

GROUND LEASE



Tenant:

F KORBEL & BROS, INC.

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GROUND LEASE AGREEMENT

This Lease dated as of _____, 2026 ("Effective Date") is by and between the COUNTY OF SONOMA, a political subdivision of the State of California ("County"), and F KORBEL & BROS, INC, ("Tenant"). County and Tenant are sometimes collectively referred to herein as the "Parties" and singularly, a "Party."

1. PREMISES

1.1 Premises Leased. By this Lease, County has leased and does hereby lease to Tenant, and Tenant does hereby take and hire from County, that certain land comprising of approximately .86035± of an acre and is described in Exhibit A attached hereto ("Premises"), which is located at the Airport together with easements for utilities and drainage that are latent and identified.

1.1.1 Improvements to Premises Under Prior Lease. Under the terms of a prior lease by and between the parties hereto, Tenant has constructed certain improvements upon the Premises, which by the terms of the prior lease revert to the ownership of the County at the end of that lease term on June 4, 2026. As a condition of its agreement to enter into this Lease, which vests ownership of all existing improvements to the Premises as of the Date of Commencement with Tenant, Tenant has agreed to pay to County, and County has agreed to accept from Tenant, a payment of the amount of One Million Six Hundred Fifty Thousand Dollars (\$1,650,000.00) as the agreed fair market value of the improvements previously made to the Premises by Tenant as consideration for Tenant's continued ownership of the existing improvement in lieu of the reverter of such improvements to County and the termination of the pre-existing Lease. Accordingly, as a condition precedent to the effectiveness of this Lease, Tenant shall pay to County the total sum of One Million Six Hundred Fifty Thousand Dollars (\$1,650,000.00) prior to the Commencement Date. Failure by Tenant to pay the agreed sum pursuant to this Section 1.1.1 shall cause this Lease to immediately terminate, and render any remaining terms of no further force or effect.

1.2 County's Right to Relocate Tenant. Tenant acknowledges that Airport property is subject to ongoing operational, safety, and regulatory requirements, including, but not limited to, compliance with Federal Aviation Administration (FAA) regulations, grant assurances, airport layout plan (ALP) requirements, and future Airport development needs. Accordingly, upon first giving twelve (12) months' advance written notice to Tenant, County shall have the right, at County's sole cost and expense, to relocate Tenant to another location on Airport property, but only if County determines that such relocation is reasonably necessary because the Premises or Tenant's

improvements thereon:

- (a) block or interfere with FAA-mandated safety improvements;
- (b) conflict with FAA runway protection standards, including but not limited to Runway Protection Zones (RPZ) or applicable safety area requirements; or
- (c) interfere with the Airport's ability to comply with FAA grant assurances or other applicable FAA regulatory obligations.

Any such relocation shall be to a site of similar size, containing a building and other improvements of comparable size, condition, and Market Value (as defined in Section 1.2.2 below) as existed immediately prior to relocation of Tenant, and with comparable operational utility for Tenant's use.

In the event Tenant reasonably determines that the proposed relocation site does not meet the foregoing standard, and County is unable to provide a replacement location meeting such standard, Tenant may elect to terminate this Lease. In such event, and as Tenant's sole and exclusive remedy, County shall reimburse Tenant for the unamortized value of Tenant-funded improvements, calculated on a straight-line basis over a twenty-five (25) year useful life from the date such improvements were placed into service.

For purposes of this Section, the unamortized value shall be reduced by any prior depreciation, amortization, or reimbursement received by Tenant related to such improvements.

Upon payment of such amount, this Lease shall terminate, and neither party shall have further obligation hereunder except as otherwise expressly provided.

1.2.1 Appraisal Process to Determine Market Value for County Relocation.

The Market Value of Tenant's building(s) and other improvements and the Market Value of County's relocation building(s) and other improvements shall be determined through a real estate appraisal process. Market Value is defined in Section 1.2.2 below. Within sixty (60) days of County's written notice to Tenant as to County's exercise of its right to relocate Tenant per Section 1.2 above, County and Tenant shall each select a real estate appraiser (the "Original Appraisers") with at least five (5) years' experience appraising similar properties, with a preference for persons with demonstrated competence in appraising similar airport properties. Only sales and leases of comparable airport properties at airports or airports open to the aviation public shall be considered in the appraisers' development of opinions of the Market Value of Tenant's building(s) and other improvements and County's relocation building(s) and other improvements to be provided. The Original Appraisers shall independently develop their opinions of and support for the Market Value

of the respective building(s) and other improvements, and shall submit their written appraisal reports to the County and Tenant, respectively, within one hundred twenty (120) days of County's written notice to Tenant as to County's exercise of its right to relocate Tenant. If the Original Appraisers are unable to agree as to the Market Value of the respective building(s) and other improvements by the date which is within one hundred eighty (180) days of County's written notice to Tenant as to County's exercise of its right to relocate Tenant, the Original Appraisers shall mutually select a third real estate appraiser (the "Third Appraiser") who has the same minimum qualifications as the Original Appraisers. Each Original Appraiser shall submit to the Third Appraiser his or her written appraisal report setting forth opinions of the Market Value of Tenant's building(s) and other improvements, and County's relocation building(s) and other improvements to be provided. Within two-hundred-forty (240) days of County's written notice to Tenant as to County's exercise of its right to relocate Tenant, the Third Appraiser shall decide which of the two appraisals most accurately reflects the Market Value of the respective building(s) and other improvements, and such decision shall be final and binding on both County and Tenant. The Third Appraiser shall not arrive at an independent valuation, but instead shall be bound to selecting one of the two appraised values that the Parties' original appraisers submitted. County and Tenant shall each pay their own Appraiser's fees and costs and shall each pay one-half (1/2) of the Third Appraiser's fees and costs.

1.2.2 Definition of Market Value for County's Relocation. The term "Market Value" shall mean the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passage of title from seller to buyer under conditions whereby: 1) buyer and seller are typically motivated; 2) both parties are well informed or well advised, and acting in what they consider their own best interests; 3) a reasonable time is allowed for exposure in the open market; 4) payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and 5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

2. TERM

2.1 Lease Term.

2.1.1 Commencement of Term. Commencement of Term. Conditioned upon the receipt by County of the payment from Tenant set forth in Section 1.1.1, the term of this Lease shall commence on June 5, 2026 ("Commencement Date"). The Parties shall execute an Acknowledgement of Commencement Date confirming the Commencement Date and attach it to

this Lease as Exhibit B.

2.1.2 Term. Subject to early termination provisions contained in this Lease, the term of this Lease shall end on June 4, 2051 ("Term").

2.1.3 Term Extension Based on Additional Capital Investment. Tenant may earn an extension of the Lease Term based upon completion of additional Capital Investment made to the Premises within the first ten (10) years of the Lease Term, subject to the terms and conditions of this Section. For purposes of this Lease, "Capital Investment" shall mean the construction of new improvements or substantial upgrades to existing improvements that increase the value or utility of the Premises and are not general maintenance, routine repairs, or deferred maintenance. Capital Investment shall not include maintenance or repair activities required to keep existing improvements in good working order. Any Capital Investment for which Tenant seeks Lease Term extension credit must be subject to a construction application submitted to and approved by the Airport prior to commencement of work, in accordance with Airport requirements. The number of years by which the Lease Term may be extended shall be determined by applying the County's then-current published capital investment requirement, as adopted by the Sonoma County Board of Supervisors at the time the Capital Investment is made. The capital investment requirement is currently seventy-five thousand dollars (\$75,000) per acre per year of Lease Term. Based on the Premises area of approximately 0.86035 acres, each increment of verified Capital Investment in the amount of sixty-four thousand five hundred twenty-six dollars and twenty-six cents (\$64,526.26), or such adjusted amount as results from application of the then-current capital investment requirement to the Premises acreage, shall entitle Tenant to one (1) additional year of Lease Term. All Capital Investment claimed for purposes of extending the Lease Term must be supported by fully executed construction contracts, invoices, and other documentation acceptable to County, and shall be subject to County review and verification. Only verified Capital Investment actually completed shall be eligible for Lease Term extension. Any extension of the Lease Term granted pursuant to this Section shall be documented by a written amendment to this Lease executed by the Parties and shall not alter the Base Monthly Rent or the annual rental adjustment provisions unless expressly provided otherwise in this Lease. In no event shall the total Lease Term, including the initial term and any extensions granted pursuant to this Section, exceed forty (40) years. For the purposes of this Section 2.1.3, the Director of Sonoma County Public Infrastructure shall have the authority on behalf of the County to enter into a Lease amendment granting an extension of the Lease Term.

2.2 Inability to Deliver Possession. If County is unable to deliver possession of the Premises by the Commencement Date as a result of causes beyond its reasonable control, County shall not be liable for any damage caused for failing to deliver possession. In the event County is unable to deliver possession of the land by the Commencement Date, at any time thereafter up until the point in time possession is delivered to Tenant, Tenant shall be entitled, but not obligated, at its sole discretion, to terminate this Lease.

2.3 Tenant's Duty to Surrender. At the expiration of the Term, or upon early termination of this Lease, Tenant shall surrender to County, in as good condition and repair as on the Commencement Date, ordinary use, wear and tear excepted, the possession of the real property and the improvements constituting the Premises. Surrender or removal of improvements, fixtures, and trade fixtures shall be as directed in Section 7 of this Lease. If Tenant fails to surrender the Premises by the expiration or sooner termination of this Lease, Tenant shall indemnify and hold County harmless against all loss, liability, cost or expense directly resulting from or arising out of Tenant's failure to surrender the Premises, including, without limitation, any amounts required to be paid to any tenant or prospective tenant who was to have occupied the Premises after said termination or expiration and any related attorneys' fees and brokerage commissions. Notwithstanding the foregoing, no termination of this Lease shall release Tenant from any liability or obligation hereunder, whether of indemnity or otherwise, resulting from any acts, omissions or events happening prior to the date of termination, or date of surrender if it be later.

2.4 Holding Over. If Tenant shall continue to occupy or possess the Premises after the termination of this Lease with County's express written consent, then Tenant shall be a tenant on a month-to-month basis. All the terms, provision and conditions of this Lease shall apply to this month-to-month tenancy at a rent agreed on by County and Tenant but in no event less than the rent payable under this Lease during the last full month before the date of expiration or earlier termination of this Lease. The month-to-month tenancy shall be on the terms and conditions of this Lease except as provided in the preceding sentence and Section 7.2. Section 7.2 transfers the ownership of the improvements to County. County shall also collect rent on aforesaid improvements during this holding over period. Not less than three months prior to the commencement of payment for rent for the improvements in the holdover period, the Airport Manager shall set and shall inform Tenant, in writing, of the rate at which it shall collect rent for the improvements during any holdover period, which rate shall be reasonable based upon the fair rental market value of the improvements at the time such notice is given. County's acceptance of rent after such holding over with County's written consent shall not result in any other tenancy or in a renewal of the original term of this Lease. If Tenant remains in possession of the Premises after expiration or earlier termination of this Lease without County's written consent, Tenant's continued possession shall be on the basis of a tenancy at sufferance and Tenant shall pay as rent during the holdover period an amount equal to two hundred percent (200%) of the monthly rent for the Premises in effect under this Lease during the month which includes the day immediately prior to the date of the expiration or termination of this Lease, plus two-hundred percent (200%) of the rent for improvements as set by the Airport Manager pursuant to this Section 2.5. Nothing in this Section 2 shall be construed as implied consent by County to any holding over by Tenant. County expressly reserves the right to require Tenant to surrender possession of the Premises to County as provided in this Lease. The provisions of this Section 2.5 shall not be considered to limit or constitute a waiver

of any other rights or remedies of County provided in this Lease or at law.

3. CONSIDERATION

3.1 Monthly Base Ground Rent. Commencing on the Commencement Date and continuing each month thereafter, Tenant shall pay to County the Base Monthly Ground Rent as set forth in Exhibit C (referred to herein as the "Base Monthly Rent") for the Premises, in advance on the first day of each month. Base Monthly Rent shall be delinquent if not paid in full by the fifth (5th) calendar day of the month, in which case a late charge as specified in Section 3.8 shall apply to any overdue rent.

3.2 Base Monthly Rental Adjustment for Second through Tenth Lease Years. The Base Monthly Rent shall be subject to annual adjustment as set forth in this Section. Lease Year One shall commence on the Commencement Date of June 5, 2026, and shall end on June 30, 2027. Lease Year One may exceed twelve (12) calendar months in duration in order to align with the County's fiscal year. Lease Year Two shall commence on July 1, 2027, and shall end on June 30, 2028. Each subsequent Lease Year shall correspond to the County's fiscal year beginning July 1 and ending June 30 thereafter. For each of the second through the tenth Lease Years of the Lease Term, the Base Monthly Rent shall be increased by a fixed rate of four percent (4%) annually. The annual four percent (4%) increase shall be applied at the beginning of Lease Year Two and at the beginning of each Lease Year thereafter. The annual increase shall apply automatically and shall not be subject to adjustment or renegotiation.

3.3 Base Rental Adjustments in Subsequent Years.

3.3.1 Base Rent for the Eleventh Lease Year. The Base Monthly Rent for the eleventh Lease Year shall be subject to review and potential adjustment to Market Rent at that time, as defined in Section 3.3.8 below. If the Market Rent determined pursuant to this Section exceeds the then-existing Base Monthly Rent, the Base Monthly Rent shall be reset to such Market Rent effective as of the commencement of the eleventh Lease Year. If the Market Rent is less than the then-existing Base Monthly Rent, no market reset shall apply and the Base Monthly Rent shall remain unchanged until such time as the Market Rent exceeds the then-existing Base Monthly Rent. The Parties shall meet and confer during the two hundred forty (240) days prior to the commencement of the eleventh Lease Year and attempt to agree upon the Market Rent. If the Parties agree upon the Market Rent, they shall promptly execute an amendment to this Lease stating the applicable Market Rent. If the Parties fail to agree upon the Market Rent by the date that is one hundred eighty (180) days prior to the commencement of the eleventh Lease Year, then County and

Tenant shall determine the Market Rent in accordance with the appraisal process set forth in Section 3.3.5 below.

3.3.2 Base Monthly Rent for Twelfth through Twentieth Lease Years. For each of the twelfth through the twentieth Lease Years of the Lease Term, the Base Monthly Rent shall be increased by a fixed rate of four percent (4%) annually. The annual four percent (4%) increase shall be applied at the beginning of each Lease Year and shall apply automatically without adjustment or renegotiation.

3.3.3 Base Monthly Rent for the Twenty-First Lease Year. The Base Monthly Rent for the twenty-first Lease Year shall be subject to review and potential adjustment to Market Rent at that time, as defined in Section 3.3.8 below. If the Market Rent determined pursuant to this Section exceeds the then-existing Base Monthly Rent, the Base Monthly Rent shall be reset to such Market Rent effective as of the commencement of the twenty-first Lease Year. If the Market Rent is less than the then-existing Base Monthly Rent, no market reset shall apply and the Base Monthly Rent shall remain unchanged until such time as the Market Rent exceeds the then-existing Base Monthly Rent. The Parties shall meet and confer during the two hundred forty (240) days prior to the commencement of the twenty-first Lease Year and attempt to agree upon the Market Rent. If the Parties agree upon the Market Rent, they shall promptly execute an amendment to this Lease stating the applicable Market Rent. If the Parties fail to agree upon the Market Rent by the date that is one hundred eighty (180) days prior to the commencement of the twenty-first Lease Year, then County and Tenant shall determine the Market Rent in accordance with the appraisal process set forth in Section 3.3.5 below.

3.3.4 Base Monthly Rent for Twenty-Second Year. For each of the twenty-first and twenty-second Lease Years of the Lease Term, the Base Monthly Rent shall be increased by a fixed rate of four percent (4%) annually. The annual four percent (4%) increase shall be applied at the beginning of each Lease Year and shall apply automatically without adjustment or renegotiation.

3.3.5 Appraisal Process – Market Rent. If County and Tenant fail to agree on the Market Rent of the Premises as set forth in Sections 3.3.1, 3.3.3 and for 3.3.5, then County and Tenant shall each select a real estate appraiser (the "Original Appraisers") with at least five (5) years' experience appraising similar properties, with a preference for persons with demonstrated competence in appraising similar municipal airport properties. The Original Appraisers shall independently develop their opinions of and support for the Market Rent of the Premises and take

into account the effect of the terms of this Lease upon the value of the Premises. If the Original Appraisers are then unable to agree as to the Market Rent of the Premises by the date which is ninety (90) days prior to the start of the applicable term for adjusting to Market Rent, the Original Appraisers shall mutually select a third real estate appraiser (the "Third Appraiser") who has the same minimum qualifications as the Original Appraisers. Each Original Appraiser shall submit to the Third Appraiser, his or her written opinion of the Market Rent, and the support therefore, and the Third Appraiser shall decide which of the appraisers' conclusions most accurately reflects the Market Rent, which decision shall be final and binding on both County and Tenant. The Third Appraiser shall not arrive at an independent valuation, but instead shall be bound to picking one of the two appraised values that the parties' original appraisers submitted. The Parties shall then immediately execute an amendment to this Lease stating the Market Rent for the applicable term for adjusting to Market Rent. County and Tenant shall each pay their own Appraiser's fees and costs and shall each pay one-half (1/2) of the Third Appraiser's fees and costs.

3.3.6 Definition of Market Rent. The term "Market Rent" shall mean the most probable rent on the date of valuation that would be agreed to by a lessor, being willing to lease, and a lessee, being ready, willing and able to lease, each dealing with the other with full knowledge of all the possible uses of the real property and improvements constituting the Premises, under the terms of this Lease. Market Rent shall be based on a triple net lease interest in this particular Sonoma County Airport real property, exclusive of any buildings or other improvements constructed or purchased by Tenant.

3.4 Fees and Charges.

3.4.1 Fees and Other Charges. Tenant agrees to pay to County applicable fees or charges imposed by County at the Airport for similarly situated tenants at the rate set forth in the latest schedule established by the Sonoma County Board of Supervisors from time to time in its adopted Rates and Charges.

3.4.2 Payment of Fees and Charges. All such fees or charges shall be due and payable monthly in arrears on the first (1st) day of each calendar month and shall be delinquent on the sixth (6th) day of the calendar month.

3.5 Operating Expenses. Tenant agrees to pay all operating expenses, including, without limitation, taxes, insurance, maintenance and repair, utilities, and the like, so that this Lease is an absolute net lease.

3.6 Percentage Rent.

3.6.1 Percentage Rent.

(a) Tenant Activities. During the term of this Lease, Tenant has the right, but not the obligation, to conduct certain permitted commercial activity as set forth in Section 4.1 of this Lease. If during the term of this Lease Tenant elects to conduct permitted commercial activity on the Premises, then in addition to the rent described herein, each month Tenant shall pay percentage rent in an amount equal to three percent (3%) of the Gross Receipts (defined in Section 3.6.2) generated by all commercial activity on the Premises during the preceding month.

