a proportionate abatement of the rent shall be allowed from the ninetieth (90th) day following the date on which such damage occurs until the date LESSEE completes repairs, but in no event for longer than an aggregate of one hundred eighty (180) days. LESSEE hereby waives any rights it may have under the provisions of California Civil Code section 1932(2) and section 1933(4) or any successor statute thereto regarding repair and termination after destruction of part or all of the PREMISES.

15. RESERVATIONS:

- A. LESSOR reserves the right to install, lay, construct, maintain, repair, and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, and connections; water, oil and gas pipelines; telephone, telegraph and electric power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across and along any and all portions of the PREMISES. No right reserved by LESSOR in this clause shall be so exercised as to interfere unreasonably with LESSEE's operations hereunder or to impair the security of any secured creditor of LESSEE authorized by this Lease. LESSOR agrees that rights granted to third parties by reason of this clause shall contain provisions that the surface of the PREMISES shall be restored as nearly as practicable to its original condition upon the completion of any construction.
- B. LESSOR reserves the right to further develop or improve the landing area of the AIRPORT as it sees fit, regardless of the desires or view of the Lessee and without interference or hindrance.

- C. LESSOR reserves the right, but shall not be obligated to the LESSEE, to maintain and keep in repair the landing area of the AIRPORT and all publicly owned facilities of the AIRPORT, together with the right to direct and control all activities of the LESSEE in this regard.
- D. There is hereby reserved to the LESSOR, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the PREMISES. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation on the AIRPORT.
- E. LESSOR reserves the right to take any action it considers necessary to protect the aerial approaches of the AIRPORT against obstruction, together with the right to prevent LESSEE from erecting, or permitting to erect, any building or other structures on the AIRPORT which, in the opinion of LESSOR, would limit the usefulness of the AIRPORT or constitute a hazard to aircraft.

16. RIGHT OF ENTRY: LESSEE agrees that LESSOR and its agents may enter the PREMISES and HANGAR upon reasonable notice, except in cases of emergency or inability to provide notice, at any and all reasonable times to inspect the same, to maintain any service provided by LESSOR to LESSEE hereunder, to make such repairs, alterations, additions and improvements that LESSOR considers necessary or desirable for the protection, improvement or preservation of the PREMISES or as may be required by this Lease or by law, and otherwise to protect any and all rights of LESSOR. LESSEE shall provide LESSOR with a current copy of the padlock key or combination to the HANGAR for such purposes.

17. RIGHT TO CLOSE AIRPORT: The LESSOR reserves the right to close the airport facility, including but not limited to, the runway, taxiway, apron, automobile parking facilities when reasonably necessary. Closure is at the LESSOR's sole discretion for the purpose of maintenance, repair, further development or construction, or the safety of the general public.

18. HAZARDOUS MATERIALS: The provisions of this Section 18, which govern LESSEE'S obligations with regard to hazardous substances, as defined below, shall survive termination of this Lease.

- A. LESSEE agrees to indemnify, defend, protect and hold LESSOR free and harmless from and against any and all claims, liability, loss, damage, actions or causes of action, costs and expenses (including attorney's fees) arising from or in connection with the presence of any Hazardous Substances in, on, or under the PREMISES except to the extent that LESSEE can demonstrate by clear and convincing proof that such Hazardous Substances were present in, on, or under the PREMISES prior to September 1, 1989, or migrated onto or under the PREMISES from other land after such date. Furthermore, LESSEE shall, at LESSEE's sole cost and expense, be responsible for the receiving, use, storage, handling, transportation, generation, spillage, migration, discharge, release, and disposition of all hazardous substances to the extent any such are used, stored, brought onto, located on or shipped from or within, the PREMISES in connection with LESSEE's occupancy and use

thereof, in accordance with all applicable rules, regulations, orders, ordinances, statutes, codes and laws. For purposes of this Lease, "Hazardous Substances" shall include but not be limited to flammable, combustible, explosive, corrosive, caustic, carcinogenic or radioactive matter, petroleum or petroleum related materials and/or substances defined as "hazardous substances", "hazardous materials", "hazardous waste" or "toxic substances" in any federal, state or local laws or regulations adopted or publications promulgated pursuant to said laws (hereinafter collectively referred to as the "Laws"). LESSEE shall, at LESSEE's sole cost and expense, comply fully with all requirements of the Laws applicable to LESSEE's use of the HANGAR and obligations contained herein.