(b) Subtenant Aeronautical Activities. Subtenants shall enter into separate commercial operating agreements with County prior to commencement of any subtenant(s)' commercial activity on the Premises. The commercial operating agreement(s) shall require subtenant(s) to pay percentage rent directly to County. Rental payments from any subtenant to Tenant, except for those rental payments arising from Tenant's business as a Commercial Hangar Developer, shall be included as part of Tenant's Gross Receipts. Subtenant's percentage rent payments to the County are not included as part of Tenant's Gross Receipts. Tenant shall not enter into any sublease without first complying with the provisions of Section 10 of this Lease.

3.6.2 Definition of Gross Receipts. For purposes of this Lease, "Gross Receipts" means all revenue generated by commercial activity engaged in by Tenant (and by extension any subtenant) and any other consideration actually received by Tenant as a result of such commercial activity, from any source, but expressly does not include any of the following: (1) all revenue against which Tenant later provides a credit for or in lieu of "trade-ins" or returns to suppliers or manufacturers and all refunds made to customers, but only to the extent of such credit or refund; (2) amounts received at the Premises for convenience only, for sales made or services provided at other premises of Tenant, provided Tenant covenants and agrees that it shall not intentionally transfer sales to other premises for the primary purpose of avoiding the payment of rent under this Section 3.6; (3) sales, excise and gross receipt taxes paid by Tenant on its commercial activity; (4) amounts received by Tenant for settlement of any claim of Tenant, unless such claim is made to collect sums owed to Tenant in exchange for goods or services provided by Tenant's commercial activity and would otherwise be considered Gross Receipts hereunder; (5) sales price of fixtures, equipment or property not sold in the ordinary course of business; (6) the amounts of accounts receivable charged off as bad debts or uncollectible accounts; (7) revenue received by Tenant for food and/or beverage catering; (8) brokerage commissions received by Tenant for aircraft sales; (9) revenue received by Tenant for parts sales where gross profit does not exceed 8%, as documented by parts supplier invoice; and (10) Tenant's revenue from fuel sales for which Tenant has paid County the applicable fuel flowage fees. Subject to the above exclusions, "Gross Receipts" includes amounts which

Tenant could have received had Tenant so chosen, but which Tenant elected to allow another to receive.

(a) Gross Receipts from Aircraft Charter Activity. Gross Receipts from aircraft charter activity conducted by Tenant (and by extension any subtenant) shall mean ten percent (10%) of the charter revenue (defined immediately below) from that activity, whether such aircraft charter activity was conducted with aircraft under the care, custody and control of Tenant (and by extension any subtenant) or was conducted with aircraft under the care, custody and control of another, and the aircraft charter activity pertained to charter flights originating at the Airport. "Charter revenue" shall mean that revenue received by Tenant attributable to the operation of the aircraft and shall be based on the number of flight hours of the aircraft charter multiplied by the hourly rate (which includes the cost of pilot(s) and other personnel and all other directly related charges) for the aircraft utilized in the charter. "Charter revenue" shall not include reimbursements to the charter operator for incidental charter-related expenses such as landing fees at destination airports, in-flight phone charges, and airport handling fees. Charter flights originating at the Airport shall mean those flights where charter passengers board at the Airport and deplane at their scheduled destination. Charter flights shall not include the "Repositioning Leg(s)" of charter flight activity.

Example of Percentage Rent Application for Aircraft Charter Activity: Assume charter revenue of \$10,000.00 from an aircraft charter originating at the Airport. The imputed commission (i.e., the Tenant's Gross Receipts) is therefore \$1,000.00 (\$10,000.00 charter revenue x 10%). Percentage rent due County is therefore \$30.00 (\$1,000.00 Gross Receipts x 3%).

(b) Gross Receipts from Aircraft Management Activity. "Gross Receipts" from aircraft management activity conducted by Tenant (and by extension any subtenant) shall mean all management fees generated through the management of aircraft based at the Airport.

3.6.3 Statement of Monthly Gross Receipts. Tenant shall furnish, or cause to be furnished, to County a statement of monthly Gross Receipts in the form attached hereto as Exhibit D, subject to the limitations set forth above, within twenty (20) days after the close of each month and a statement of annual Gross Receipts within sixty (60) days after the close of each Lease Year. Percentage rent is due twenty (20) calendar days following the close of the month, and is delinquent on the twenty-sixth (26th) calendar day following the close of the month. The statement of monthly Gross Receipts form shall be completed in its entirety prior to its submission to County. Tenant shall keep full and accurate books of account and records concerning Gross Receipts. Such books, receipts and records shall be kept for a period of not less than four (4) years after the close of each

Lease Year.

3.6.4 Audit Rights. At any time within four (4) years of the close of any Lease Year, County shall be entitled to an independent audit of such Gross Receipts, to be conducted either by County or an accountant to be designated by County, at County's sole cost and expense, except as expressly described below in this Section 3.6.4. Such audit shall be limited to items necessary to a determination of Gross Receipts and shall be conducted at the corporate offices of the Party which generated the Gross Receipts, upon not less than ten (10) days prior written notice. Notwithstanding the foregoing, County shall not conduct more than one (1) such audit in any one Lease Year. If it shall be established to the satisfaction of the Parties, as a result of such audit, that there has been a deficiency in the payment of Percentage Rent, such deficiency shall become immediately due and payable, and if the deficiency exceeds five percent (5%) of the total payment due by Tenant, Tenant shall also reimburse the reasonable cost incurred by County for the audit at the time of paying the deficiency. If it is established that there has been an overpayment of Percentage Rent, Tenant shall receive a credit against Percentage Rent due for the amount of such overpayment. Any information gained from such statements or inspection shall be confidential and shall not be disclosed, except to carry out the purposes hereof or as may be required by law.

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

3.8 Late Charge. Tenant agrees to pay a late charge of ten percent (10%) of the amount overdue on any unpaid Rent.

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

3.10 Taxes and Assessments.

3.10.1 Obligation to Pay. Tenant is fully responsible for, and agrees to pay, all real and personal property taxes (including any tax levied on a possessory interest, as defined in

California Revenue and Taxation Code Section 107 or successor statute, if applicable), general and special assessments, and other charges of every description (collectively "Taxes"), levied on or assessed against the Premises, personal property located on or in the land or improvements, the leasehold estate, or any subleasehold estate, to the full extent of installments falling due during the term. Tenant shall make all such payments directly to the assessing authority, at least ten (10) days before delinquency and before any fine, interest, or penalty shall become due or be imposed by operation of law for their nonpayment. If, however, the law expressly permits the payment of any, or all, of the above items, in installments (whether or not interest accrues on the unpaid balance), Tenant may, at Tenant's election, utilize the permitted installment method, but shall pay each installment, with any interest, before delinquency.

3.10.2 Proration for Partial Year. Any imposition of taxes referred to in Section 3.10.1 above relating to a fiscal period of a taxing authority, a part of which period is included within the term of this Lease and a part of which is included in a period of time before the Commencement Date or after the termination of this Lease (whether or not such imposition shall be levied, assessed, confirmed, imposed or become a lien upon the Premises, or shall become payable, during the term of this Lease), shall be paid by Tenant as above but shall be prorated between County and Tenant.

3.10.3 Proof of Compliance. Tenant shall furnish to County within seven (7) days of receipt by Tenant of the written request of County, copies of receipts or other appropriate evidence establishing payment of any applicable taxes. Tenant may comply with this requirement, but is not obligated to do so, by retaining a tax service to notify County whether the taxes have been paid.

3.11 Tenant's Payment of California Environmental Quality Act ("CEQA") and National Environmental Protection Act ("NEPA") Expenses. The Airport shall prepare and file a Notice of Exemption under CEQA, if applicable, in connection with the execution of this Lease. If it is determined by County that a CEQA exemption is not appropriate, in its sole and absolute discretion, and additional CEQA analysis or documentation is required, Tenant shall be responsible for all costs associated with such CEQA compliance, including but not limited to environmental studies, technical reports, consultant fees, and document preparation costs. Tenant shall reimburse County for all such CEQA-related expenses within thirty (30) days following County's written notice of such costs. To the extent NEPA compliance is required in connection with this Lease or Tenant's activities, Tenant shall likewise be responsible for all NEPA compliance costs incurred by County.

4. USES, PURPOSES

4.1 Use of Premises. Tenant shall have the right to use the Premises for Commercial Hangar and Air Charter/Aircraft Management/Flight School purposes as permitted under the Airport’s Minimum Standards for Aeronautical Service Providers (“Minimum Standards”) as these aeronautical uses are currently identified and as they may be amended from time to time. The Minimum Standards, in effect as of the Effective Date of this Lease, are attached hereto as Exhibit E.

4.1.1 Commencement of Operations. Tenant shall not commence commercial activity or other aeronautical operations on the Premises until compliance with all applicable Minimum Standards has been met as reasonably determined by the Airport Manager.

4.2 Compliance with Airport Minimum Standards. At all times Tenant shall conduct its authorized uses and operations in conformance with all applicable laws and the Minimum Standards, as they currently exist and as they may be modified from time to time. Tenant shall comply with the Minimum Standards at all times and in all forms as it exists throughout the term of this Lease.

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

4.3.1 Inventory of Aircraft. Tenant shall provide to the Airport Manager a complete inventory of all aircraft under its control or management, including all aircraft utilized in aircraft charter or aircraft management operations by Tenant based at the Airport. In addition, Tenant shall provide to the Airport Manager a complete inventory of all aircraft under any subtenant’s control or management, including all aircraft utilized in aircraft charter or aircraft management operations by any subtenant based at the Airport. Tenant shall provide to the Airport Manager an updated complete inventory within fourteen (14) days of any change in the inventory of aircraft. A list of Tenant's complete inventory, as of the Effective Date, is attached hereto as Exhibit F.

4.3.2 Performance of Aircraft Maintenance Work. Tenant shall take such steps as are reasonably necessary to ensure that the performance of aircraft maintenance work on the Premises does not damage the Premises. Tenant shall make every reasonable effort to control the conduct and demeanor of its employees and invitees, and of those doing business with it, in and around the Premises and shall take all reasonable steps necessary to remove persons whom County, upon advance written notice to Tenant, deems objectionable for reasonable, good and sufficient

cause. Tenant shall keep the Premises clean and free of debris at all times.

4.3.3 Cancellation of Insurance; Increase in Insurance Rates. Tenant shall not knowingly and intentionally do, bring, or keep anything in or about the Premises that will cause a cancellation of any insurance covering the Tenant's activities hereunder. If the rate of any insurance carried by County specifically related to the Premises is increased as a result of Tenant's use, other than and except use that is authorized, permitted and/or contemplated by this Lease, Tenant shall pay to County within thirty (30) days before the date County is obligated to pay a premium on the insurance or within thirty (30) days after County delivers to Tenant a certified statement from County's insurance carrier stating that the rate increase was caused by an activity of Tenant at the Premises other than and except use that is authorized, permitted, and/or contemplated by this Lease, whichever date is later, a sum equal to the difference between the original premium and the increased premium.

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

4.3.5 Hazardous Materials.

(a) Except as set forth in Exhibit G attached hereto, and except as contemplated by the nature of activities approved under the Airport's Minimum Standards or as specified in Federal Aviation Regulations at 14 CFR Part 43.3(h) Appendix A, subsection (b) Appendix A, subsection (c) and the progressive inspections contemplated by 14 CFR Part 43.15, Tenant shall not cause or permit any Hazardous Materials (as hereinafter defined) to be brought upon, stored, or used in or about the Premises or the Airport by Tenant, its agents, employees, contractors or invitees, without the prior written consent of County, which County shall not unreasonably withhold as long as Tenant demonstrates to County's satisfaction that such Hazardous Materials: (i) are necessary or useful to Tenant's permitted use and will be used, kept, and stored in a manner that complies with all laws, statutes, ordinances, rules, regulations, orders, requirements, and policies of any and all governmental agencies and authorities and any fire insurance underwriters applicable to any such Hazardous Materials ("Hazardous Materials Laws") and (ii) do not otherwise, due to

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

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

(c) If Tenant breaches the obligations stated in subparagraphs (a) or (b) of Section 4.3.5 or if the presence of Hazardous Materials which become present on the Premises after the date Tenant is on the Premises which results in contamination of the Premises or the Airport, or if Hazardous Materials are otherwise discharged or released from the Premises after the date Tenant is on the Premises, then Tenant shall indemnify, defend (with counsel approved by County) and hold County harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, diminution in value of the Airport, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Airport, damages arising from any adverse impact on marketing of space in the Airport, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the term of this Lease as a result of such breach, contamination, discharge, or release, but excluding liability due to the negligence or willful misconduct of County, its employees, agents, contractors and representatives. This indemnification of County by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Materials present in, on, or under the Airport. Without limiting the foregoing, if the presence of any Hazardous Materials on the Premises during the term of this Lease results in any contamination of the Airport, or otherwise results in the release or discharge on, under or from the Premises or Hazardous Materials, Tenant shall promptly take all actions at its sole expense as are necessary to return the Airport to the condition existing prior to the introduction of any such Hazardous Materials to the Airport or to otherwise remove and/or abate the release or discharged Hazardous Materials; provided that County's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Airport, will not unreasonably interfere with the use and enjoyment of other portions of the Airport, and will be performed in accordance with all Hazardous Materials Laws. Upon the termination of this Lease, Tenant shall surrender the Premises to County free of any and all Hazardous Materials and in compliance with all Hazardous Materials Laws. This indemnification shall survive the termination or expiration of this Lease.

(d) For the purpose of this Section 4.3.5, the term “Hazardous Materials” includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §1801 et seq.), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. §6901 et seq.), Section 25117 of the California Health & Safety Code, Section 25316 of the California Health & Safety Code, and in the regulations adopted and publications promulgated pursuant to them, or any other federal, state, or local environmental laws, ordinances, rules, or regulations concerning the environment, industrial hygiene or public health or safety now in effect or enacted after the Effective Date.

(e) The parties agree that upon the expiration or earlier termination of the Lease term, County shall have the right to conduct environmental testing to determine whether there appears to be any Hazardous Materials on the Premises in violation of this Section 4.3.5. In the event the test results show that there does not appear to be any Hazardous Materials on the Premises, County nevertheless reserves its rights to enforce the provisions of this Lease in the future should later testing or information become available that proves Tenant was in violation of this Section 4.3.5.

(f) Tenant shall only utilize County’s authorized waste hauler and/or facility for any removal and disposal of solid waste, Hazardous Material waste, debris, construction and demolition items. The list of current County-authorized haulers and facilities can be obtained at the Airport Manager’s office.

4.3.6 Billboards and Signs. Tenant agrees not to construct, install or maintain, nor to allow upon the Premises any billboards, signs, banners or like displays which may be placed in or upon any building or structure in such manner as to be visible from the outside thereof, without first obtaining the Airport Manager's written consent, which consent shall not be unreasonably withheld. Tenant will prepare a reasonably detailed signage plan for approval by the Airport Manager after this Lease is executed. All billboards and signs must comply with Airport’s Advertising Policy.

4.3.7 Requests from Airport Manager. Tenant shall cooperate with any and all reasonable requests from the Airport Manager regarding use of the Airport or operations at the Airport.

4.3.8 Access to Premises. Tenant shall have the right to access the Premises by

aircraft via such route(s) as are reasonably designated from time to time by the Airport Manager.

4.3.9 Washing of Aircraft. In addition to all other requirements pertaining to aircraft washing, Tenant shall comply with all rules and regulations of the North Coast Regional Water Quality Control Board and all applicable environmental permits.

4.3.10 Parking of Aircraft. Only airworthy aircraft, or aircraft in the active process of aircraft maintenance, may be parked outside for any significant duration on the Premises. Any aircraft parked outside on the Premises for thirty (30) days or more that is not in the active process of aircraft maintenance may be deemed non-airworthy by the Airport Manager, in which event the non-airworthy aircraft shall, at the Airport Manager's option, promptly be either relocated to the south side of the Airport or moved off the Airport at Tenant's sole expense. In the event the Airport Manager allows such non-airworthy aircraft to be stored at the Airport, the Parties shall enter into a month-to-month tie-down agreement at the then-current established rental rate for tie-downs.

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

4.4.1 Airport Laws, Rules & Regulations. Tenant shall comply with all laws concerning the Premises and the Airport or Tenant's use of the Premises and the Airport, including, without limitation, the goals, objectives and policies of the Air Transportation Element, the Airport Rules and Regulations, the Airport Minimum Standards, the Airport Development Standards and any amendments thereto. Tenant shall not allow the Premises to be used for any improper, unlawful, or objectionable purpose.

4.4.2 Airport Security. This Lease is subject to FAA Regulations Part 139, Part 1542, and Executive Orders or Transportation Security Mandates relating to safety and security. If any violation of Part 139, Part 1532, or Executive Orders or Transportation Security Mandates occurs on the Premises, Tenant shall be strictly liable to reimburse County for the full amount of any fine, penalty or other financial loss resulting therefrom.

4.4.3 Tenant Compliance with FAA Rules. All activities on the Premises must strictly comply at all times with FAA rules and regulations (as they now exist and as they may be amended).

4.4.4 FAA Grant Assurances. At all times Tenant shall conduct its uses and its operations in conformance with the FAA's Grant Agreement Assurances, as the same currently exist and as they may be modified from time to time. The Grant Agreements Assurances in effect as of the Effective Date are set forth in the attached Exhibit H. This Lease agreement is

expressly made subordinate and subject to the FAA Grant Agreement Assurances in effect at the time of execution hereof, and any subsequently applicable Grant Agreement Assurances to which the County is later bound.

4.4.5 Statutory Compliance/Living Wage, Laws and Regulations. Tenant agrees to comply with all applicable federal, state and local laws, regulations, statutes and policies, including but not limited to the County of Sonoma Living Wage Ordinance, applicable to the services provided under this Agreement as they exist now and as they are changed, amended or modified during the term of this Agreement. Without limiting the generality of the foregoing, Consultant expressly acknowledges and agrees that this Agreement is subject to the provisions of Article XXVI of Chapter 2 of the Sonoma County Code, requiring payment of a living wage to covered employees. Noncompliance during the term of the Agreement will be considered a material breach and may result in termination of the Agreement or pursuit of other legal or administrative remedies.