- B. In the event of a release, leak, spill, or threatened or actual contamination or deterioration of the PREMISES or groundwater by a Hazardous Substance, whether the result of an act or omission of LESSEE or its agents, employees, contractors, licensees, or invitees or any other third parties, LESSEE shall, immediately notify LESSOR and all appropriate health, safety and environmental regulatory agencies. LESSEE hereby covenants and agrees to implement and complete, at its sole cost and expense, and to the satisfaction of LESSOR, all investigation and remediation measures required by such agency or agencies. If LESSEE fails to take such action LESSOR may, but shall not be obligated to, take such action. In such event, all costs incurred by LESSOR with respect to such cleanup activities shall be for the account of LESSEE and LESSEE shall promptly make reimbursement therefore. LESSEE shall not take any remedial action in response to the presence of any Hazardous Substances in or about the PREMISES, nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any Hazardous Substances in any way connected with the PREMISES without first notifying the LESSOR of LESSEE's intention to do so and affording LESSOR ample opportunity to appear, intervene or otherwise appropriately assess and protect its interest with respect thereto.
- C. LESSEE shall bear responsibility for the presence of any Hazardous Substances as a result of LESSEE's activities, whether before, during or after construction, in or around any part of the PREMISES or the soil, groundwater or soil vapor on or under the PREMISES. Upon demand by LESSOR, LESSEE shall defend any investigation, action or proceeding alleging the presence of any Hazardous Substances in any such location, which affects the PREMISES or which is brought or commenced against LESSOR, whether alone or together with LESSEE or any other person, all at LESSEE's own cost and by counsel to be approved by LESSOR in the exercise of its reasonable judgment. In the alternative, LESSOR may elect to conduct its own defense at the expense of LESSEE.
- D. LESSEE shall comply and cause all occupants of the PREMISES to comply, with all statutes, codes, regulations, rules, ordinances, orders and other laws governing or applicable to Hazardous Substances as well as the recommendations of any qualified environmental engineer or other expert which apply or pertain to the PREMISES, LESSEE's use of the PREMISES or of the facilities of the AIRPORT. LESSEE acknowledges that the presence of Hazardous Substances may permanently and materially impair the value and use of the PREMISES.

- E. LESSEE shall promptly notify LESSOR if LESSEE knows, suspects or believes that there may be any Hazardous Substances in or around the PREMISES, or in the soil, groundwater or soil vapor on or under the PREMISES, or that LESSEE or the hangar may be subject to any threatened or pending investigation by any governmental agency under any statute, code, regulation, rule, ordinance, order or other law pertaining to any Hazardous Substances.
- F. LESSOR and its agents and representatives shall have the right, upon being given reasonable notice by the LESSOR, to enter and visit the PREMISES to make observations of the hangar, take and remove soil or groundwater samples, and conduct tests. LESSOR is under no duty, however, to visit or observe the PREMISES or to conduct tests. No site visit, observation or testing by LESSOR shall result in a waiver of any default of LESSEE or impose any liability on LESSOR. In no event shall any site visit, observation or testing by LESSOR be a representation that Hazardous Substances are or are not present in, on, or under the PREMISES or that there has been compliance with any statute, code, regulation, rule, ordinance, order or other law pertaining to Hazardous Substances. Neither LESSEE nor any other party is entitled to rely on any site visit, observation or testing by LESSOR. LESSOR shall not be obligated to disclose to LESSEE or any other party any report or finding made as a result, or in connection with, any site visit, observation or testing by LESSOR. In each instance, LESSOR shall give LESSEE reasonable notice before entering the PREMISES. LESSOR shall make reasonable efforts to avoid interfering with LESSEE's use of the PREMISES in exercising any right provided in this Section.
- G. LESSEE must prepare and maintain to the satisfaction of the fire official with jurisdictional authority a "Business Response Plan" in accordance with Section 25500 et seq. of the Health and Safety Code. Said plan must be kept current and on file in the Airport Manager's office.

19. INDEMNITY; EXCULPATION: the provisions of this Section governing indemnification and exculpation shall survive termination of this Lease.

- A. To the fullest extent permitted by law, the LESSEE shall indemnify, hold harmless and defend the County of Glenn, its agents, officers, and employees against any and from any and all claims, lawsuits, actions, liability, damages, losses, expenses, and costs (including but not limited to attorneys' fees, witness costs and court costs) that may be asserted by any person or entity, including LESSEE, arising out of or in connection with any of the following circumstances:
 - (1) Use of the PREMISES, hangar, or AIRPORT in any manner by LESSEE, its agents, employees, invitees, licensees and contractors, and the agents, employees, patrons, contractors and invitees of LESSEE, including any use of the PREMISES, hangar, or the AIRPORT not allowed under this Lease.
 - (2) Any breach by LESSEE of the terms, covenants or conditions herein contained.
 - (3) Any other activities of LESSEE, its agents, and employees whether or not there is concurrent negligence on the part of the LESSOR, but excluding liability due to the sole

active negligence or sole willful misconduct of LESSOR. 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 LESSEE or its agents under workers' compensation acts, disability benefit acts or other employee benefit acts.

- (4) LESSOR, its officers, agents, and employees, shall not be liable to LESSEE for any loss or damage to LESSEE or LESSEE's property from any cause. LESSEE expressly waives all claims against the County of Glenn, 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 negligence of the County of Glenn, its officers, agents, and employees, unless such injury or damages is caused by or due to the sole negligence or willful misconduct of the County of Glenn, its officers, agents and employees.

20. INSURANCE: LESSEE shall comply with all provisions contained in Exhibit "D", attached hereto and incorporated reference. The insurance requirements set forth in Exhibit "D" are independent of LESSEE's exculpation, indemnification, and other obligations under this Lease and shall not be construed or interpreted in any way to restrict, limit, or modify LESSEE's exculpation, indemnification or other obligations or to limit LESSEE's liability under this Lease.

21. DEFAULT AND TERMINATION:

A. DEFAULT BY LESSEE

- (1) The occurrence of any one or more of the following events shall constitute a default hereunder by LESSEE:
- a) Abandonment of the PREMISES by LESSEE. Abandonment is herein defined to include, but is not limited to, any absence by LESSEE from the PREMISES for ten (10) days or longer while in material default of any provision of this Lease.
 - b) The failure by LESSEE to make any payment of rent or additional rent or any other payment required to be made by LESSEE hereunder within five (5) days of the date the same shall be due.
 - c) The making by LESSEE of any general assignment for the benefit of creditors; (ii) the filing by or against LESSEE of a petition to have LESSEE adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against LESSEE, the same is dismissed within thirty (30) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of LESSEE's assets located at the HANGAR or of LESSEE's interest in this Lease, where possession is not restored to LESSEE within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of LESSEE's assets located at the HANGAR or of LESSEE's interest in this Lease where such seizure is not discharged within thirty (30) days.

- d) The failure by LESSEE to observe or perform any of the express or implied covenants or provisions of this Lease to be observed or performed by LESSEE, other than as specified in subsections A.(1), (2) or (3) above, where such failure shall continue for a period of fifteen (15) days after written notice thereof from LESSOR to LESSEE; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161; provided, further, that if the nature of LESSEE's default is such that more than fifteen (15) days are reasonably required for its cure, then LESSEE shall not be deemed to be in default if LESSEE shall commence such cure within such fifteen-day period and thereafter diligently prosecute such cure to completion.
- (2) REMEDIES FOR DEFAULTS BY LESSEE: In the event of any default hereunder by LESSEE, in addition to any other remedies available to LESSOR at law or in equity, LESSOR shall have the immediate option to terminate this Lease and all rights of LESSEE hereunder. In the event that LESSOR shall elect to so terminate this Lease then LESSOR may recover from LESSEE:
- a) The worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus
 - b) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that LESSEE proves could have been reasonably avoided; plus
 - c) The worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that LESSEE proves could be reasonably avoided; plus
 - d) Any other amount necessary to compensate LESSOR for all the detriment proximately caused by LESSEE's failure to perform LESSEE's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.
- (3) As used in Section (2) i and ii above, the "worth at the time of award" is computed by allowing interest at the rate of ten percent (10%) per annum. As used in Section (2) iii above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).
- (4) In the event of a default hereunder by LESSEE, LESSOR has the remedy described in California Civil Code Section 1951.4 (LESSOR may continue this Lease in effect after LESSEE's default and abandonment and recover rent as it becomes due, if LESSEE has the right to sublet or assign, subject only to reasonable limitations). LESSEE hereby

agrees that the restrictions provided in Section 29 on assignment and subletting of this Lease are reasonable.