4.5 Reservations to County.

4.5.1 County's Right to Grant Easements. County shall have the right, at its sole cost and expense, to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections; water, oil and gas pipelines; and telephone and telegraph power lines and such other appliances and appurtenances necessary or convenient to use in connection therewith, over, in, upon, through, across and along the Premises or any part thereof, as will not interfere with Tenant's operations hereunder and to enter thereupon for any and all such purposes, and so long as County restores, at its sole cost and expense, the condition of the Premises and any structures and improvements thereon to their original condition. County also reserves the right to grant franchises, easements, rights-of-way and permits in, over, and upon, along or across any and all portions of said Premises as County may elect as will not interfere with Tenant's operations hereunder and to enter thereupon for any and all such purposes, and so long as County restores, at its sole cost and expense, the condition of the Premises and any structures and improvements thereon to their original condition. In addition, County reserves the right to enter and have access to the Premises in order to make, construct or carry out airport improvements as will not materially interfere with Tenant's operations hereunder and to enter thereupon for any and all such purposes, and so long as County restores, at its sole cost and expense, the condition of the Premises and any structures and improvements thereon to their original condition. County will cause the surface of the Premises and the condition of any improvements and structures thereon to be restored to their original condition upon the completion of any construction done pursuant to this Section. County agrees that any right set forth in this Section 4.5.1 shall not be exercised unless a

prior written notice of thirty (30) days is given to Tenant. However, if such right must be exercised by reason of emergency, County will give such notice in writing as is possible under the existing circumstances. County shall exercise its best efforts to avoid unreasonable interference with Tenant's operations or enjoyment of the Premises or impairment of the security of any secured creditor in its exercise of rights pursuant to this Section. In the event any activity undertaken by reason of this subsection materially interferes with Tenant's use of the Premises (e.g., reasonable access to and use of the hangar by Tenant's aircraft is commercially impracticable) and such interference continues for five (5) or more days, the rent due pursuant to this Lease shall be abated to the extent of such interference for such period and County shall provide reasonable accommodations for any business use interfered with (e.g., in the event access to the hangar is commercially impracticable, County will provide uncovered aircraft parking space at the Airport with ingress and egress thereto); provided, however, in the event any activity undertaken by reason of this subsection substantially and materially interferes with Tenant's use of the Premises, and such interference continues for one hundred eighty (180) or more days, Tenant shall have the right, but not the obligation, to terminate this Lease.

4.5.2 Avigation Easements. There is hereby reserved to County, its successors and assigns, 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 said airspace or landing at, taking off from, or operation on, the Airport.

4.5.3 Development and Maintenance of Landing Area. County reserves the right, but shall not be obligated to Tenant, to further develop, improve, maintain and repair the landing area and aprons of the Airport, and all publicly owned facilities of the Airport, as it sees fit, regardless of the desires or view of Tenant. Notwithstanding anything stated to the contrary herein, in the event any act or omission by County with respect to maintaining, repairing, improving or developing the landing area and aprons of the Airport materially interferes with Tenant's use of the Premises (e.g., reasonable access to and use of the hangar by Tenant's aircraft is commercially impracticable) and such interference continues for five (5) or more days, the rent due pursuant to this Lease shall be abated to the extent of such interference for such period; provided, however, in the event any activity undertaken by reason of this subsection substantially and materially interferes with Tenant's use of the Premises, and such interference continues for one hundred eighty (180) or more days, Tenant shall have the right, but not the obligation, to terminate this Lease.

4.5.4 Other Rights. All oil, gas, geothermal and mineral rights are expressly reserved from this Lease, provided that neither County nor County's agent, assignees, licensees or lessees under any oil, gas, geothermal or mineral lease may enter on the Premises, or otherwise

interfere with Tenant's use, under any asserted right inferred from this provision.

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

5. IMPROVEMENTS

5.1 Tenant's Construction of Improvements. During the term of the Lease, Tenant may construct additional improvements upon the Premises, upon the prior written consent of the County as set forth hereinbelow. Any such improvements must be constructed in compliance with the Conditions of Major Construction below.

5.1.1 Apron. Hangar aprons shall be contiguous with and oriented to all hangar doors and have a land area of not less than the gross building area of the hangar in which it serves.

5.1.2 Onsite Vehicular Parking. Onsite vehicular parking shall be provided at the ratio of 1.5 parking spaces per 1,000 square feet of gross hangar area and, if stricter standards apply, as established by Sonoma County Permit and Resource Management Department. The parking requirement may be satisfied, in part and subject to approval by the Airport Manager, by vehicular parking within the hangar.

5.1.3 Landscaping. Landscaping shall be provided at the ratio of 10% of gross land area of the Premises or, if stricter standards apply, as established by Sonoma County Permit and Resource Management Department. The landscaping requirement may be satisfied, in part, off-premises with the Airport Manager's approval.

5.2 Responsibility for Providing Utilities to the Premises. County shall not be responsible for furnishing any utilities or services to the Premises. Tenant shall bear all costs directly or indirectly associated with any and all utilities required for Tenant's use of the Premises. County shall have the right, but not the obligation, and without payment to Tenant, to connect to Tenant's domestic water and sanitary sewer lines, provided, however, that any water supplied to County pursuant to such connection shall be separately metered and paid for by the County.

5.3 Tenant's Election to Construct Other Improvements. Except as otherwise expressly provided in this Lease, Tenant shall not enlarge, remove, demolish, replace, or substantially alter any substantial improvement, now or hereafter, in place on the Premises without County's prior written consent, which consent shall not be unreasonably withheld.

5.4 Conditions of Major Construction. Before any major work of construction, alteration, or repair (as "major" is defined in Section 6.3 of this Lease), is commenced on the Premises, and before any building materials have been delivered to the Premises by Tenant, or under Tenant's authority, Tenant shall comply with all of the following conditions, or procure the Airport Manager's written waiver, which shall not be unreasonably withheld, of the condition, or conditions, specified in the waiver:

5.4.1 Preliminary Plans and Specifications. At least sixty (60) days prior to Tenant submitting plans to the building department, Tenant shall deliver to County for the Airport Manager's written approval two (2) sets of preliminary construction plans and specifications prepared by an architect or engineer licensed to practice as such, in California. Such preliminary construction plans and specifications shall include, to the extent necessary for the full review of improvements proposed to be construction and without limitation, preliminary grading and drainage plans; soil tests; utilities; sewer service connections; locations of ingress and egress to and from public thoroughfares, driveways, and parking areas; street lighting; designs and locations for outdoor signs; storage areas; and landscaping; and shall be in sufficient detail to enable potential contractors and subcontractors to make reasonably accurate bid estimates and to enable County to make an informed judgment about the design and quality of construction and about any effect on the reversion. All improvements shall be constructed within the exterior property boundaries of the Premises (subject to any setback requirements that may be imposed by the Airport Manager); provided that required work beyond the exterior property boundaries of the Premises on utilities, access, and landscaping do not violate this provision. With the plans, Tenant shall deliver to County the certificate of the person or persons who prepared the plans and specifications, certifying that Tenant has fully paid for them or waiving payment and waiving any right to a lien for preparing them. County shall not unreasonably disapprove preliminary plans and specifications. Approval or disapproval shall be communicated to Tenant within thirty (30) days of receipt of such plans and specifications and shall be in the manner provided for notices, and disapproval shall be accompanied by specification of the grounds for disapproval. Tenant shall not deliver working drawings to any governmental body for a building permit, or design review, until preliminary plans are approved in accordance with this Section.

5.4.2 Lender's Approval. Tenant shall deliver to County the written acknowledgment of the lender, if any, that it has reviewed the plans and specifications and will

honor the financing commitment for the construction loan based upon that review.

5.4.3 Final Plans, Specifications, Schedule of Construction. Once County's Building Division of the Permit and Resource Management Department has issued a building permit for any improvements, Tenant shall deliver to the Airport Manager two (2) complete sets as approved by the governmental agencies, together with a schedule for construction of the improvements. The final working plans and specifications submitted to the Airport Manager shall clearly indicate all changes made from the preliminary plans and specifications previously approved by the Airport Manager. Changes from the preliminary plans shall be considered to be within the scope of the preliminary plans, if they are not substantial or if they are made to comply with suggestions, requests, or requirements of a governmental agency or official, in connection with the application for a permit or approval, and if they do not depart substantially in size, utility, location, or value from preliminary plans approved by the Airport Manager. The Airport Manager shall approve or disapprove of such plans within ten (10) business days of receipt of such final plans and specifications. In the event the Airport Manager disapproves of the final plans and specifications, such disapproval shall be accompanied by specification of the grounds for disapproval. The Airport Manager shall not disapprove such final plans and specifications if they are within the scope of the preliminary plans and specifications as defined above.

5.4.4 Notice of Intent to Construct. Tenant shall notify the Airport Manager of Tenant's intention to commence a work of improvement at least thirty (30) days before commencement of such work, or delivery of any materials. The notice shall specify the approximate location and nature of the intended improvements. County shall have the right to post, and maintain, on the Premises, any notices of non-responsibility provided for under applicable law, and to inspect the Premises in relation to the construction, at all reasonable times. Tenant shall keep the Premises safe and shall take all reasonable measures to prevent harm, or injury, to persons entering on, or near, the construction site. Additionally, Tenant shall comply with all Federal Aviation Administration notification requirements pertaining to Tenant's intention to construct improvements at the Airport.

5.4.5 Construction Contract. Any construction contract for the construction of the improvements constructed hereunder shall give County the right, but not the obligation, to assume Tenant's obligations and rights under that contract, if Tenant should default. Tenant's contract with the general contractor shall comply with all laws and regulations relating to construction of improvements upon public property, to the extent such laws and regulations are applicable to improvements constructed pursuant to this Lease.

5.4.6 Assurance of Completion. In order to assure completion of any

construction on the Premises, Tenant shall furnish County a bond as described below, or an irrevocable letter of credit or a certificate of deposit in an amount equal to the estimated value of any improvements, promptly after Tenant has complied with all the foregoing conditions of major construction, for any improvements with a contract price for construction in excess of One Hundred Thousand Dollars (\$100,000) If Tenant elects to provide a bond as security, the bond shall be that of a responsible surety company, licensed to do business in California, in an amount not less than the amount established by the Parties at the time of submission of the construction agreement pursuant to this Section 5, and shall remain in effect until the improvements are complete and the entire cost of the work shall have been paid in full and the new improvements shall have been insured as provided in this Lease. County may, but shall not unreasonably, disapprove the bond. The bond shall include the following: (i) that it is conditioned to secure the completion of the proposed construction, free from all liens and claims of contractors, subcontractors, mechanics, laborers and materialmen for twelve (12) months following completion of construction; (ii) that County shall be an additional insured under the construction bond; (iii) that the construction work shall be effected by Tenant, the general contractor, or on their default, the surety; and (iv) that the surety will defend and indemnify County against all loss, costs, damage, expense, and liability, arising out of, or connected with the work of improvement.

5.4.7 Compliance with Regulations. Tenant shall procure and deliver to County, at Tenant's expense, evidence of compliance with all then applicable codes, ordinances, regulations, and requirements for permits and approvals, including, without limitation, environmental approval, any required zoning or planning approval of the County of Sonoma, grading permit, building permit and any other approvals from governmental agencies or bodies having jurisdiction. Upon the reasonable request of Tenant, the Airport Manager will cooperate with and assist Tenant in connection with any applications for permits or other governmental approvals required of Tenant in connection with construction of the improvements, provided such cooperation does not result in County incurring any expense. If Tenant's operations shall be conducted under any environmental permits held by County, including its NPDES permit, Tenant and County shall enter into a separate agreement through which Tenant shall agree to comply with all terms of such permits, including implementing and maintaining all necessary or prudent best management practices, as a precondition upon Tenant's ability to conduct any activities subject to such permits.

5.4.8 Insurance. With respect to construction of the improvements to Premises leased under this agreement, Tenant, Tenant's contractor(s), architect(s) and engineer(s) shall maintain insurance as set forth below. The required documentation of insurance shall be furnished to County prior to commencement of any construction or grading work or other physical work preparatory to construction upon the Premises. Tenant shall not commence work nor shall it allow its employees or subcontractors or anyone to commence work until all insurance set forth below has

been obtained, submitted and approved.

(a) Insurance to be maintained by Tenant. Tenant shall take out and maintain following policies of insurance at all times while construction of the improvements described in Section 5 of this Lease is in progress:

(1) Builder's Risk. Special Form Builder's Risk coverage, excluding the perils of earthquake and flood, with a limit equal to the actual cost of the construction work.

(i) Insured Property shall include: 1) Real property in course of construction; 2) building materials and supplies intended to be installed in or on the completed building, whether located at the construction site, in storage or in transit; and, 3) fixtures and machinery intended to be installed in or on the completed building.

(ii) The policy shall include a waiver of the insurer's right of subrogation against the County of Sonoma and against its agents and representatives.

(iii) Required Evidence of Insurance: Certificate of Property Insurance.

(2) Workers' Compensation and Employers' Liability Insurance.

(i) Workers' Compensation insurance with statutory limits as required by the Labor Code of the State of California.

(ii) Employers' Liability with limits of \$1,000,000 per Accident; \$1,000,000 Disease per employee; 1,000,000 Disease per policy.

(iii) Required Evidence of Insurance: Certificate of Insurance.

If Tenant currently has no employees, Tenant agrees to obtain the above-specified Workers' Compensation and Employers' Liability insurance should any employees be engaged during the term of this Lease or any extensions of the Term.

(3) General Liability Insurance.

(i) Commercial General Liability Insurance on a standard occurrence form, no less broad than ISO form CG 00 01.

(ii) Minimum Limits: \$1,000,000 per Occurrence; \$2,000,000 General Aggregate; the General Aggregate shall apply separately to this location.

(iii) Tenant shall disclose any deductible or self-insured retention in excess of \$25,000.

(iv) The County of Sonoma, its officers, agents and employees shall be an additional insured for liability arising out the ownership, maintenance or use of the Premises; Insurance Services Office (“ISO”) endorsement CG 20 11 or equivalent.

(v) The insurance provided to County as an additional insured shall apply on a primary and non-contributory basis with respect to any insurance or self-insurance program maintained by County.

(vi) The policy shall cover inter-insured suits between County and Tenant and include a “separation of insureds” or “severability” clause which treats each insured separately.

(vii) Required Evidence of Insurance: 1) Copy of the additional insured endorsement or policy language granting additional insured status; 2) copy of the endorsement or policy language indicating that coverage for County is primary and non-contributory; and 3) Certificate of Insurance.

(b) Insurance to be maintained by Tenant's Contractor(s). Tenant shall not commence work nor shall it allow its employees, contractors, subcontractors or anyone to commence work until all required insurance per Section 5.4.8 has been obtained, submitted and approved. Any requirement for insurance to be maintained after completion of the work shall survive this agreement.

(1) Workers' Compensation Insurance & Employers' Liability Insurance.

(i) Workers' Compensation insurance with statutory limits as required by the Labor Code of the State of California.

(ii) Employers' Liability with limits of \$1,000,000 per Accident; \$1,000,000 Disease per employee; \$1,000,000 Disease per policy.

(iii) The policy shall be endorsed to include a written waiver of the insurer's right to subrogate against County.

(iv) Required Evidence of Insurance: 1) Subrogation waiver endorsement and 2) Certificate of Insurance.

(2) General Liability Insurance.

(i) Commercial General Liability Insurance on a standard occurrence form, no less broad than ISO form CG 00 01.

(ii) Minimum Limits for Contractor: \$2,000,000 per Occurrence; \$4,000,000 General Aggregate; \$4,000,000 Products/Completed Operations Aggregate. The General Aggregate shall apply separately to each Project.

(iii) Minimum Limits for Subcontractors: \$1,000,000 per Occurrence; \$2,000,000 General Aggregate; \$2,000,000 Products/Completed Operations Aggregate. The General Aggregate shall apply separately to each Project.

(iv) Contractor shall disclose any deductible or self-insured retention in excess of \$25,000.

(v) Coverage shall be continued for two (2) years after completion of the Work.

(vi) The County of Sonoma, its officers, agents and employees shall be an additional insured for liability arising out of the contractor's or subcontractor's work done for the Tenant under this Lease.

(vii) Tenant shall be an additional insured for liability arising out of the ongoing and completed operations by or on behalf of the Contractor(s) in the performance of the work under this agreement. Tenant shall continue to be an additional insured for completed operations for two (2) years after completion of the work under this Lease.

(viii) The policy definition of “insured contract” shall include assumptions of liability arising out of both ongoing operations and the products-completed operations hazard (broad form contractual liability coverage including the “f” definition of insured contract in ISO form CG 00 01, or equivalent).

(ix) The insurance provided to County and Tenant as an additional insureds shall apply on a primary and non-contributory basis with respect to any insurance or self-insurance program maintained by County or Tenant.

(x) The policy shall be endorsed to include a written waiver of the insurer's right to subrogate against County or Tenant.

(xi) The policy shall cover inter-insured suits and include a “separation of insureds” or “severability” clause which treats each insured separately.

(xii) Required Evidence of Insurance: 1) Additional insured endorsement or policy language granting additional insured status; 2) Endorsement or policy language indicating that coverage is primary and non-contributory; 3) Subrogation waiver endorsement; and, 4) Certificate of Insurance.

(3) Automobile Liability.

(i) Minimum Limits: \$1,000,000 combined single limit per accident.

- (ii) Coverage shall apply to all owned, hired and non-owned vehicles.
- (iii) Required Evidence of Insurance: Certificate of Insurance.

(4) Contractors' Pollution Liability.

- (i) Minimum Limits: \$1,000,000 per pollution Incident; 1,000,000 Aggregate.
- (ii) Contractor shall disclose any deductible or self-insured retention in excess of \$25,000.
- (iii) If the insurance is on a Claims-Made basis, the retroactive date shall be no later than the commencement of work.
- (iv) Coverage shall be continued for two (2) years after completion of the Work. If the insurance is on a Claims-Made basis, the continuation coverage may be provided by: 1) renewal of the existing policy; 2) an extended reporting period endorsement; or, 3) replacement insurance with a retroactive date no later than the commencement of the work.
- (v) County of Sonoma, its officers, agents and employees and Tenant shall be additional insureds for liability arising out of operations by or on behalf of the Contractor in the performance of the work under this agreement. They shall continue to be additional insureds for two (2) years after completion of the Work.
- (vi) Required Evidence of Insurance: 1) Additional insured endorsement or policy language granting additional insured status and 2) Certificate of Insurance.

(5) Professional Liability Insurance. *(Required for Tenant's Architects, Engineers and other Design Professionals)*

- (i) Minimum Limit: \$1,000,000.
- (ii) If the insurance is on a Claims-Made basis, the retroactive date shall be no later than the commencement of the work.
- (iii) Coverage applicable to the work performed shall be continued for two (2) years after completion of the work. Such continuation coverage may be provided by one of the following: 1) renewal of the existing policy; 2) an extended reporting period endorsement; or 3) replacement insurance with a retroactive date no later than the commencement of the work.
- (iv) Required Evidence of Insurance: Certificate of Insurance.

(c) Standards for Insurance Companies. Insurers shall have an A.M. Best's rating of at least A:VII.

(d) Documentation.

(1) All required Evidence of Insurance shall be submitted prior to the execution of this Lease. Tenant agrees to maintain current Evidence of Insurance on file with County for the required period of insurance.

(2) Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least ten (10) days before expiration or other termination of the existing policy.