- (5) As an alternative to the remedy set forth in paragraph (4) above, LESSOR may take and recover possession of the hangar and satisfy LESSOR's lien in accordance with sections 1208.61 through 1208.70 inclusive of the California Code of Civil Procedure, and LESSOR may also take and recover possession of the stored aircraft and personal property, without notice or other action, and exercise its lien against the same and have and recover all costs and expenses including attorney's fees in connection with the repossession of said hangar, aircraft, or personal property and assertion of the lien.
- (6) All rights, options and remedies of LESSOR contained in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and LESSOR shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law, whether or not stated in this Lease. No waiver of any default of LESSEE hereunder shall be implied from any acceptance by LESSOR of any rent or other payments due hereunder or any omission by LESSOR to take any such action on account of such default if such default persists or is repeated, and no express waiver shall affect defaults other than as specified in such waiver. The consent or approval of LESSOR to or of any act by LESSEE requiring LESSOR's consent or approval shall not be deemed to waive or render unnecessary LESSOR's consent or approval to or of any subsequent similar acts by LESSEE.

B. TERMINATION BY LESSEE

- (1) LESSEE, at its option, may, terminate this Lease, upon the occurrence of any one or more of the following events:
 - a) If the LESSOR's operation of the AIRPORT is substantially restricted by action of any governmental entity or agency having jurisdiction over the AIRPORT, or the occurrence of any fire or other casualty that substantially and adversely affects, for a period of at least sixty (60) calendar days, LESSEE's use of the AIRPORT in the conduct of its business on the HANGAR; provided, however, that such governmental restriction, fire or other casualty is not due primarily to any act or omission of any LESSEE Party; or
 - b) If any act or failure to act on the part of the LESSOR or any other governmental or quasi-governmental entity shall substantially prevent or restrict the use by LESSEE of the PREMISES or the AIRPORT for, sixty (60) or more calendar days; or
 - c) If any civil commotion, acts of the military power or other similar events or circumstances shall operate to prevent or substantially restrain use of the AIRPORT or the HANGAR by LESSEE for a period of at least sixty (60) calendar days; or
 - d) If the LESSOR shall be in breach of any of its material obligations under this Lease which materially interferes with LESSEE's use of the PREMISES, and such breach

continues for thirty (30) days or more after written notice from LESSEE to LESSOR; provided, if the nature of the breach is such that more than thirty (30) days are reasonably required for its cure, then LESSOR shall not be deemed to be in breach and this termination right will not apply if LESSOR commences such cure within such thirty day period and thereafter diligently prosecute such cure to completion; or

- e) If the presence of any Hazardous Substances or other environmental conditions for which LESSEE is not responsible, prevents LESSEE from using the AIRPORT for airport purposes in its entirety, or the use of any part of the AIRPORT that is reasonably required for fifty percent (50%) or more of LESSEE's business operations (determined by historical net revenues), and if such condition cannot be remedied within ninety (90) calendar days of notice of such condition to the LESSOR from LESSEE;
- f) If LESSEE terminates this Lease pursuant to any provision of this Section 21 (B) payment shall be made by LESSEE to the LESSOR for any Rent due from the date of Commencement Date of this Lease through the effective date of any termination of this Lease and for any fees or other charges incurred by LESSEE in connection with this Lease prior to such effective date of termination.

(2) If the LESSOR materially breaches its obligation under this Lease, or upon the happening of any event specified in Section 21 (B), LESSEE's sole remedy shall be the termination of this Lease and LESSEE shall not be entitled to receive any compensation from the LESSOR. LESSEE waives any claim for consequential or punitive damages as a result of any act of the LESSOR, the Airport Manager or their officers, employees, attorneys or agents.