(3) Tenant and/or its contractor(s) shall provide immediate written notice if: 1) any of the required insurance policies is terminated; 2) the limits of any of the required policies are reduced; or 3) the deductible or self-insured retention is increased.

(4) Upon written request, certified copies of required insurance policies must be provided within thirty (30) days.

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

(f) Material Breach. If Tenant or its general contractor, for any reason, fails to maintain insurance coverage which is required by this Lease, the same shall be deemed a material breach of this Lease. County, at its sole option, may terminate this Lease and obtain damages from Tenant resulting from such breach. Furthermore, County may purchase the required insurance coverage, and the cost of same shall be payable by Tenant to County within thirty (30) days of County's notice of its action to Tenant.

(g) Coverage Amounts. Policy limits on insurance policies regarding coverage shall be periodically increased in a commercially reasonable manner reasonably satisfactory to County's Risk Manager.

5.5 Soil Conditions.

5.5.1 No Warranties. County makes no covenants or warranties respecting the condition of the soil, or sub-soil, or any other condition of the Premises. Tenant has had the right, prior to execution of this Lease, to conduct any tests, at Tenant's sole cost and expense, it deems to be necessary to determine the condition of the soil. Tenant shall have the additional right, within one (1) year after the Commencement Date, to conduct any further tests, at Tenant's sole cost and expense, it deems to be necessary to determine the condition of the soil. Tenant shall be entitled, but not obligated, in its sole discretion, to terminate this Lease, based on any cause or reason related directly or indirectly to the condition of the soil, or subsoil, or any other condition of the Premises, by written notice delivered within one (1) year after the Commencement Date. It is suspected that the United States Army buried war materials, including without limitation, gas ampoules and ammunition, in and around Ordnance Road Area. Tenant acknowledges that in the past County has encountered such war materials when excavating in areas that comprised the former Army Air Field. Tenant further acknowledges that County has made no representations to Tenant as to the risks associated with excavating native versus non-native soils, nor has County represented to Tenant what areas of the Premises or the Airport have been previously excavated. County represents that it has not withheld and will not withhold from Tenant, any adverse information requested by Tenant in the possession of County that relates to the condition of the soil, or sub-soil at the Premises. Tenant hereby releases County from any and all claims Tenant may have against County respecting the condition of the soil or subsoil, or any other condition of the Premises, as well as any and all claims Tenant may have against County for the existence of any war materials buried on or about County property. With respect to the above matters set forth in this Section 5.5.1, Tenant expressly waives the benefits of Civil Code §1542, which provides as follows:

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

County Initials _____

Tenant's Initials _____

Tenant does not release County from and does not waive the protections of Civil Code Section §1542 with respect to any claims for indemnity, contribution or the like by Tenant against County related to or arising from any personal injury or property damage to third parties that either do not arise as a result of the fault of Tenant, or its agents, and/or which are caused by, related to or arise from excavations performed by the County, or its agents, on or adjacent to the Premises. The foregoing exceptions to the releases set forth in this paragraph are intended to be applicable even if the underlying claims are related to or arise from soils conditions, war materials or other items to

which the releases would otherwise specifically be applicable. For example, Tenant's release would not extend to personal injuries to third parties caused by the detonation of war materials buried at the Premises if the detonation were the result of a natural disaster.

5.6 Tenant's Right to Grant Access . Subject to County's prior approval, County grants to Tenant the right to grant public entities or public service corporations, for the purpose of serving only the Premises, licensed access on the Premises for underground conduits for telephone, electricity, water, sanitary or storm sewers, or both. County agrees to execute such documents as may be reasonably required to carry out the authority granted to Tenant in this Section, provided such documents do not pose any additional risk or liability to County.

5.7 Diligent Prosecution to Completion. Once the work is begun, Tenant shall, with reasonable diligence, complete all construction of improvements, additions or alterations. All work shall be performed in a good and workmanlike manner and free of substantial defects, shall comply with the approved plans and specifications submitted to County as required by this Lease, and shall comply with all applicable governmental permits, laws, ordinances and regulations.

5.8 Protection of County against Cost or Claim. No reference to the Mechanic's Lien Law made in this Lease shall be construed to be an agreement or an acknowledgment that such law applies to improvements constructed pursuant to this Lease, or that such improvements are, or are not, public works. Tenant shall pay, or caused to be paid, the total cost and expense of all works of improvement, as that phrase is defined in the Mechanics' Lien Law (commencing with California Civil Code §8160). No such payment shall be construed as rent. Tenant shall not suffer or permit to be enforced against the Premises, or any part of it, any recorded mechanic's, materialman's, contractor's or subcontractor's lien, arising from any work of improvement, however it may arise. However, Tenant may, in good faith, and at Tenant's own expense, contest the validity of any such asserted lien, claim, or demand, provided Tenant has furnished, within ten (10) days of recordation of such a lien, the bond required in Civil Code §8424 (or any comparable statute hereafter enacted for providing a bond freeing the premises from the effect of such a lien claim). Tenant shall defend and indemnify County against all liability and loss of any type, arising out of work performed on the Premises by Tenant, together with reasonable attorney's fees and all costs and expenses incurred by County in negotiating, settling, defending, or otherwise protecting against such claims; provided, however, that the County shall not negotiate or settle any such liability or loss of any type without first securing in each instance the specific written consent of Tenant.

5.9 County's Right to Discharge Lien. If Tenant does not cause to be recorded the bond described in California Civil Code §8424, or otherwise protect the Premises under any alternative or successor statute, and a final judgment has been rendered against Tenant by a court of competent jurisdiction for the foreclosure of a mechanic's, materialman's, contractor's or subcontractor's lien claim, and if Tenant fails to stay the execution of the judgment by lawful means or to pay the judgment, County shall have the right, but not the duty, to pay or otherwise discharge, stay, or prevent the execution of any such judgment or lien or both. Tenant shall reimburse County for all sums paid by County under this Section 5.9, together with all County's attorneys' fees and costs, plus interest on those sums, fees and costs.

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

5.11 Notice of Changes in Plans. On completion of any work of improvement, Tenant shall give County notice of all changes in plans or specifications made during the course of the work, and shall at the same time and in the same manner, supply the Airport Manager with two (2) sets of "as built" drawings accurately reflecting all such changes. Changes that substantially alter plans and specifications previously approved by County shall constitute a breach of Tenant's obligations hereunder.

5.12 Improvements Part of the Premises. All improvements constructed on the Premises shall be deemed to be included in the definition of the term "Premises."

6. MAINTENANCE, ALTERATIONS

6.1 As-Is Condition. Tenant hereby acknowledges that, except as may be expressly set forth elsewhere in this Lease, neither the County nor anyone acting for or on behalf of the County, has made any representation, warranty or promise to Tenant concerning the physical aspects or condition of any portion or part of the Premises or improvements; the feasibility, desirability or convertibility of the Premises into any particular use; the conditions of the soil, subsoils, ground water, or surface waters; or the presence or absence of any toxic waste or hazardous substances or material, and that by entering into this Lease, Tenant has not relied on any representation, statement or warranty of the County, or anyone acting for or on behalf of the County, and that all matters concerning the Premises shall be independently verified by Tenant, and that Tenant shall lease the Premises on Tenant's own examination thereof, AND THAT TENANT IS LEASING THE

PREMISES IN "AS IS" PHYSICAL CONDITION AND "AS IS" STATE OF REPAIR. Tenant does hereby waive, with respect to conditions existing as of the date of this Lease, and the County does hereby disclaim all warranties of any type or kind of description, with respect to conditions existing as of the date of this Lease, including, without limitation, but only those with respect to conditions existing as of the date of this Lease, those of fitness for particular purpose, tenantability, habitability and use. Except as set forth in Section 5.5, Tenant hereby expressly assumes the risk that adverse physical conditions existing as of the date of this Lease and the full extent thereof, may not be revealed by Tenant's inspections, reviews and studies of the Premises. It is an expressly bargained-for agreement herein that Tenant shall be responsible, at Tenant's sole cost and expense, for causing the improvements constructed by Tenant on the Premises to comply in all respects with all applicable federal, state or local laws, rules, ordinances, policies and guidelines, whether presently existing or enacted in the future.

6.2 Tenant's Duty to Maintain Premises. Throughout the term, Tenant shall, at Tenant's sole cost and expense, maintain the Premises and all improvements in good condition and repair, and in accordance with (a) all applicable federal, state and local laws, rules, ordinances, orders, regulations and other requirements, and (b) the requirements of all applicable insurance policies. It is the specific, bargained-for intent of the Parties hereto that Tenant's maintenance and repair obligations shall be absolute and total, except for any maintenance or repair work caused by or arising from the negligence or willful misconduct of County, its agents, employees, or representatives, and that County shall have no obligation or responsibility for such work, and that this provision has been specifically negotiated by the Parties and the rent payable by Tenant reflects this negotiation. Any Casualty Loss (as defined in Subsection 6.4.3 below) to any part or portion of the Premises caused by the willful or negligent act or omission of Tenant or Tenant's employees, agents, contractors, licensees, directors, officers, partners, trustees, visitors or invitees, shall be promptly repaired by Tenant at Tenant's sole cost and expense, to the satisfaction of County. County may (but shall not be obligated to) make any repairs which are not made by Tenant within a reasonable amount of time (except in the case of emergency when such repairs can be made immediately), and charge Tenant for the actual reasonable cost of such repairs as additional rent. Tenant shall be solely responsible for the design and function of all improvements constructed on the Premises by Tenant.

6.3 Alterations. County's approval is not required for Tenant's minor repairs, alterations, or additions. "Minor" means a construction cost not exceeding Fifty Thousand and No/100 Dollars (\$50,000.00), none of which is derived from funds advanced on the security of an encumbrance on the leasehold or the Premises. "Construction costs" includes all that would constitute the basis of a valid claim or claims under the mechanics' lien laws in effect at the time the work is commenced for any demolition and any removal of existing improvements or parts of improvements as well as for

preparation, construction and completion of all new improvements or parts of improvements. "Major" repairs, alterations, or additions are those not defined as minor above. For major repairs, alterations or additions, Tenant shall comply with all conditions of major construction elsewhere in this Lease. With the exception of any "Trade Fixtures" as defined in California Civil Code Section §1019, any alterations made shall remain on and be surrendered at the expiration or sooner termination of the term; provided, however, that County may, at County's sole election, demand the removal from the Premises of all fixtures and improvements or of certain fixtures or improvements or both as specified in the notice provided for below. Upon removal of any Trade Fixture or other improvement at the request of County, any damage to the Premises shall be repaired by Tenant and the Premises shall be returned to its previous condition giving consideration to normal wear and tear of the Premises.

6.4 Damage and Destruction. It is the intent of the Parties that Tenant shall be responsible for the repair and restoration of the Premises, and any part thereof, in the event of any Casualty Loss, regardless of when it occurs during the Lease term. No damages, compensation or claim shall be payable by County for any inconvenience, any interruption or cessation of Tenant's business, or any annoyance, arising from any damage to or any destruction of all or any portion of the Premises, except and excluding any damage or any destruction caused by the negligence or willful misconduct of County, its officers, agents, employees or representatives. Tenant shall not receive any abatement in or reduction of rent as a result of any damage or destruction to the Premises or any loss of use of the Premises (or any part thereof) as a result thereof; provided, however, Tenant shall be entitled to a proportional abatement and reduction in rent during the entire period of any loss of use and/or enjoyment of the Premises caused by the negligence or willful misconduct of County, its officers, agents, employees, or representatives.

6.4.1 Damage during Term. Tenant shall promptly and diligently repair, restore and replace at its sole cost and expense any part of the Premises affected as required to maintain or comply with the terms of this Lease, or to remedy any Casualty Loss to all or any part of the improvements (in no event shall such work be commenced later than one hundred eighty (180) days following such Casualty Loss). In the event of any Casualty Loss rendering either reasonable access to or use of the hangar by Tenant's aircraft commercially impracticable for two hundred seventy (270) days or more or in excess of twenty-five percent (25%) of the hangar improvements on the Premises unusable for two hundred seventy (270) days (based upon a certificate of an architect chosen and paid by Tenant and reasonably acceptable to County), Tenant may elect, in its sole discretion, either (i) not to repair or restore the Premises after such Casualty Loss, and instead Tenant may by notice to County elect to demolish and rebuild the damaged or destroyed Premises, or (ii) to demolish the improvements constructed or owned by Tenant and restore the Premises to its original condition, wear and tear excepted, on the Commencement Date and terminate this Lease.

Tenant shall make such election by providing County written notice within sixty (60) days of County accepting the certificate of Tenant's architect. In the event Tenant elects to demolish the improvements constructed or owned by Tenant and restore the Premises to its original condition this Lease shall be deemed terminated one hundred eighty (180) days following Tenant's election. Demolition shall be done in accordance with industry standards and otherwise in accordance with the provisions of this Lease governing Major Construction. The completed work of maintenance, compliance, repair, restoration or replacement shall be at least equal in cost to the original cost of the improvements, except as expressly provided to the contrary in this Lease. County shall not be required to furnish any services or facilities, or to make any repairs or alterations of any kind in or on the Premises. In the event that Tenant does not commence such repair or restoration within one hundred eighty (180) days of the Casualty Loss, County may (but shall not be obligated to) undertake at Tenant's sole cost and expense (which shall be payable as additional rent) such repairs or restoration. County's election to perform any obligation of Tenant under this provision on Tenant's failure or refusal to do so shall not constitute a waiver of any right or remedy for Tenant's default, and Tenant shall promptly reimburse, defend, and indemnify County against all liability, loss, costs and expense (including attorneys' fees) arising from it. Nothing in this provision defining the duty of maintenance shall be construed as limiting any right given elsewhere in this Lease to alter, modify, demolish, remove or replace any improvement, or as limiting provisions relating to condemnation or as otherwise set forth in this Lease. Except where expressly provided otherwise in this Lease, no deprivation, impairment or limitation of use resulting from any event or work contemplated by this Section 6.4 shall entitle Tenant to any offset, abatement, or reduction in rent nor to any extension of the term.

6.4.2 Funds Available for Repair. Within sixty (60) days after any Casualty Loss, Tenant shall provide County with proof that it has reasonably sufficient funds available to complete restoration or repair as required by this Lease.

6.4.3 Definition of Casualty Loss. For purposes of this Lease, the term "Casualty Loss" shall mean any casualty, injury, damage, or destruction to the Premises or any part thereof.

6.5 Casualty Loss – Minimum Standards. In the event a Casualty Loss renders the Premises out of compliance with the Airport Minimum Standards in effect at the time the Casualty Loss occurs, the Airport Manager may consider a temporary waiver of Minimum Standards for a Commercial Operator, but the Airport Manager shall not be obligated to approve a temporary waiver.

7. OWNERSHIP OF IMPROVEMENTS

7.1 During Term. All existing improvements and improvements constructed on the Premises by Tenant as permitted by this Lease shall be owned by Tenant until expiration of the term and all extensions thereof. Tenant shall not, however, remove any improvements from the Premises during the term or any extension thereof, except as otherwise provided in this Lease, unless immediately replaced with a substitute improvement of equal or greater value on a depreciated basis, nor waste or destroy any improvements on the Premises except as permitted by this Lease.

7.2 Improvements - Treatment at End of Lease. Except as otherwise provided in this Lease, and except for any "Trade Fixtures" as defined in California Civil Code Section §1019, and except for fuel farm fixtures and equipment, all improvements on the Premises, whether temporary or permanent in character, shall automatically at the end of the term and all extensions thereof, whether by expiration or earlier termination, become County's property, and shall be surrendered to County in good condition upon expiration of the term and all extensions thereof, or termination of this Lease, use, wear and tear excepted, without compensation to Tenant and without further instrument of transfer; provided, however, that County, by notice to Tenant, may specify all or any of the improvements to be removed at Tenant's sole expense, and Tenant shall repair all damage to the Premises caused by such removal, giving consideration to normal wear and tear of the Premises. Should County demand Tenant to remove any such improvements, Tenant shall comply with such demand on or before the later to occur of: (a) the expiration date for normal termination of this Lease as to the Parcel(s) where such improvements exists; or (b) one hundred eighty (180) days after the written demand.

7.3 Personal Property - Treatment at End of Lease. Tenant shall, without expense to County, remove or cause to be removed on or before the expiration or termination of the Lease term: (a) any items of furniture, fixtures, equipment, freestanding cabinetry work and other items of personal property, and (b) all fuel farm fixtures and equipment. Tenant shall, at Tenant's sole expense, repair all damage or injury that may occur to the Premises caused by Tenant's removal of those items and shall restore the Premises to its original condition giving consideration to normal wear and tear of the Premises. Notwithstanding the foregoing, the County Board of Supervisors may elect, at any time prior to the expiration or termination of the Lease, to require Tenant to leave some or all of the fuel farm fixtures and equipment on the Premises at no cost to the County.

8. INSURANCE

8.1 Duty to Maintain Insurance.

With respect to the Premises leased under this agreement, Tenant shall maintain insurance as set forth in Exhibit J. The required documentation of insurance shall be furnished to

County prior to Tenant's occupancy of the Premises. County agrees and acknowledges that all insurance required to be provided by Tenant under this Lease, may be provided by a subtenant and/or blanket policies of insurance carried by Tenant or any subtenant. The above notwithstanding, obligating a subtenant to fulfill the insurance required by this Section 8, shall not relieve Tenant from liability for failing to fulfill this covenant in the event any such subtenant fails to fully comply with the obligations to carry insurance under this Section 8. The required documentation of insurance shall be furnished to County upon the execution of this Lease. Tenant shall comply with the County's current, approved insurance requirements, including as set forth in the adopted Airport Minimum Standards, as the same may be amended from time to time. With respect to the Premises, Tenant shall maintain insurance as described Exhibit J.

9. INDEMNITY; EXCULPATION

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

9.1.1 Use of Premises. Use of the Premises by anyone, including any use of the Premises in manners not allowed under this Lease, but excluding the use of taxiways or taxilanes easements areas by others who do not fall into one of the following categories: (a) a Tenant or any authorized employee, agent, contractor or representative, invitee, subtenant, licensee, patron or contractor; or (b) the agent, employee, invitee, subtenant, licensee, patron or contractor of any subtenant.

9.1.2 Use of Airport Outside Premises. Use of the Airport outside the Premises by Tenant or any authorized employee, agent, contractor or representative, invitee, subtenant, licensee, patron or contractor, and the agent, employee, invitee, subtenant, licensee, patron or contractor of any subtenant, provided such party whose act or omission caused such action, claim, damage disability or expense to arise was acting in the course of his/her duties or under the direct control of Tenant (or subtenant, as the case may be), including any use of the Airport in manners not allowed under this Lease.

9.1.3 Breach by Tenant. Any breach by Tenant of the terms, covenants or

conditions contained in this Lease.