22. CONDITION UPON TERMINATION: Upon expiration of this Lease, LESSEE shall have the right to remove any LESSEE installed non-permanent improvements of the PREMISES from AIRPORT within ninety (90) days. LESSEE shall continue to pay the rent then in effect during said ninety-day period. In the event the PREMISES non-permanent improvements are not moved off the AIRPORT within the ninety (90) days, the improvements of said PREMISES shall become the property of the LESSOR. Any holding over by LESSEE past the term of this Lease shall not be deemed a renewal or extension of the term of this Agreement.

23. NONEXCLUSIVE USE:

- A. LESSEE shall occupy and use of the PREMISES only for the uses and purposes authorized herein. Nothing in this Lease shall be construed as granting or authorizing the granting of an exclusive right to perform any services at the AIRPORT within the meaning of Section 308 of the Federal Aviation Act or any other statute, ordinance, regulation or policy of any governmental agency having jurisdiction over the AIRPORT and/or the activities that take place at the AIRPORT.
- B. LESSEE is granted the unlimited right of the ingress and egress from the PREMISES. LESSOR hereby reserves a utility easement, including but not limited to, the right to

construct, install, place and maintain utility lines for all customary utility services under, over, across, and through the leased PREMISES at such locations as Lessor shall require.

24. 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 follows:

LESSOR: Attn: Airport Manager
 P.O. Box 1070
 Willows, CA 95988

LESSEE:

25. WAIVER: LESSEE as part of the consideration given to the LESSOR for this Lease expressly waives any and all rights of redemption, right to seek relief from forfeiture, or similar rights granted by or under any present or future laws including, but not limited to, California Civil Code Section 3275 and California Code of Civil Procedure Section 1179 and successor or replacement sections, if LESSEE is evicted from or dispossessed of the PREMISES for any cause not the fault of the LESSOR, or if the LESSOR obtains a judgment of possession of the PREMISES by reason of violation by LESSEE of any of the terms, covenants, and conditions of this Lease or otherwise.

26. POSSESSORY INTEREST: LESSEE understands and acknowledges that its leasehold interest hereunder may be subject to a possessory interest tax or property tax that may be levied on LESSEE by the County of Glenn pursuant to Section 107 of the Revenue & Taxation Code, Section 33673 of the Health and Safety Code, or other provision of state or local law. The LESSEE is required to pay any such tax directly to the County of Glenn as billed by the County of Glenn Tax Collector.

27. JOINT AND SEVERAL OBLIGATIONS: If LESSEE consists of more than one person, the obligation of all such persons is joint and several.

28. CAPTIONS: The captions contained in 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 of this Lease.

29. ASSIGNMENT AND SUBLETTING: LESSEE shall not assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of LESSEE's interest in this Lease or in the PREMISES.

30. SUCCESSORS: The terms hereof shall be binding on the heirs, administrators, successors, and assigns of the parties hereto.

- 31. NO THIRD PARTY BENEFICIARY:** Nothing contained in this Lease shall be construed to create and the parties do not intend to create any rights in third parties.
- 32. LITIGATION COSTS:** If an action is commenced to enforce any of the provisions herein contained, or to recover possession of the PREMISES, the prevailing party shall be entitled to reasonable attorneys' fees in addition to costs and expenses.
- 33. VENUE:** This Lease will be construed and interpreted in accordance with the laws of the state of California. The duties and obligations of the parties are to be performed in Glenn County, and Glenn County shall be the venue for any action or proceeding related to this Lease.
- 34. PARTIAL INVALIDITY:** If any term, covenant or condition of this Lease or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease shall not be affected thereby and each term, covenant and condition shall be valid and enforced to the fullest extent permitted by law.
- 35. ENTIRE AGREEMENT:** The parties acknowledge and agree that this Lease and the attached exhibits constitute the entire agreement and understanding of the parties with respect to the subject matter of this Lease, and that all representations made by any official, officer, agent, attorney, or employee of the respective parties, unless expressly set forth in this Lease, are null and void and of no effect. This Lease supersedes all prior and contemporaneous written or oral agreements and understandings between the LESSOR and LESSEE and all prior arrangements for all or any portions of the PREMISES hereunder. This Lease cannot be changed, amended or terminated orally. No alterations, amendments, changes or modifications shall be valid unless made by an instrument in writing executed by both of the parties to this Lease.