9.1.4 Approval of Lease or Permit. Any action, claim, damage or expense arising out of the County's approval of this Lease or any permit issued in connection with the construction of the improvements.

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

9.2 Exculpation of County. Except as otherwise provided in the Lease, County, its officers, agents, and employees, shall not be liable to Tenant for any loss or damage to Tenant or Tenant's property from any cause. Tenant expressly waives all claims against County, its officers, agents, and employees, for injury or damage to person or property arising for any reason, unless such injury or damage is caused by or due to the breach of the terms, covenants or conditions or this Lease or the sole active negligence or sole willful misconduct of County, its authorized employees, agents, contractors or representatives.

10. ASSIGNMENT AND SUBLEASING; FINANCING

10.1 Restricted Transfers.

10.1.1 Consent Required; Definition of "Transfer". Tenant shall obtain County's written consent, which consent shall not be unreasonably withheld, before entering into or permitting any Transfer. Any person to whom any Transfer is made or sought to be made is a "Transferee". "A "Transfer" consists of any of the following, whether voluntary or involuntary and whether effected by death, operation of law, or otherwise:

(a) Any assignment, encumbrance, or other transfer of any interest in this Lease;

(b) Any sublease or occupancy of any portion of the Premises by any persons other than Tenant and its employees; provided, however, that "a "Transfer" does not include rental of individual tie down or hangar spaces (including attendant office space within a hangar space that is incidental to the hangar storage area) to separate entities which own or operate the stored aircraft for private purposes. If any occupant of Tenant owns and operates stored aircraft for commercial purposes, Tenant shall obtain County's written consent of use of the Premises and insure that that the sublessee shall obtain an operating agreement with

the Airport before any operations shall commence; and

(c) Any of the changes (e.g., a change of ownership or reorganization) included in the definition of Transfer in Section 10.7.

10.1.2 County’s Remedies. If a Transfer fails to comply with this Section 10, County may, at its option, do either or both of the following: (a) void the Transfer; or (b) declare Tenant in default under Section 12.1 if Tenant fails or refuses to rescind or revoke the Transfer within thirty (30) days of written notice to Tenant from County.

10.2 Transfer Procedure.

10.2.1 Transfer Notice. Before entering into or permitting any transfer, Tenant shall provide to County a written "Transfer Notice" accompanied by all of the documentation identified in (a), (b), (c) and (d) below, excepting any Transfer arising by reason of death, in which case written notice shall be given within sixty (60) days of death. The Transfer Notice shall include all of the following:

(a) Information regarding the proposed Transferee, including the name, address, and ownership of Transferee; the nature of Transferee’s business; and Transferee’s current financial statements (certified by Transferee, or, if Transferee is a corporation, partnership, or sole proprietorship, by an officer, a partner, or the owner of Transferee);

(b) All the terms of the proposed Transfer, including the consideration payable by Transferee; the portion of the Premises that is subject to the Transfer (“Subject Space”); a general description of any planned alterations or improvements, if any, to the Subject Space; the proposed use of the Subject Space; the effective date of the Transfer; a calculation of the "Transfer Premium," if any, as defined in Section 10.5.2, payable in connection with the Transfer; and a copy of all documentation concerning the proposed Transfer;

(c) Any other information or documentation reasonably requested by County; and

(d) An executed estoppel certificate from Tenant in a form acceptable to County.

10.2.2 Application Fee; Transfer Fee. As a condition to the effectiveness of the Transfer Notice, Tenant shall, when providing a Transfer Notice, pay the fee for proposed assignment that is set forth in the most recently adopted County Board of Supervisors resolution concerning Airport rates and charges. In addition, within thirty (30) days after County’s written request, Tenant shall pay as additional rent the amount of any reasonable legal fees that the Airport

Enterprise Fund or the County incurs in reviewing and processing the Transfer Notice (the assignment fee and the legal fees are collectively referred to herein as the "Transfer Fee"). Tenant shall pay the Transfer Fee whether or not County consents to the Transfer.

10.3 Limits of Consent. If County consents to any Transfer, the following limits apply:

(a) County does not agree to waive or modify the terms and conditions of this Lease.

(b) County does not, by consenting to the instant Transfer, thereby consent to any further Transfer by either Tenant or Transferee.

(c) Tenant may enter into that Transfer in accordance with this Section 10 if: (i) the Transfer occurs within six (6) months after County's consent; (ii) the Transfer is on the same material terms as specified in the Transfer Notice; and (iii) Tenant delivers to County, promptly after execution, an original, executed copy of all documentation pertaining to the Transfer in a form reasonably acceptable to County (including Transferee's agreement to be subject and subordinate to the Lease and to assume Tenant's obligations under the Lease to the extent applicable to the Subject Space).

(d) If the Transfer occurs six (6) months after County's consent or the terms of the Transfer have materially changed from those in the Transfer Notice, Tenant shall submit a new Transfer Notice and Transfer Fee under Section 10.2, requesting County's consent.

10.4 County's Consent.

10.4.1 Reasonable Consent. County may not unreasonably withhold its consent to any proposed Transfer that complies with this Section 10. Reasonable grounds for denying consent include any of the following:

(a) Transferee's character, reputation, credit history or business is not consistent with the character or quality of the Premises;

(b) Transferee's intended use of the Premises is inconsistent with the permitted use or will materially and adversely affect County's interest;

(c) Transferee's financial condition is or may be inadequate to support the Lease obligations of Transferee under the Transfer documents; provided, however, that this limitation shall not apply where Tenant is proposing to sublease the Premises and is willing to guaranty the sublessee's obligations under the Lease; or

(d) The Transfer would cause County to violate another lease or agreement in which County is a party.

10.4.2 County’s Written Response. Within a reasonable time, but not more than ninety (90) days after receipt of a Transfer Notice that fully complies with Section 10.2, County shall approve or disapprove the proposed Transfer in writing. In the event County does not approve the proposed Transfer, County shall state in writing all of its reasons for not approving the Transfer. If County fails to timely respond in writing to the proposed Transfer, the Transfer shall be deemed to be approved.

10.4.3 Tenant’s Indemnity. Tenant shall indemnify, defend, and hold County harmless from and against all claims by any third party (including the proposed Transferee) arising out of the County’s consideration and/or procedure involved in any consent to a Transfer.

10.5 Transfer Premium for Substantial Transfers.

10.5.1 Transfer Premium Payment. As a reasonable condition to County’s consent to any Substantial Transfer (as defined below), Tenant shall pay to County a Transfer Premium provided that a Transfer Premium shall not be due and payable in connection with transfers to an Affiliate as defined in Section 10.7.3 or any transfer pursuant to Section 13. For purposes of this Section 10.5, the term “Substantial Transfer” shall mean: (i) a complete assignment of all of Tenant’s leasehold interest in the Premises, or (ii) a transfer of a leasehold interest (e.g., sublease) that gives the Transferee occupancy rights to more than forty percent (40%) of the Premises and an occupancy term in excess of five (5) years.

10.5.2 Definition of "Transfer Premium". "Transfer Premium" means one-half (50%) of the differential between the gross consideration paid by Tenant towards the leasehold interest in the Premises and the gross consideration paid by Transferee to Tenant for the leasehold interest in the Premises, should such transfer occur (excluding transfers to an Affiliate or transfers resulting from condemnation) within two (2) years of the Commencement Date of this Lease or within two (2) years of every subsequent Transfer of this Lease. For purposes of this section, the term “gross consideration” shall mean that portion of consideration that is specifically attributable to the value of the leasehold interest. It is the intent of the parties that, in the event of a qualifying transfer, the County would receive half of the increase in value of the leasehold. In determining the amount attributable to the value of the leasehold interest, the amount allocated to the leasehold interest by Tenant and Transferee shall not be conclusive. In the event that County disputes the amount allocated to the value of the leasehold interest, County and Tenant shall make a good faith effort to resolve between themselves the amount to be allocated to the leasehold interest for purposes of determining the amount of the Transfer Premium taking into consideration the value of all items being transferred by Tenant as well as all consideration of any kind paid or payable by Transferee. If County and Tenant are not able to resolve between themselves the amount of the

Transfer Premium, the dispute shall be promptly submitted to mediation in the manner set forth in Section 15.

10.5.3 Audit of Transfer Premium. On County's request, Tenant shall furnish a complete statement, attested by an authorized representative of Tenant, describing in detail the computation of any Transfer Premium that Tenant has derived or will derive from the Transfer. The statement shall be accompanied by copies of the closing statement for the purchase escrow and the escrow instructions for the sale escrow. If County's independent certified public accountant finds that the Transfer Premium for any Transfer has been understated, Tenant shall, within thirty (30) days after demand, pay the deficiency and County's costs of that audit, unless Tenant disagrees with the findings of the County or its accountant. In the event Tenant disagrees with the findings of County's independent certified public accountant, Tenant shall have the right to mediate the dispute in accordance with Section 15 of this Lease.

10.6 Right to Collect Rent. If this Lease is assigned, County shall collect rent directly from Transferee. If all or part of the Premises is subleased and Tenant defaults, County may collect rent directly from Transferee. County may then apply the amount collected from Transferee to Tenant's monetary obligations under this Lease. Collecting rent from a Transferee or applying that rent to Tenant's monetary obligations does not waive any provisions of this Section 10.

10.7 Transfers of Ownership Interests and Other Organizational Changes.

10.7.1 Change of Ownership; Reorganization. For purposes of this Section 10, "Transfer" also includes:

(a) If Tenant is a partnership or limited liability company: (i) a change in ownership effected voluntarily, involuntarily, or by operation of law of more than forty percent (40%) of the partners or members or more than forty percent (40%) of the partnership or membership interests, other than, in both cases, if such change involves immediate family members and results from reasons of gift, death or other reasons arising from attempts to plan for the disposition of the estate of such partner or member; or (ii) the dissolution of the partnership or limited liability company without its immediate reconstitution.

(b) If Tenant is a closely held corporation (i.e., one whose stock is not publicly held and not traded through an exchange or over the counter): (i) the sale or other transfer of more than an aggregate of forty percent (40%) of the voting share of Tenant (other than to immediate family members by reasons of gift, death or other reasons arising

from attempts to plan for the disposition of the estate of such partner or member); or (ii) the sale, mortgage, hypothecation or pledge of more than an aggregate of forty percent (40%) of the value of Tenant's unencumbered assets; or (iii) the dissolution, merger, consolidation, or other reorganization of Tenant.

10.7.2 Transfer to Affiliate. Despite any other provision of this Lease, County's consent is not required for any Transfer to an Affiliate, as defined in Section 10.7.3, as long as the following conditions are met:

(a) At least ten (10) business days before the Transfer, County receives written notice of the Transfer (as well as any documents or information reasonably requested by County regarding the Transfer or Transferee);

(b) The Transfer is not a subterfuge by Tenant to avoid its obligations under the Lease;

(c) If the Transfer is an assignment, Transferee assumes in writing all of Tenant's obligations under this Lease relating to the Premises; and

(d) Transferee has a tangible net worth, as evidenced by financial statements delivered to County and certified by an authorized agent of Transferee ("Net Worth") satisfactory to County.

10.7.3 Definition of "Affiliate". An "Affiliate" means any: (a) entity that controls, is controlled by, or is under common control with Tenant or its members, partners or its members' or partners' members or their family members; (b) family members of Tenant's members, partners or the members' or partners' members; or (c) any trust created for the benefit of Tenant's members, partners or the members' or partners' members, family members, or any combination of the foregoing. "Family members" shall mean spouses, children, grandchildren and any other lineal descendants of Tenant's members, partners or the members' or partners' members. "Control" means the direct or indirect ownership of more than fifty percent (50%) of the voting interest in the ordinary direction of the entity's affairs.

10.8 Financing.

10.8.1 Encumbrance of Leasehold. Pursuant to the terms, covenants and conditions set forth in Exhibit I, attached hereto and incorporated herein by this reference, Tenant shall have the right from time to time to encumber the leasehold hereunder by deed of trust, mortgage, assignment of leases, subleases or any other security interest which is customarily used to

impose a lien on real property interest for the purpose of securing a debt for a loan or loans or other obligations of Tenant, provided that the following conditions are met: (a) the deed of trust and all rights acquired under it shall be subject to each and all of the covenants and restrictions stated in this Lease and all Exhibits which are incorporated into this Lease by this reference and to all rights and interests of County except as otherwise provided in this Lease; and (b) Tenant shall give County prior notice of any such deed of trust, and shall accompany the notice with a true copy of the proposed note and deed of trust.

10.8.2 Encumbrances on County's Title. Upon the Commencement Date, the Premises shall be free and clear of all mortgage liens other than those expressly agreed in accordance with this Lease. Thereafter, any deed of trust placed on the Premises by County shall be subject to this Lease, to any deed of trust then in existence on the leasehold estate as permitted by this Lease, and to Tenant's right as permitted by this Lease subsequently to encumber the leasehold estate and the rights of any lender or mortgagee of Tenant's leasehold estate, as those rights are described in Exhibit I, attached to this Lease.

11. COUNTY'S REPRESENTATIONS AND WARRANTIES

County represents and warrants that it owns the Premises in fee simple and the property is free from encumbrances with the exception of the limitations on the Premises set forth in the grant deed by which the county acquired the Premises and the restrictions set forth in the FAA Grant Assurances as set forth in Exhibit H and as may be amended from time to time. County further represents and warrants that it has the right to make this Lease and covenants that it will execute or procure any further necessary assurances or instruments of title that may be reasonably required for Tenant's protection.

County represents and warrants that Tenant, upon the payment of Rent, shall at all times during the Lease term and any extension or renewal thereof peaceably and quietly have, hold, and enjoy the Premises without any disturbance from County or any other person claiming through it, except as explicitly permitted by this Lease.

County represents and warrants that Tenant, and its agents, employees, and invitees, shall at all times have access to the Premises and shall be authorized and permitted to travel upon and cross over other property at the Airport in connection therewith, subject to the reasonable and necessary regulations applicable to all persons which are or have been duly adopted for the governance of the Airport.

County represents and warrants that this Lease qualifies for exemption from the requirements of the Subdivision Map Act (California Government Code Section 66410, et. seq.) under Government Code Section 66412.1.

12. DEFAULTS AND REMEDIES

12.1 Tenant's Default. The occurrence of any of the following shall constitute a default by Tenant under this Lease:

(a) Tenant's failure to pay when due any rent required to be paid under this Lease if the failure continues for thirty (30) days after written notice of the failure from County to Tenant;

(b) Tenant's failure to perform any other obligation under this Lease if, for thirty (30) days after written notice of the failure from County to Tenant, or as specified in Section 10.1.2, Tenant fails to commence in good faith to perform such obligation;

(c) Tenant's abandonment of the Premises, including Tenant's absence from the Premises for one hundred eighty (180) consecutive days;

(d) To the extent permitted by law: (1) a general assignment by Tenant or any guarantor of the Lease for the benefit of creditors; (2) the filing by or against Tenant, or any guarantor, of any proceeding under an insolvency or bankruptcy law, unless (in the case of an involuntary proceeding) the proceeding is dismissed within one-hundred-eighty (180) days; (3) the appointment of a trustee or receiver to take possession of all or substantially all of the assets of Tenant or any guarantor, unless possession is unconditionally restored to Tenant or that guarantor within ninety (90) days and the trusteeship or receivership is dissolved; or (4) any execution or other judicially authorized seizure of all or substantially all the assets of Tenant located on the Premises, or of Tenant's interest in this Lease, unless that seizure is discharged within ninety (90) days;

(e) A default by Tenant under this Lease at any time prior to the completion of all of the improvements specified in Section 5.1;

(f) Notwithstanding anything stated to the contrary herein, if Tenant disputes that it is in default under Sections 12.1(b), 12.1(c), 12(d) or 12.1(e), Tenant shall have the right to initiate a mediation proceeding in accordance with Section 15.

12.2 Replacement of Statutory Notice Requirements. When this Lease requires service

of a notice, that notice shall replace rather than supplement any equivalent or similar statutory notice, including any notices required by Code of Civil Procedure §1161 or any similar or successor statute. When a statute requires service of a notice in a particular manner, service of that notice (or a similar notice required by this Lease) in the manner required by Section 14 shall replace and satisfy the statutory service-of-notice procedures, including those required by Code of Civil Procedure §1162 or any similar or successor statute.

12.3 County's Remedies on Tenant's Default. On the occurrence of a default specified in Section 12.1 of this Lease by Tenant, County shall have the right to pursue any one or more of the following remedies in addition to any other remedies now or later available to County at law or in equity, but subject to the terms and provisions of any leasehold mortgage or deed of trust approved by the County, which shall supersede any conflicting terms within this Section 12.3. These remedies are not exclusive but cumulative.

12.3.1 Intent to Terminate. Except for a default by Tenant under Section 12.1(a), in which case County may immediately terminate the Lease, if County claims that Tenant's default under this Lease justifies County's terminating the Lease and recovering possession of the Premises or continuing the Lease in effect and recovering rent, County must serve a notice of intent to terminate ("Termination Notice") on Tenant. The Termination Notice must:

- (a) Provide any notice and opportunity to cure afforded Tenant by any provision of this Lease;
- (b) Identify each of the provisions of this Lease the Tenant has failed to perform;
- (c) Identify, for each of the specified provisions that County claims Tenant has failed to perform, the specific breach and expected cure; and
- (d) Identify the termination date of the Lease which must be no less than sixty (60) days or more than ninety (90) days after County's service of the Termination Notice.

If good cause for terminating this Lease exists under California case or statutory law when County serves Tenant with the Termination Notice, and the same good cause still exists thirty (30) days after service, this Lease shall terminate on the termination date set forth in the Termination Notice. County waives all other rights to terminate this Lease and recover possession of the Premises on the occurrence of Tenant's default without further liability. Notwithstanding anything stated to the

contrary in this Lease, this Section 12.3.1 shall not apply to a default by Tenant under Section 12.1(a).

12.3.2 Termination of Lease. County may terminate this Lease and recover possession of the Premises. Once County has terminated this Lease, Tenant shall immediately surrender the Premises to County. On termination of this Lease, County may recover from Tenant all of the following:

- (a) The worth at the time of the award of any unpaid rent that had been earned at the time of the termination;
- (b) The worth at the time of the award of the amount by which the unpaid rent that would have been earned between the time of the termination and the time of the award exceeds the amount of unpaid rent that Tenant proves could reasonably have been avoided;
- (c) The worth at the time of the award of the amount by which the unpaid rent for the balance of the then current term after the time of the award exceeds the amount of unpaid rent that Tenant proves could reasonably have been avoided, to be computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%); and
- (d) Any other amounts, in addition to or in lieu of those listed above, that may be permitted by applicable law.

12.3.3 Continuation of Lease in Effect. County shall have the remedy described in Civil Code §1951.4, which provides that when a tenant has the right to sublet or assign (subject only to reasonable limitations), the landlord may continue the lease in effect after the tenant's breach and abandonment and recover rent as it becomes due. Accordingly, if County does not elect to terminate this Lease on account of any default by Tenant, County may enforce all of County's rights and remedies under this Lease, including the right to recover all Rent as it becomes due.

12.3.4 Tenant's Agreements. Whether or not County elects to terminate this Lease on account of any default specified in Section 12.1 by Tenant, County may:

- (a) Terminate any sublease, license, concession, or other consensual arrangement for possession entered into by Tenant and affecting the Premises;
 - (b) Choose to succeed to Tenant's interest in such an arrangement.
- If County elects to succeed to Tenant's interest in such an arrangement, Tenant shall, as of

the date of notice by County of that election, have no further right to, or interest in, the rent or other consideration receivable under that arrangement.

12.4 Form of Payment after Default. If Tenant draws a check on an account with insufficient funds, County shall have the right to require that any subsequent amounts paid by Tenant to County under this Lease (to cure a default or otherwise) be paid in the form of cash, money order, cashier's or certified check drawn on an institution reasonably acceptable to County.

12.5 Efforts to Relet. For purposes of this Section 12, Tenant's right to possession shall not be considered to have been terminated by County's efforts to relet the Premises, by County's acts of maintenance or preservation with respect to the Premises, or by appointment of a receiver to protect County's interest under this Lease.

12.6 Acceptance of Rent without Waiving Rights. County may accept Tenant's payments without waiving any rights under this Lease, including rights under a previously served notice of default. If County accepts payments after serving a notice of default, County shall not thereafter commence and pursue an action to enforce rights and remedies under the previously served notice of default.

12.7 County's Default. County's failure to perform any of its obligations under this Lease shall constitute a default by County under the Lease if the failure continues for thirty (30) days after written notice of the failure from Tenant to County. If the required performance cannot be completed within thirty (30) days, County's failure to perform shall constitute a default by County under this Lease unless County undertakes to cure the failure within thirty (30) days and diligently and continuously attempts to complete this cure as soon as reasonably possible. In the event County disputes that it is in default, County shall have the right to initiate a mediation proceeding in accordance with Section 15.

12.8 Tenant's Remedies on County's Default. On the occurrence of a default specified in Section 12.7 of this Lease by County, Tenant shall have the right to pursue any one or more of the following remedies in addition to any other remedies now or later available to Tenant at law or in equity. These remedies are not exclusive but cumulative.

12.8.1 Right to Cure. Tenant, at its option, may remedy the default by giving thirty (30) days' notice to County that Tenant intends to remedy the default. County shall reimburse Tenant on demand for all sums reasonably expended or obligations incurred by Tenant in connection with such default. If County fails to reimburse Tenant for such expenses, Tenant, in addition to its other rights and remedies, may deduct any such amount from rent or additional rent

thereafter becoming due to County.

12.8.2 Termination. If Tenant claims that County's default under this Lease justifies Tenant's terminating the Lease and vacating the Premises, Tenant must serve a notice of intent to terminate ("Termination Notice") on Landlord. The Termination Notice must:

- (a) Provide the notice and opportunity to cure a default required by Section 12.7, along with a statement of Tenant's intention to terminate this Lease and to vacate the Premises;
- (b) Identify each of the provisions of this Lease that County has failed to perform;
- (c) Identify, for each of the specified provisions that County has failed to perform, the specific breach and the expected cure; and
- (d) Identify the termination date of this Lease, which must be no less than sixty (60) days or more than ninety (90) days after Tenant's service of the Termination Notice.

If good cause for terminating this Lease exists under California case or statutory law when Tenant serves County with the Termination Notice, and the same good cause still exists thirty (30) days after service, this Lease shall terminate on the termination date set forth in the Termination Notice. Tenant waives all other rights to terminate this Lease and vacate the Premises on the occurrence of County's default without further liability to County. Tenant must surrender possession of the Premises to County on or before the termination date. Tenant waives all rights and remedies under the Termination Notice if Tenant fails to vacate and surrender the Premises to County on or before the termination date. Tenant must continue to pay County rent when due and must continue to perform all other obligations under this Lease until the termination date. Tenant acknowledges that County's breach of any provision of this Lease, including a provision identified in the Termination Notice, is not a defense to an unlawful detainer action. The amount of any rent due before the termination date that would be for a period shorter than one calendar month shall be prorated as provided in Section 3.9.

13. CONDEMNATION

13.1 Definitions. The following definitions apply in construing provisions of this Lease relating to a taking of or damage to all or any part of the Premises or any interest in them by eminent domain or inverse condemnation:

13.1.1 "Taking" shall mean a taking or damaging, including severance damage, by eminent domain or by inverse condemnation or for any public or quasi-public use under any statute. The transfer of title may be either a transfer resulting from the recording of a final order in condemnation or a voluntary transfer or conveyance to the condemning agency or entity under threat of condemnation, in avoidance of an exercise of eminent domain, or while condemnation proceedings are pending. The taking shall be considered to take place as of the later of: (a) the date actual physical possession is taken by the condemnor; or (b) the date on which the right to compensation and damages accrues under the law applicable to the Premises.

13.1.2 "Total taking" shall mean the taking of the fee title to all the Premises, which may be considered to include any off-site improvements effected by Tenant to serve the Premises.

13.1.3 "Substantial taking" shall mean the taking of so much of the Premises and/or the improvements, or both, so that the remaining Premises would not be economically and feasibly usable by Tenant.

13.1.4 "Partial taking" shall mean any taking of the fee title that is not either a total or substantial taking.

13.1.5 "Notice of intended taking" shall mean any written notice or notification on which a reasonably prudent person would rely and which they would interpret as expressing an existing intention of taking as distinguished from a mere preliminary inquiry or proposal. It includes, but is not limited to, the service of a condemnation summons and complaint on a Party to this Lease. The notice is considered to have been received when a Party to this Lease receives from the condemning agency or entity a notice of an intent to take, in writing, containing a description or map of the taking reasonably defining the extent of the taking.

13.1.6 "Award" shall mean compensation paid for the taking whether pursuant to judgment or by agreement otherwise.

13.2 Notice to the Other Party. The Party receiving any notice of the kinds specified below shall promptly give the other Party notice of the receipt, contents and date of the notice received: (a) notice of intended taking; (b) service of any legal process relating to condemnation of the Premises; (c) notice in connection with any proceedings or negotiations with respect to such a condemnation; or (d) notice of intent or willingness to make or negotiate a private purchase, sale or transfer in lieu of condemnation.

13.3 Representative of Each Party. County, Tenant and all persons and entities holding under Tenant, including a leasehold mortgagee, shall each have the right to represent their respective interest in each proceeding or negotiation with respect to a taking or an intended taking and to make full proof of their claims. No agreement, settlement, sale or transfer to or with the condemning authority shall be made without the consent of County and Tenant. County and Tenant agree to execute and deliver to the other any instruments that may be required to effectuate or facilitate the provisions of this Lease relating to condemnation.

13.4 Total Taking. On a total taking, Tenant's obligation to pay rent shall terminate on the date of the taking, and Tenant's interest in the leasehold shall continue until the taking is completed by deed, contract, or final order except as provided otherwise herein. In any such taking, Tenant shall become a necessary party thereto.

13.5 Substantial Taking. If the taking is a substantial taking under the definition above, Tenant may, by notice to County given within thirty (30) days after Tenant receives notice of the intended taking, elect to treat the taking as a substantial taking. If Tenant does not so notify County, the taking shall be deemed a partial taking. If Tenant gives such notice and County gives Tenant notice disputing Tenant's contention within thirty (30) days following Tenant's notice, the dispute shall be promptly determined by mediation in the manner subsequently provided in Section 15. If County gives no such notice, the taking shall be considered a substantial taking. A substantial taking shall be treated as a total taking if Tenant delivers possession of the Premises as herein provided to County within sixty (60) days after determination that the taking was a substantial taking, and if Tenant is not in default under the Lease and has complied with all Lease provisions concerning apportionment of the award. If these conditions are not met, the taking shall be treated as a partial taking. In any such taking, Tenant shall become a necessary party thereto.

13.6 Distribution of Award Upon Total or Substantial Taking. In the event of a total or substantial taking, all sums, including damages and interest, awarded for the fee or the leasehold or both shall be deposited promptly with a neutral escrow holder and shall be distributed and disbursed in the following manner:

13.6.1 Tenant Compensation. Tenant shall be entitled to that portion of said compensation or award which is computed and paid for the loss of use of improvements constructed by Tenant and the remaining value of the leasehold estate. The amount to which Tenant shall be entitled hereunder shall not exceed the market value at the time of the taking of said leasehold estate and all improvements constructed by Tenant.

13.6.2 County Compensation. County shall be entitled to the full remainder and

balance, if any, of any such payments, damages or awards.

13.6.3 Mediation. County and Tenant shall make a good faith effort to resolve between themselves their respective shares of any award. If County and Tenant are able to resolve between themselves their respective shares of any award, they shall jointly instruct the escrow holder to disburse the award in the mutually agreed manner. If County and Tenant are not able to resolve between themselves their respective shares of any award, the dispute shall be promptly determined by mediation in the manner subsequently provided in Section 15.

13.7 Possession of the Premises on Total or Substantial Taking. Tenant may continue to occupy the Premises and improvements until the condemnor takes physical possession. However, at any time following notice of intended total taking, or within the time limits specified for delivering possession in the provision on substantial taking, Tenant may elect to deliver possession of the Premises to County before the actual taking. The election shall be made by notice declaring the election and covenanting to pay all rents required under this Lease to the date of taking. Tenant's right to apportionment of, or compensation of, or compensation from, the award shall then accrue as of the date Tenant goes out of possession.

13.8 Partial Taking.

13.8.1 Effect on Rent, Term. On a partial taking, the Lease shall remain in full force and effect covering the remaining property. In the event that such partial taking diminishes the value of the Premises, the Base Monthly Rent shall be reduced in the same ratio as the diminished value of the Premises bears to the value of the Premises prior to such taking. If County and Tenant do not agree, either as to whether the value of the Premises has been diminished as a result of the taking or to the ratio within thirty (30) days after the award is finally determined, the undecided matters shall be decided by mediation in the manner herein provided in Section 15.

13.8.2 Restoration of Improvements. Promptly after a partial taking, at Tenant's expense and in the manner specified in provisions of this Lease relating to maintenance, repair and alterations, Tenant shall repair, alter, modify or reconstruct the improvements so as to make them reasonably suitable for Tenant's continued occupancy for the uses and purposes for which the Premises are leased, provided that if the reasonably estimated cost of the work represents twenty-five percent (25%) of the original actual cost on a fully depreciated basis of the improvements before the taking, Tenant may, in the manner provided for a substantial taking, elect to treat the taking as a substantial taking. If Tenant does not repair, alter, modify or reconstruct as provided above, the cost of such repair shall be deducted from Tenant's share of the award and paid to County.

13.8.3 Apportionment, Distribution of Award for Partial Taking.

Notwithstanding anything provided for hereinabove, on a partial taking, all sums, including all payments, damages or awards, for the fee title or the leasehold or both, shall be deposited promptly with a neutral escrow holder in trust, and shall be distributed and disbursed in the following order of priority:

(a) First, to the cost of restoring the leasehold improvements, plus any amount assessed, awarded, paid or incurred to remove or relocate subtenants, plus any amounts specifically awarded and so designated in the award for detriment to their business;

(b) Second, to County any expenses or disbursements reasonably and necessarily incurred, or paid by, or on behalf of County for or in connection with the condemnation proceedings;

(c) Third, to Tenant any expenses or disbursements reasonably and necessarily incurred or paid by or on behalf of Tenant for or in connection with the condemnation proceedings; and

(d) Fourth, the balance of the award shall be divided between the County and Tenant as the Parties then agree to be just and equitable under all the circumstances, regardless of any technical rule of law, and in consideration of all circumstances, including but not limited to the value of the Premises as unimproved property; the difference, if any, between the commercial rental value and the rent under this Lease; Tenant's rent obligations under this Lease following a taking, the rights of any mortgagees hereunder, the economics of operating any remaining portion of the Premises, costs of restoration, and the balance of the remaining term. If County and Tenant do not agree within sixty (60) days after the amount of the award is finally determined, the undecided question shall be decided by mediation in the manner provided in Section 15.

13.9 Limited Taking - Taking of Less Than Fee Title. On the taking, other than a temporary taking, of less than a fee title interest in the Premises or improvements or both, the question whether the taking is total, substantial or partial, and the effects on term, rent and apportionment of award, if not otherwise determined by mutual agreement of the Parties, shall be determined by mediation in the manner provided in Section 15.

13.10 Taking for Temporary Use. On any taking for the temporary use of all or any part or parts of the Premises for a period or of any estate less than a fee, ending on or before the expiration date of the term, neither the term nor the rent shall be reduced or affected in any way, and Tenant shall be entitled to any award for the use or estate taken. If a result of the taking is to necessitate expenditure for changes, repairs, alterations, modifications or reconstruction of the

improvements to make them economically viable and a practical whole, Tenant shall receive, hold and disburse the award in trust for such work. At the completion of the work and the discharge of the premises and improvements from all liens and claims, Tenant shall be entitled to any surplus and shall be liable for any deficit. If any such taking is for a period extending beyond the expiration date of the term, the taking shall be treated under the foregoing provisions for total, substantial and partial takings.

13.11 Condemnation by Sonoma County. In the event of a condemnation proceeding brought by Sonoma County, County and Tenant shall make a good faith effort to resolve between themselves the value of Tenant's interest in the Premises. If County and Tenant are able to resolve between themselves the value of Tenant's interest in the Premises, they shall then execute a written agreement reflecting their agreement. If County and Tenant are not able to resolve between themselves the value of Tenant's interest in the Premises, the dispute shall be promptly determined by mediation in the manner subsequently provided in Section 15.

14. NOTICES.

All notices (including requests, demands, approvals, or other communications) under this Lease shall be in writing.

14.1 Notices; Method of Delivery. Notice shall be sufficiently given for all purposes as follows:

14.1.1 Personally Delivered. When personally delivered to the recipient known to the Party giving notice, notice is effective on delivery.

14.1.2 Mailed First-Class. When mailed first-class to the last address of the recipient known to the Party giving notice, notice is effective on delivery.

14.1.3 Mailed Certified-Mail. When mailed by certified mail with return receipt requested, notice is effective on receipt if delivery is confirmed by the delivery notice.

14.1.4 Overnight Delivery. When delivered by overnight delivery with charges prepaid or charged to the sender's account, notice is effective on delivery if delivery is confirmed by the delivery service.

14.1.5 Fax or Email. When sent by fax or email to the last fax number or email address of the recipient known to the Party giving notice, notice is effective on receipt as long as (i)

Charles M. Schulz – Sonoma County Airport

a duplicate copy of the notice is promptly given by first-class or certified mail or by overnight delivery, or (ii) the receiving Party delivers a written confirmation of receipt. Subject to the foregoing requirements, any notice given by fax or email shall be considered to have been received on the next business day if it is received after 5 p.m. (recipient's time) or on a non-business day.

14.2 Refused, Unclaimed, or Undeliverable Notices. Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the Party to be notified shall be considered to be effective as of the first date that the notice was refused, unclaimed, or considered undeliverable by the postal authorities, messenger, or overnight delivery service.

14.3 Addresses. Addresses for purposes of giving notice are set forth below. Either Party may change its address, fax number or email address by giving the other Party notice of the change in any manner permitted by Section 14.1.

County: Airport Manager
Charles M. Schulz – Sonoma County Airport
2290 Airport Boulevard
Santa Rosa, CA 95403
Fax # 707.542.5303
Email: *STS-Real-Estate@sonomacounty.gov*

Tenant: Dave C. Faris
F. Korbel & Bros., Inc
13250 River Road
Guerneville, Ca 95446
Fax #
Email: *dfaris@korbel.com*

15. MEDIATION

15.1 Mediation of Disputes. Any dispute that is required by the express terms of this Lease to be resolved by mediation (other than disputes over Market Rent or Market Value, which are to be determined by appraisal pursuant to Section 1.2 and Section 3.3) shall be presented to a single mediator within sixty (60) days of written notice that there is a dispute, unless otherwise agreed. The parties agree to use good faith efforts to attempt to resolve such disputes through mediation. Any decision of the mediator shall be non-binding.

15.2 Qualifications of Mediator. The mediator shall be a retired judge who is familiar

with handling commercial lease matters.

15.3 Venue. Hearings shall be held in Santa Rosa, California or another venue determined by mutual agreement of the Parties.

15.4 Demand and Limitation on Claims. Any demand for mediation must be made in writing to the other Party. No demand for mediation may be made after the date on which the institution of civil legal proceedings based on the claim, dispute, or other matter is barred by the applicable statute of limitations.

15.5 Costs and Fees of Mediator. Costs and fees of the mediator shall be borne equally by the Parties.

16. MISCELLANEOUS PROVISIONS

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

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

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

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

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

16.6 Merger. This Lease is intended both as the final expression of the Lease between the Parties hereto with respect to the included terms, and as a complete and exclusive statement of the terms of the Lease, pursuant to California Code of Civil Procedure §1856. No modification of this Lease shall be effective unless and until such modification is evidenced by a writing signed by

both Parties. No promise, representation, warranty or covenant not included in this Lease has been or is relied on by either Party. Each Party has relied on its own examination of this Lease, the counsel of its own advisors, and the warranties, representations, and covenants in the Lease itself. This Lease shall be construed according to the fair meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be employed in interpreting this Lease. The failure or refusal of either Party to inspect the Premises, to read the Lease or other documents, or to obtain legal or other advice relevant to this transaction, constitutes a waiver of any objection, contention or claim that might have been based on such reading, inspection or advice.

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

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

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

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

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

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

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

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

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

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

16.17 Relationship. The Parties intend by this Lease to establish the relationship of landlord and tenant only, and do not intend to create a partnership, joint venture, joint enterprise, or any business relationship other than that of landlord and tenant.

16.18 Attorneys' Fees. If either Party undertakes litigation against the other Party arising out of or in connection with this Lease, the prevailing Party shall be entitled to recover from the other Party reasonable attorney fees and court costs incurred. The prevailing Party shall be determined by a judge pursuant to Civil Code Section 1717(b)(1) or any successor statute.

16.19 Standards of Consent. Unless a different standard is expressly set forth herein, any time County's consent is required, County shall not unreasonably withhold such consent.

16.20 Good Faith. County and Tenant shall at all times act in good faith in connection with the exercise and discharge of their respective rights and obligations under the Lease.