Executed at Willows, California on _____, 2021.

APPROVED BY LESSEE:

APPROVED BY LESSOR:

Name:

Title:

Scott DeMoss, County Administrative Officer
Glenn County

APPROVED AS TO FORM:

William Vanasek, County Counsel
Glenn County

EXHIBIT A

Hangar Location/Description/MAP – INSERT HERE

EXHIBIT B

Subject to the terms and conditions set forth in the "Airport Hangar Lease," the "rental rate" for the leased premises shall be:

1. The rental rate, commencing upon the date of execution of this Lease by both Parties, shall be _____ per month as established by the Board of Supervisors in the Master Fee Schedule.
2. Increases in the rental rate shall be made through changes to the Master Fee Schedule as approved by the Board of Supervisors. If LESSOR does not wish to bear the increase in rental rate, LESSOR may terminate this agreement with a written notice prior to the effective date of the change to the Master Fee Schedule.

EXHIBIT C

INSERT HERE

FAA Airports – ASSURANCES – Airport Sponsors document (20 pages) here.

EXHIBIT D
INSURANCE

LESSEE shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damage to property, which may arise from or in connection with the performance of the work or in connection with products, materials, or services supplied to the LESSOR and shall include their agents, representatives, employees or subcontractors. With respect to General Liability, Errors, & Omissions, Pollution Legal Liability and Remediation, coverage should be maintained for a minimum of five (5) years after contract completion.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

- A. For fixed-based operators (FBO's), flight schools, and/or flying clubs located at the airport:
Airport Liability Insurance-on an "occurrence" basis, including products and completed operations, property damage, bodily injury with limits no less than \$1/2/3/4/5,000,000 per occurrence, including owned and non-owned aircraft coverage.

- B. For hangar rental at the airport:
 - 1. **Aircraft and Premises Liability Coverage:** Aircraft and premises liability insurance in an amount of no less than \$1,000,000 arising from the use of the Aircraft and the premises. The Lessor shall be named as an additional insured under such liability insurance policy. Waiver of Subrogation shall be provided in favor of the Lessor. Tenant/ Lessee's insurance shall be primary and the Lessor's insurance shall be non-contributory.
 - 2. **Property Insurance:** Tenant/ Lessee shall maintain not less than \$1,000,000 Fire Legal Liability (or insert another figure here if the RC of the hangar is more, or less, than \$1M) on all real property being leased, including improvements and betterments owned by the Lessor and shall name the Lessor as loss payee. Tenant/Lessee shall also provide fire insurance on all personal property contained within or on the leased premises. The policy must be written on an "all risks" basis, excluding earthquake and flood. The contract shall insure for not less than ninety (90) percent of the actual cash value of the personal property, and Tenant/ Lessee shall name Lessor as an additional insured.
 - 3. **Interruption of Business Insurance:** Tenant/Lessee shall, at its sole cost and expense, maintain business interruption insurance by which the minimum monthly rent will be paid to Lessor for a period of up to one (1) year if the premises are destroyed or rendered inaccessible by a risk insured against by a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements

- C. For aero-nautical and non-aeronautical businesses located at the airport:
 - 1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$2,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate

- limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** Insurance Services Office Form Number CA 0001 covering any auto (Code 1), or if Vendor/Contractor/Owner has no owned autos, hired (Code 8) and non-owned (Code 9) autos, with limit no less than \$1,000,000 per accident for bodily injury and property damage.
 3. **Worker's Compensation** insurance 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. **Pollution Legal Liability and Remediation** and/or Errors & Omissions applicable to underground or above ground fuel storage tanks, fueling or refueling operations with a limit no less than \$2,000,000 per claim or occurrence and \$2,000,000 aggregate per policy period of one year. This policy shall include coverage for bodily injury, property damage personal injury and environmental site restoration, including fines and penalties in accordance with applicable EPA or state regulations.
 5. **Hangerkeepers Liability**-with a limit not less than \$1,000,000 combined single limit per occurrence and \$1,000,000 aggregate.
 6. **Property Insurance**-LESSEE shall maintain not less than \$1,000,000 Fire Legal liability on all real property being leased, including improvements and betterments owned by the CLIENT, and shall name the CLIENT as a loss payee. Tenant/Lessee shall also provide fire insurance on all personal property contained within or on the leased premises. The policy must be written on an "all risks" basis, excluding earthquake and flood. The contract shall insure for not less than (90) percent of the actual cash value of the personal property, and Tenant/Lessee shall name CLIENT as an additional insured.
 7. **Interruption of Business insurance**-LESSEE shall, at its sole cost and expense, maintain business interruption insurance by which the minimum monthly rent will be paid to lessor for a period of up to (1) year if the premises are destroyed or rendered inaccessible by a risk insured against by a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements.