16.21 Force Majeure. Notwithstanding anything in this Lease to the contrary, the Parties

shall not be liable to any other Party for any failure to perform, or delay in performance of that Party's obligations, and the doing or performing of such act or thing shall be excused for the period of the delay and the period of the performance of any such act or thing shall be extended for the period of such delay, when a force majeure event occurs; provided however that the Party whose performance is prevented or delayed by such event of force majeure shall give prompt written notice (i.e., within 72 hours of the event) of such event to the other Party. For purposes of this Section 16.21, the term "force majeure" shall include, without limitation, war, embargo, rebellion, riot, civil disturbance, earthquake, fire, flood, acts of governmental authorities, acts of God, acts of terrorism (whether actual or threatened), acts of the public enemy and in general, any other causes or conditions beyond the reasonable control of the Parties. Tenant's obligation to pay Rent, however, is not excused by this section.

16.22 Recording. This Lease shall not be recorded. However, either Party may record a memorandum of this Lease, provided both Parties consent to the form thereof, with consent shall not be unreasonably withheld, conditioned or delayed, and filing and like charges shall be paid by the requesting Party.

16.23 Counterparts. This Lease may be executed in more than one counterpart, each of which when so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument. This Lease may also be executed by delivery by fax to the Parties set forth above of an executed counterpart original of this Lease. The Parties shall thereafter exchange the original documents bearing original signatures, but the failure to do so shall not affect the enforceability of this Lease.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

Charles M. Schulz – Sonoma County Airport

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

TENANT: F. Korbel & Bros., Inc.
a California Corporation

By: _____
Dave Faris
Vice President

COUNTY: THE COUNTY OF SONOMA,
a political subdivision of the State of California

By: _____
Johannes Hoevertsz
Director, Public Infrastructure

CERTIFICATES OF INSURANCE ON
FILE WITH DEPARTMENT:

Airport Property Manager

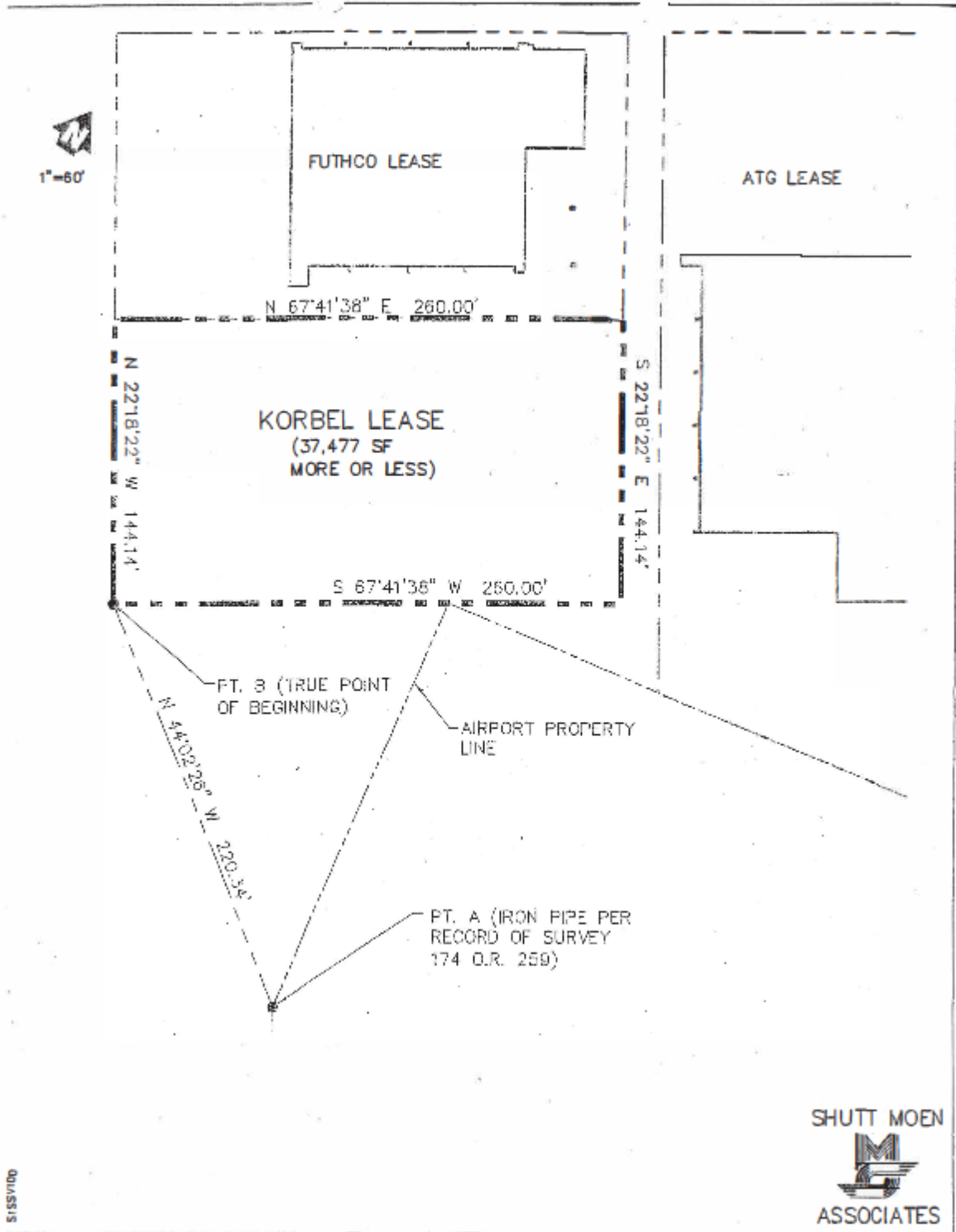
APPROVED AS TO SUBSTANCE
FOR COUNTY:

Airport Manager

APPROVED AS TO FORM FOR
FOR COUNTY:

Deputy County Counsel

EXHIBIT A - PREMISES



Charles M. Schulz – Sonoma County Airport

Approximate Area for Illustrative Purposes Only



EXHIBIT B – Acknowledgement of Commencement Date

The parties hereby acknowledge and agree that the commencement date of that lease made on _____, 2026 between the County of Sonoma as Landlord and F. Korbel & Bros., Inc. as Tenant for certain premises located at the Charles M. Schulz-Sonoma County Airport shall be June 5, 2026.

TENANT: F. Korbel & Bros., Inc., a California Corporation

By: _____
Dave Faris
Vice President

COUNTY: THE COUNTY OF SONOMA, a political subdivision of
the State of California

By: _____
Jon Stout, CAE, AAE
Airport Manager

EXHIBIT C – Base Rent

Premises Land Area (Square Feet): 37,477 (.8603
acre)

Base Rent per square foot – Lease Year One \$.60

Total monthly due on the first day of each month for \$1,873.85
Base Rent - Lease Year One

Year	Rent Per Sq. Ft.	Annual Rent	Monthly Rent
1	\$ 0.600	\$ 22,486.20	\$ 1,873.85
2	\$ 0.624	\$ 23,385.65	\$ 1,948.80
3	\$ 0.649	\$ 24,321.07	\$ 2,026.76
4	\$ 0.675	\$ 25,293.92	\$ 2,107.83
5	\$ 0.702	\$ 26,305.67	\$ 2,192.14
6	\$ 0.730	\$ 27,357.90	\$ 2,279.83
7	\$ 0.759	\$ 28,452.22	\$ 2,371.02
8	\$ 0.790	\$ 29,590.31	\$ 2,465.86
9	\$ 0.821	\$ 30,773.92	\$ 2,564.49
10	\$ 0.854	\$ 32,004.87	\$ 2,667.07
11	MARKET RESET		

EXHIBIT D - Statements

PAGE 1 OF 2

RENT STATEMENT - BASE MONTHLY RENT

(Base Monthly Rent is subject to periodic change per Lease. This sub-section of Exhibit "D" sets forth the format for Tenant's reporting of Base Monthly Rent payments.)

Description	Amount Due	Amount Paid
Ground Rent		
	TOTAL	
	<u>\$0.00</u>	<u>\$0.00</u>

*Base Rent is due on the first (1st) day of each month and is delinquent on the sixth (6th) calendar day.
Tenant agrees to pay a late charge on all amounts overdue.*

Current Date: _____

Month to Which Rent is to be Applied: _____

Due Date: _____

Late Charge (If Applicable):

PAGE 2 OF 2
STATEMENT OF GROSS RECEIPTS

(Use Additional Sheets as Necessary.)

GENERAL ACTIVITIES

3% of Gross Receipts

<u>REVENUE SOURCE(S)</u>	<u>GROSS RECEIPTS</u>	<u>PERCENTAGE RENT PAYMENT</u>
_____	x.03	\$0.00
_____	x.03	\$0.00
_____	x.03	\$0.00
_____	x.03	\$0.00

MAINTENANCE ACTIVITIES

3% OF Gross Receipts

<u>REVENUE SOURCE(S)</u>	<u>GROSS RECEIPTS</u>	<u>PERCENTAGE RENT PAYMENT</u>
_____	x.03	\$0.00
_____	x.03	\$0.00
SUB-TOTAL		\$0.00

CHARTER OPERATIONS

0.3% of Charter Revenue

<u>CHARTER REVENUE</u>	<u>PERCENTAGE RENT PAYMENT</u>	
_____ X .003	\$0.00	
SUB-TOTAL		\$0.00
GRAND TOTAL		\$0.00

Percentage Rent is due twenty (20) calendar days following the close of the month and is delinquent on the twenty-sixth (26th) calendar day following the close of the month. Tenant agrees to pay a late charge as stated in the current Rates & Charges of the amount overdue.

Current Date: _____

Month to Which Rent is to be Applied: _____

Due Date: _____

Late Charge (If Applicable): _____

EXHIBIT E – Minimum Standards

Charles M. Schulz – Sonoma County Airport

STS



MINIMUM STANDARDS FOR AERONAUTICAL SERVICE PROVIDERS

May 15, 2013

Adopted by the Board of Supervisors on: June 18, 2013

EXHIBIT E

CHARLES M. SCHULZ – SONOMA COUNTY AIRPORT MINIMUM STANDARDS

POLICY AND INTENT OF THESE MINIMUM STANDARDS

Sonoma County, California, as the proprietor of the Charles M. Schulz-Sonoma County Airport (“Airport”), has adopted these Minimum Standards for Aeronautical Service Providers (“Minimum Standards”) in order to establish the minimum qualifications and requirements that must be met by all aeronautical service providers as a condition for the right to conduct aeronautical activities at the Airport and to implement provisions of the Airport Rules and Regulations contained in Chapter 3 of the County Code. These Minimum Standards were developed in accordance with current Federal Aviation Administration (FAA) guidance.

As an Airport proprietor, the County is obligated by the terms of grant agreements that it executed with the Federal Government when surplus federal property was transferred to the County for airport purposes and when funds were accepted for Airport improvement projects. The grant agreements require the County to impose certain requirements and restrictions in every lease of Airport property to insure that the County remains in compliance with contractual assurances given to the Federal Aviation Administration.

The County reserves the right to revise or amend these Minimum Standards from time to time and to grant temporary variances from specific standards and requirements when it determines that a specific clause, section, or provision is not required or would pose an undue hardship because of specific conditions and unique circumstances, as determined by the Airport Manager.

The Sonoma County Aviation Advisory Commission will review the Minimum Standards as may be necessary, and may recommend revisions or amendments it determines are necessary or advisable.

ENERGY MANAGEMENT AND SUSTAINABILITY

The County of Sonoma has taken a series of actions to reduce the County's carbon footprint and lessen the County's impact on our environment. All persons and entities using the Charles M. Schulz – Sonoma County Airport are encouraged to practice effective and efficient energy use and to implement sustainability practices to help achieve this goal. For more information please visit the County Energy and Sustainability Division's web site (www.sonoma-county.org/gs/energy/index.htm).

CHARLES M. SCHULZ – SONOMA COUNTY AIRPORT MINIMUM STANDARDS

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CHARLES M. SCHULZ – SONOMA COUNTY AIRPORT MINIMUM STANDARDS

DEFINITIONS

SECTION 1 – DEFINITIONS

For purposes of these Minimum Standards, the following definitions shall apply:

1. Aeronautical Activity: Any activity that involves, makes possible, supports or is required for the operation of aircraft, or that contributes to or is required for the safety of aircraft operations. Within this definition, aeronautical activities commonly conducted on airports include but are not limited to air taxi and charter operations; pilot training; aircraft rental; aerial photography; aerial surveying and patrol; aircraft and parts sales and service; aircraft storage and tie-downs; sale of aviation fuels and petroleum products; provision of line services; repair, maintenance, and overhaul of airframes and power plants; air ambulance and emergency services; avionics and aircraft instrument sales and service; and any other activities that, because of their direct relationship to the operation of aircraft, can appropriately be regarded as aeronautical activities.
2. Agency: Any federal, state, or local governmental entity, unit, agency organization, or authority.
3. Agreement: A written contract, executed by both parties, and enforceable by law between the County and any person or entity granting a concession, transferring rights or interest in land and/or improvements, and/or otherwise authorizing and/or prohibiting the conduct of certain Activities. Such Agreement will recite the terms and conditions under which the Activity will be conducted at the Airport including, but not limited to, term of the Agreement; rents, fees, and charges to be paid by the entity; and the rights and obligations of the respective parties.
4. Air Traffic Control: A service operated by appropriate authority to promote safe, orderly, and expeditious flow of air traffic.
5. Aircraft: A device that is used or intended to be used for flight in the air. Aircraft includes, but is not limited to, airplanes, airships, balloons, dirigibles, rockets, helicopters, gliders, sailplanes, amphibians, unmanned aerial vehicles (UAV), zeppelins, and seaplanes.
6. Aircraft Charter Operator: A Commercial Operator engaged in on-demand common carriage of persons or property (as defined in 14 CFR Part 135) or operates in private carriage under 14 CFR Part 125.
7. Aircraft Maintenance: The repair, maintenance, alteration, preservation, and/or inspection of Aircraft (including the replacement of parts). Major repairs include major alterations to the airframe, powerplant, and propeller as defined in 14 CFR

Sonoma County Airport, Minimum Standards

CHARLES M. SCHULZ – SONOMA COUNTY AIRPORT MINIMUM STANDARDS

DEFINITIONS

Part 43. Minor repairs include normal, routine annual inspections with attendant maintenance, repair, calibration, or adjustment of Aircraft and their accessories.

8. Aircraft Maintenance Operator: A Commercial Operator engaged in providing Aircraft Maintenance for Aircraft other than those owned or operated by, and under the full and exclusive control of, the Operator, including the sale of Aircraft parts and accessories.
9. Aircraft Management Operator: A Commercial Operator engaged in the business of managing the operations, care, and maintenance of customer owned aircraft, including, but not limited to, aircraft storage, flight dispatch, flight crews, and/or aircraft maintenance coordination.
10. Aircraft Operator: The owner of any Aircraft or any person who has rented or leased such an Aircraft for the purpose of operation by himself or his own agents, or any person operating an Aircraft.
11. Aircraft Sales Operator: A Commercial Operator engaged in the sale of new and/or used Aircraft to the public.
12. Airframe and Powerplant Technician: A person who holds an aircraft mechanic certificate issued by the FAA with both the airframe and powerplant ratings.
13. Airport: The Charles M. Schulz – Sonoma County Airport.
14. Airport Layout Plan (ALP): The FAA approved plan of an airport showing the layout of existing and proposed airport facilities.
15. Airport Manager: The manager of the Charles M. Schulz – Sonoma County Airport or his/her duly authorized representative.
16. Airport Operations Area: Any area within the Airport perimeter fence that is used, or intended to be used, for the landing, takeoff, or surface maneuvering of aircraft. In addition to the Airport's runways, taxiways, ramps and aprons, the AOA includes any paved areas or unpaved areas that are used or intended to be used for the unobstructed movement or parking of aircraft.
17. Airport Premises: The entire Airport property including all public roadways, commercial vehicle hold areas, parking lots, terminal building curbside areas and any other areas within Airport control.
18. Airport Security Program (ASP): means a security program approved by the Transportation Security Administration (TSA) under section 1542.101 of 49 CFR Chapter XII.

Sonoma County Airport, Minimum Standards

CHARLES M. SCHULZ – SONOMA COUNTY AIRPORT MINIMUM STANDARDS

DEFINITIONS

19. Alternative Aviation Fuel: FAA approved fuels other than the standard Jet A and 100 low lead, such as corn-based ethanol, mogas, etc.
20. Applicant: A person or entity who files the required application for authorization to engage in Commercial Aeronautical Activities at the Airport.
21. Apron (or “Ramp”): The apron (or ramp) is that part of the Airport where aircraft are parked, unloaded or loaded, refueled, or boarded.
22. Association: An organization of persons or entities having a common purpose, whether formed pursuant to law or not.
23. Avionics (or Instrument Maintenance Operator): A Commercial Operator engaged in the installation, maintenance or alteration of one or more of the items described in Part 43, Appendix A (i.e., Aircraft radios, electrical systems, or instruments).
24. Commercial Activity: Any activity conducted at the Airport, including commercial aeronautical activity, for the purpose of obtaining revenue, earnings, income, and/or compensation of any kind, including the exchange of goods or services for goods or services (barter), whether or not such objectives are accomplished.
25. Commercial Aeronautical Activity: An activity which involves, makes possible, supports or is required for the operation of aircraft, or which contributes to, or is required for the safe conduct and utility of such aircraft operations, and includes those activities provided by either a Full Service Fixed Based Operator or a limited service Fixed Based Operator, the purpose of such activity being to secure earnings, income, compensation, or profit (including the exchange of services for goods or services), whether or not such objective(s) are accomplished. Commercial aeronautical activities other than those listed in these Minimum Standards may be approved by the Airport Manager in accordance with Section 2.13 4. of these Minimum Standards.
26. Commercial Aeronautical Operator: A Commercial Aeronautical Operator is a person or entity that a) conducts or provides one or more aeronautical-related commercial activities or services at the Airport, b) meets the applicable minimum standards for each activity conducted or service provided, and c) complies with all applicable laws, Federal and State aviation regulations and Airport rules and regulations.
27. Commercial Hangar Developer: A Commercial Operator that develops and/or constructs hangar structure(s) for the purpose of selling or subleasing hangar

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and associated office or shop space to entities engaging in Commercial or Non-Commercial Aeronautical Activities.

28. Commercial Hangar Operator: A Commercial Hangar Operator is a person or entity that owns or leases a hangar structure(s) for the purpose of leasing or subleasing hangars and associated office and/or shop space to persons or entities storing their own aircraft and/or engaging in any Aeronautical Activities, as defined in these Minimum Standards.
29. Commercial Operator: A person or entity engaging in an activity which involves, makes possible, or is required for the operation of Aircraft, or which contributes to, or is required for the safe conduct and utility of such Aircraft operations, the purpose of such Activity being to generate and/or secure earnings, income, compensations, and/or profit, whether or not such objectives are accomplished.
30. County: County of Sonoma, California.
31. Development Standards: The written standards adopted by the County to promote consistent site planning, architectural design, and visual appearance of buildings and facilities constructed on the Airport.
32. Entity: Any firm, partnership, corporation, limited liability company, company, association, joint stock association, body politic, or any other organization of persons.
33. FAA: The Federal Aviation Administration
34. Fixed Base Operator (FBO): A Commercial Aeronautical Operator authorized by the Airport to provide one or more commercial aeronautical services such as fueling, aircraft maintenance, aircraft storage, ground and flight instruction, and other aeronautical services or products, to the public from a location on the Airport that has been approved by the Airport Manager.
35. Flight Training: Any use of an Aircraft to increase or maintain pilot or crewmember proficiency rather than the use of an Aircraft as transportation between two different airports or other destinations. Flight Training shall also include any portion of a flight between two airports or other destinations dedicated to increase or maintain pilot or crewmember proficiency.
36. Flight Training Operator: A Commercial Operator providing flight instruction to the general public and/or providing ground school instruction
37. Flying Club: Any organization providing its members with aircraft and associated flight instruction solely for their personal use and enjoyment.