If the LESSEE maintains broader coverage and/or higher limits than the minimums shown above, the LESSOR requires and shall be entitled to the broader coverage and/or higher limits maintained by the LESSEE. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the LESSOR.

Self Insured Retentions

Self-insured retentions must be declared to and approved by the LESSOR. At the option of the LESSOR, the LESSEE shall provide coverage to reduce or eliminate such self-insured retentions as respects the LESSOR, its officers, officials, employees, and volunteers; or the LESSEE shall provide evidence satisfactory to the LESSOR guaranteeing payment of losses and related investigations, claim administration, and defense expenses. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or LESSOR.

Other Insurance Provisions

The General Liability, Automobile Liability, Pollution Legal Liability and Remediation, policies are to contain, or be endorsed to contain, the following provisions:

1. **The LESSOR, its officers, officials, employees, and volunteers are to be covered as additional insureds** 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. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10, CG 11 85 or both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 forms if later revisions used).
2. For any claims related to this project or use of facilities, **the LESSEE's insurance coverage shall be primary insurance** coverage at least as broad as ISO CG 20 01 04 13 as respects the LESSOR, its officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the LESSOR, its officers, officials, employees, agents, or volunteers shall be excess of the LESSEE insurance and shall not contribute with it.
3. Each insurance policy required shall provide that coverage shall not be canceled, except with notice to the LESSOR.

The Automobile Liability policy shall be endorsed to include Transportation Pollution Liability insurance, covering materials to be transported by LESSEE pursuant to the contract. This coverage may also be provided as part of the Pollution Legal Liability and Remediation policy.

If the Airport Liability, General Liability, Pollution Legal Liability and Remediation policy and/or Errors & Omissions coverages are written on a claims-made form:

1. The retroactive date must be shown, and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.
3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, the Contractor must purchase an extended period coverage for a minimum of five (5) years after completion of contract work.
4. A copy of the claims reporting requirements must be submitted to the LESSOR for review.

Acceptability of Insurers

Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best rating of no less than A:VII.

Verification of Coverage

LESSEE shall furnish the LESSOR with original Certificates of Insurance including all required amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause) and a copy of the Declarations and Endorsement Page of the CGL policy listing all policy endorsements to LESSOR before work begins. However, failure to obtain the required documents prior to the work beginning shall not waive the LESSEE obligation to provide them. The LESSOR reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

Waiver of Subrogation

LESSEE hereby grants to LESSOR a waiver of subrogation, which any insurer may acquire against LESSOR, its officers, officials, employees, and volunteers, from LESSEE by virtue of the payment of

any loss. LESSEE agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation but this provision applies regardless of whether or not the LESSOR has received a waiver of subrogation endorsement from the insurer.

The Worker's Compensation policy shall be endorsed with a waiver of subrogation in favor of the LESSOR for all work performed by the LESSEE, its employees, agents, and subcontractors.

Subcontractors

LESSEE shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and LESSEE shall ensure that LESSOR is an additional insured on insurance required from subcontractors. For CGL coverage subcontractors shall provide coverage with a format least as broad as CG 20 38 04 13.

Special Risks or Circumstances

LESSOR reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Glossary of Terms

Aviation (Aircraft) Liability: Aviation Liability Insurance is an insurance contract which insures the owner of an aircraft against loss sustained on account of having to pay damages for injuries to persons or property inflicted by or in the operation of such aircraft.

Aviation (Aircraft) Liability Requirements: Minimum requirements vary by state however most states do not have a statutory or regulatory requirements.

Summary of Aviation (Aircraft) Liability Insurance coverages policies to be considered:

1. Bodily Injury Liability-Protection for the insured against any bodily injury or death claims brought by members of the public other than passengers in the aircraft.
2. Passenger bodily liability-Protection for claims for bodily injury or death to any passenger in the aircraft at the time of the accident.
3. Property damage liability- Protection against claims from others for damage to property, including the loss of use of such property.
4. Medical Payments- Coverage for the reasonable expenses of necessary medical, surgical, ambulance, hospital and professional nursing services resulting from bodily injuries to passengers in the aircraft and reasonable expenses resulting from death. It is paid regardless of whether the owner is legally liable for such bodily injury.
5. Guest Voluntary Settlement-Most insurers offer this coverage, as part of passenger bodily injury liability and is an offer of settlement to passengers who suffer certain injury, without admitting liability, and in return for a release from further liability.

Unmanned Aerial Systems-AKA "Drones"

The Federal Aviation Administration (FAA) has determined that drones are "currently the most dynamic growth sector within the aviation." By 2020 it is estimated that about 300,000 small unmanned aerial vehicles will be used for all types of business purposes. Currently, the FAA has allocated \$64 Billion for the modernization of the country's air traffic control systems as well as an expansion of airspace to accommodate the commercial use of drones.

If the LESSOR has purchased a drone for commercial use, FAA regulations should be followed (note that FAA regulations are subject to change):

The owner/operator must obtain (as necessary):

1. A Section 333 grant of exemption,
2. A Certificate of Waiver or Authorization (COA),
3. An aircraft registration with the FAA, and/or
4. A pilot with an FAA airman certificate.

The FAA's final rule for small, unmanned aircraft (Part 107) went into effect on August 29, 2016. It provides specific safety regulations for unmanned aircraft drones weighing less than 55 pounds that are conducting non-hobbyist operations, (business users).

In addition, California law prohibits entering the airspace of an individual in order to capture an image or recording of that individual engaging in a private, personal, or familial activity without permission.

In addition to regulatory and legal challenges, there are a myriad of complex liability and coverage issues related to insuring the use of commercial drones.

Currently, there are no mandated insurance requirements however operators should assume that their customers and partners will require them to certify that they are insured.

Insurance requirements and/or considerations will be needed for the use of UAS's. An operator should consider legal liability insurance as a "minimum". This covers the cost to property repair or injury to persons. Additional coverage may include personal injury (invasion of privacy), non-owned (if you crash someone else's drone), medical expenses, premises liability and war perils such as damage sustained from a malicious act.

Additionally, coverage is available against physical damage to the drone system itself. This covers the cost to repair equipment, or cover the total loss of either the platform, payload or ground equipment.

For the manufacturer or service provider (training facility, dealer, consultant, software designer), product liability is available. This would provide coverage in the event the insured product is considered to have caused or contributed to a loss. It is important to note that even if a UAS operation is just getting started and is not yet commercially viable as a business, it still risks exposure in the event of an incident, and should have the appropriate insurance coverage.

Safety Management-additional considerations:

1. Choice of platform
2. Experience of the operator(s)
3. Intended use
4. Interaction between the operator and observer
5. Weather and environmental issues
6. Maintaining a safe distance from the UAS
7. Ensuring the airworthiness of the drone

8. Pre-flight/post-flight checks
9. Maintenance of the drone

Procuring the coverage

Currently there are more than 15 insurance companies that provide coverage for the use of UAS's in commercial activities. Before contacting an insurance company, be sure to have information needed in order to procure the coverage including;

1. UAS/Drone Data: model/year built
2. Manufacturer
3. Value
4. How the UAS is launched: Airport runway, catapult, roads, field, vertical takeoff
5. How is aircraft controlled-no pilot/ground based pilot
6. Proposed USE of aircraft: business, commercial, or pleasure
7. Area of proposed operations
8. Amount of insurance needed: typically, liability limits may be purchased on a combined single limit basis at \$500,000, \$1,000,000, and \$2,000,000 and higher depending on the insurance company and/or requirement. Coverage for the hull (value) and any detachable cameras are also available.