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38. Aviation Fuel: Any FAA authorized aviation fuel.
39. Fuel Handling: The transporting, delivering, fueling or draining of Fuel or Fuel waste products.
40. Full Service FBO: An FBO that provides aviation fuel and conducts at least three other approved aeronautical activities.
41. General Aviation: All aviation with exception of air carriers (including cargo) and government.
42. Lease: A written agreement for the possession and use of real or personal property, for any purpose including of conducting aeronautical activities at the Airport.
43. Leased Premises: Real property, including facilities, that are the subject of a written Lease Agreement
44. Lessee: Any person or entity that holds real or personal property pursuant to a Lease Agreement.
45. Master Plan: The current adopted Master Plan for the Airport, including the current Airport Layout Plan (ALP).
46. Minimum Standards: The Airport’s adopted Minimum Standards for Aeronautical Service Providers.
47. Multiple Activity Operator: A person or entity that is authorized to engage in multiple aeronautical activities at the Airport.
48. Non-Commercial Hangar Developer: A person or entity that develops/constructs and owns one or more hangar structures for the primary purpose of storing Aircraft used for Non-Commercial purposes only.
49. Non-Commercial Operator: A person or entity that either owns or leases and operates Aircraft for personal or recreational purposes. In the case of a business, the operation of Aircraft must be ancillary activity to support the business’s purposes by providing transportation for the exclusive use of its employees, agents, and/or customers. Non-Commercial Operators are not authorized to offer or engage in Commercial Aeronautical Activities.
50. Operating Agreement: A written agreement with the County authorizing a person or entity to conduct specified activities at the Airport, including aeronautical and/or non-aeronautical activities, for commercial and/or non-

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commercial purposes. A Lease and an Operating Agreement may be combined into a single agreement.

51. Person: Any individual, firm, partnership, corporation, limited liability company, company, association, joint stock association, or body politic; and includes any trustee, receiver, assignee, or other similar representative.
52. Refueling Vehicle: Any Vehicle used to transport, handle or dispense fuels, oils, and lubricants.
53. Regulatory Requirements: All applicable Federal, state, county, local, and Airport laws, codes, ordinances, policies, rules, and regulations.
54. Repair Station: An FAA certificated Aircraft Maintenance facility.
55. Rules and Regulations: The Airport Rules and Regulations adopted by the County to govern the general conduct of the public, tenants, employees, and all users of the Airport in the interest of safety and efficiency.
56. Self-Fueling and Aircraft Servicing: The fueling and/or servicing of an aircraft by the owner of the aircraft with his or her own employees and using his or her own equipment. Self-fueling cannot be contracted out to another party.
57. Self-Service Fueling: Fueling from a self-service pump made available by the Airport or by a Commercial Aeronautical Operator.
58. Sublease: A written agreement, approved in advance by the County, with an existing Lessee that entitles the Sub-Lessee to lease all or a portion of the Lessee's Leased Premises for a specified period of time, for the purpose of conducting approved aeronautical activities and/or providing aeronautical services at the Airport.
59. Sub-Lessee: A person or entity holding a County approved sublease.
60. Taxilane: The portion of the Aircraft parking area used for access between taxiways and Aprons and is not FAA ATCT controlled.
61. Taxiway: A defined path established for the taxiing of aircraft from one part of an airport to another.
62. Terminal: The passenger terminal building at the Airport.
63. Through-the-Fence: Direct access to an airport's runway and taxiway system from private property located contiguous to and off of an airport.

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64. Tiedown: An area paved or unpaved suitable for parking and mooring of Airport wherein suitable Tiedown points are located.
65. Vehicle: A contrivance used to transport persons or property on the ground.
66. Vehicle Operator: Any person who is in actual physical control of a Vehicle.
67. Airport Abbreviations: The Airport Abbreviations are a shortened or contracted form of a word or phrase, used to represent the whole word or phrase. The following abbreviations will be used throughout these Minimum Standards:
- AC – Advisory Circular
 - ALP – Airport Layout Plan
 - AOA – Airport Operations Area
 - A & P – Airframe and Powerplant
 - ASP – Airport Security Program
 - ATC – Air Traffic Control
 - ATCT – Air Traffic Control Tower
 - CFR – Code of Federal Regulations
 - FAA – Federal Aviation Administration
 - FBO – Fixed Base Operator
 - NFPA – National Fire Protection Association
 - SOP – Standard Operating Procedure

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SECTION 2 - INTRODUCTION

2.1 Purpose and Scope

1. The purpose of these Minimum Standards is to (1) encourage the provision of high quality products, services, and facilities to Charles M. Schulz – Sonoma County Airport (Airport) users, (2) encourage the development of quality Improvements at the Airport; (3) promote safety, (4) promote the economic health of the Airport, and its businesses, and (5) promote the orderly development of Airport property. To this end, all entities desiring to engage in Aeronautical Activities at the Airport shall be accorded reasonable opportunities, without unjust discrimination, to engage in such Activities, subject to these Minimum Standards.
2. These Minimum Standards specify the standards and requirements that must be met by any person or entity desiring to engage in one or more Aeronautical Activities at the Airport.
3. No person or entity shall be allowed to engage in Aeronautical Activities at the Airport under conditions that do not, in the County’s judgment, meet these Minimum Standards.
4. Aeronautical Activities may be proposed that do not fall within the categories designated in these Minimum Standards. In such cases, appropriate minimum standards may be developed on a case-by-case basis for such Activities and incorporated into the Lease or Commercial Operating Agreement.

2.2 Applicability

1. These Minimum Standards shall apply to any new Agreement or any extension of the term of an existing Agreement for the occupancy or use of Airport land or improvements for Aeronautical Activities. If any person or entity desires, under the terms of an existing Agreement, to expand or materially change its Aeronautical Activities, the County shall, as a condition of its approval of such change, require the entity to comply with these Minimum Standards.
2. These Minimum Standards are not retroactive unless provided for in an existing Agreement, in which case these Minimum Standards shall be applied to the extent permitted by such Agreement.

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3. These Minimum Standards shall not be deemed to modify any existing Agreement that requires a person or entity to meet more restrictive standards, nor shall they prohibit the County from entering into or enforcing an Agreement that requires a person or entity to meet more restrictive standards.

2.3 Statement of Policy

It is the intent of the County to plan, manage, operate, finance, and develop the Airport for the use and benefit of the public in a manner that is consistent with its airport sponsor obligations and in compliance with all applicable Regulatory Requirements.

2.4 Governing Body

The Airport is owned and operated by the County of Sonoma, California (County), and governed by and through the Sonoma County Board of Supervisors (Board of Supervisors).

2.5 Airport Management

1. The Airport Manager is responsible for the operation, management, maintenance, and security of the Airport and all of the Airport's owned and operated land, improvements, facilities, vehicles, and equipment.
2. The County has authorized and directed the Airport Manager to:
 - a. Interpret, administer, and enforce Agreements and these Minimum Standards and to permit temporary, short-term occupancy or use of certain Airport land or Improvements; and
 - b. Obtain and receive copies of all licenses, permits, certifications, ratings, Certificates of Insurance, and other documents required to be provided to or filed with the County under these Minimum Standards.
 - c. All official inquiries to the County regarding these Minimum Standards and/or compliance therewith should be directed to the Airport Manager or his or her designated representative.

2.6 Effective Date

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These Minimum Standards shall be in effect and shall remain in effect from the date of adoption by the County unless amended or repealed by the County.

2.7 Compliance with Regulatory Requirements

Any person or entity occupying or using Airport land or Improvements, engaging in an Aeronautical Activity on Airport land or Improvements, or developing Airport land or Improvements shall comply, at the person's or entity's expense, with all applicable Regulatory Requirements.

2.8 Conflicting Regulatory Requirements and Agreements

1. If a provision of these Minimum Standards is found to be in conflict with any other provision of these Minimum Standards or in conflict with a provision of any Regulatory Measure, the provision that establishes the most restrictive standard shall be applied.
2. It is not the intent of these Minimum Standards to repeal, abrogate, annul, or in any way impair or interfere with any provision of any Regulatory Measure.
3. It is not the intent of the Minimum Standards to excuse any person or entity from performing any obligation established in any existing Agreement with the County, whether or not an Agreement pre-dates the adoption of these Minimum Standards.

2.9 Right to Self-Service

The Minimum Standards do not prohibit fueling or servicing of an aircraft by the owner of the aircraft with his or her own employees and using his or her own equipment.

- a. These Minimum Standards establish reasonable conditions to be met by any aircraft owner desiring to maintain, repair and/or fuel its own aircraft with its own employees.

2.10 Prohibited Activities

"Through-the-fence" Activities will not be permitted at the Airport.

2.11 Severability

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If a court of competent jurisdiction holds any provision of these Minimum Standards to be invalid, in whole or in part, the validity of the remaining provisions shall not be affected.

2.12 Notices, Requests for Approval, Applications, and Other Filings

All notices, requests for approval, applications, or other filings required or permitted by these Minimum Standards shall be in writing, signed by the party giving such notice, and shall be deemed to have been received on the date and at the time physically received by the County according to the County's records.

2.13 Amendments

1. These Minimum Standards supersede and cancel all previous Minimum Standards adopted by the County.
2. These Minimum Standards may be supplemented, amended, or modified by the County from time to time and in such a manner and to such extent as is deemed appropriate by the County.
3. The County may issue special rules, regulations, notices, memorandums, directives, covenants, restrictions, or conditions from time to time as is deemed appropriate by the County.
4. The Airport Manager may, on a case-by-case basis, develop and implement specific, appropriate minimum standards for proposed Aeronautical Activities that are not already addressed in these Minimum Standards.

2.14 Variance or Exemption

1. The County may, in its sole discretion, grant variances to or exemptions from these Minimum Standards when it determines that a specific clause, section, or provision is not required or would pose an undue hardship because of specific conditions and unique circumstances.
2. Requests for variances from or exemptions to these Minimum Standards shall be submitted in writing to the Airport Manager and shall state the specific Minimum Standards provision for which a variance or exemption is being requested, describe the proposed variance or exemption, and state a) the reason for the request, and b) the proposed duration of the requested variance or exemption.
3. Any variance or exemption granted by the County shall apply only to the particular case for which the variance or exemption was granted and shall

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not constitute an amendment, or modification to the Minimum Standards.

4. When the Airport determines that there is a demonstrated need for a specific product, service, and/or facility that is not currently provided at the Airport, the Airport may, in its sole discretion, enter into an Agreement with an FBO, for a limited period of time (“trial period”), that authorizes the FBO to provide the specific product, service, and/or facility under terms and conditions that may permit temporary variance(s) from requirements of these Minimum Standards (e.g. reduced rents, lower minimum standards, etc.) Based upon its findings, after the completion of the trial period, the Airport, in its sole discretion, may amend an FBO’s Lease or Operating Agreement to authorize it to provide the product, service, and/or facility on a permanent basis, subject to requirements established by the Airport and agreed to by the FBO.

2.15 Enforcement

1. The County shall implement and enforce these Minimum Standards through the Leases and Operating Agreements with Aeronautical Operators and Airport Tenants.
 - a. Violation of these Minimum Standards shall constitute a breach of the Commercial Aeronautical Operator’s Lease and/or Operating Agreement with the County and shall be a ground for terminating a Lease and/or Operating Agreement.
2. Persons or entities aggrieved by a decision of the Airport Manager or County may appeal such decision, in writing, within 10 days after such decision is issued, pursuant to appeal procedures established by the County.

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GENERAL REQUIREMENTS

SECTION 3 – GENERAL REQUIREMENTS

The following requirements apply to all Operators seeking authorization to engage in Aeronautical Activities at the Airport. The Minimum Standards applicable to specific Aeronautical Activities are established in Sections 4 through 13 of these Minimum Standards.

3.1 Experience/Capability

1. Operator shall demonstrate, to the satisfaction of the County, its capability to provide the proposed products, services, and facilities.
2. Operator shall demonstrate, to the satisfaction of the County, the financial qualifications and ability to conduct the proposed Aeronautical Activity on a commercial basis and comply with the requirements established in these Minimum Standards.
3. Operator and its employees shall be capable of complying with all applicable Airport and TSA security requirements.

3.2 Agreement/Approval

1. No person or entity shall engage in any Commercial Activity at the Airport unless the person or entity has entered into a Lease Agreement or Commercial Operating Agreement with the County authorizing the Activity.
2. Any person or entity desiring to conduct a Commercial Aeronautical Activity on land or facilities subleased from any Airport tenant shall first enter into an Operating Agreement with the County before conducting any commercial activities.

3.3 Leased Premises

1. A Commercial Operator shall lease or sublease sufficient land and shall lease, sublease, or construct sufficient Improvements required to conduct the proposed Commercial Activity as established in these Minimum Standards.
 - a. Leased Premises that are used for Commercial purposes and require public access shall have direct public street side access.

3.4 Licenses, Operating Agreements, Certifications, and Ratings

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GENERAL REQUIREMENTS

Operator (and/or Operator's personnel) shall obtain and comply with, at Operator's sole expense, all necessary licenses, permits, certifications, or ratings required for the conduct of Operator's Activities at the Airport as required by the County or any other duly authorized Agency prior to engaging in any Activity at the Airport. Operator shall provide copies of such licenses, operating agreements, certifications, or ratings to the County, at the County's request, within 10 business days after receiving such request.

3.5 Personnel

1. All Commercial Operators shall employ, and shall have on duty during designated business hours, trained personnel in such numbers as are required to meet the minimum standards for each aeronautical service the Operator is performing as provided in these Minimum Standards. When reasonable, multiple responsibilities may be assigned to meet the personnel requirements for each aeronautical service being performed by the Operator.
2. All Commercial Operators shall designate a responsible person to supervise activities. The designated responsible person shall be authorized to represent and act for and on behalf of the Commercial Operator during all business hours of Activities.
3. Commercial Operators shall maintain current business contact information on file with the Airport that will enable Airport staff to make contact with the responsible person when the responsible person is not on the Leased or Subleased Premises.

3.6 Equipment

All required Equipment must be fully operational and located on the Leased or Subleased Premises at all times during required hours of operation unless the equipment is performing its intended function or is undergoing scheduled maintenance at a location off of the Leased or Subleased Premises.

3.7 Insurance

1. Commercial and Non Commercial Aeronautical Operators shall be required to obtain and maintain insurance in accordance with the County's current, approved insurance requirements. Required insurance coverage's and limits are available at the Airport Administrative Office and will be posted on the Airport's web site.

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2. Commercial and Non Commercial Aeronautical Operators shall keep current Certificates of Insurance on file with the Airport during the term of any Lease, Sublease, or Operating Agreement, including any holding over period after the expiration of any Lease, Sublease, or Operating Agreement.
3. Disclosure Requirement: Every Commercial and Non Commercial Aeronautical Operator conducting aircraft rental, aircraft sales, or flight training shall be required to a) post a notice in a conspicuous place and disclose within its rental and instruction agreements the insurance coverage and limits provided to the renter or student by the operator, and b) include a statement advising that additional coverage is available to the renter or student through the purchase of an individual non-ownership liability policy. Operators shall provide copies of all required notices to the Airport.

3.8 Indemnification and Hold Harmless

Commercial and Non Commercial Aeronautical Operators, in connection with obtaining a Lease, Sublease or Operating Agreement, will be obligated to indemnify the County in accordance with the terms and conditions of their Lease, Sublease or Operating Agreement.

3.9 Fixed Base Operators (FBO) Excluding Full Service FBOs

With the exception of Full Service FBOs, FBOs conducting activities addressed in Sections 4 through 13 shall meet the following standards as well as the specific Minimum Standards applicable to the activity:

1. Lessee of Stand Alone Facility or Land for Development. An Operator engaging in activities addressed in Sections 4 through 13 who is either a Lessee of a stand alone facility, or a Lessee of land for development shall have adequate land, apron, facilities, and vehicle parking to accommodate all activities of the Operator and all approved Sublessee(s), but not less than the following (excludes Section 5 "Aircraft Maintenance Operator" and Section 6 "Avionics or Instrument Maintenance Operator"):
 - a. Leased Premises – one quarter acre parcel (10,890 square feet) upon which all required improvements including Apron, Vehicle parking, roadway access, landscaping, and all facilities shall be located, in an area designated in the Airport Master Plan as approved for commercial use. Permanent structures shall not occupy more than 50% of the leased property.

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GENERAL REQUIREMENTS

- b. Apron/Paved Tiedowns shall be adequate to accommodate the total number of Aircraft in Operator’s fleet at the Airport.
 - i. If Operator constructs or has a hangar, apron shall be adequate to accommodate the movement of aircraft into and out of the hangar, staging, and parking of Operator’s Aircraft without interfering with the movement of aircraft in and out of other facilities and aircraft operating in taxilanes or taxiways.
 - ii. If Operator utilizes a hangar large enough to store Operator’s entire fleet of aircraft based at the Airport, no paved Tiedowns will be required.
 - c. Facilities – Customer and administrative areas shall be adequate space for customer lounge, restrooms, employee offices, work areas, and storage.
 - i. If Operator is conducting Aircraft Maintenance on Aircraft owned and/or operated by Operator, Operator shall have at least 500 square feet of maintenance area including adequate space for employee work areas, shop areas, and storage and at least 3,000 square feet of hangar space or large enough to accommodate the largest aircraft in Operator’s fleet being maintained by Operator at the Airport, whichever is greater.
 - d. Vehicle Parking shall be sufficient to accommodate customers and employees on a daily basis and comply with parking requirements as outlined in the Airports Development Standards, whichever is greater.
2. Lessee in Multiple Lessee Facility, Sublessee, or Multiple Activity Operator: An Operator engaging in activities addressed in Sections 4 through 13 who is either a Lessee in a multiple lessee facility, a Sublessee, or a multiple activity operator shall have adequate apron, facilities, and vehicle parking (all located within close proximity) to accommodate all activities of the Operator, but not less than the following (excludes Section 5 “Aircraft Maintenance Operator” and Section 6 “Avionics or Instrument Maintenance Operator”):
- a. Apron/Paved Tiedowns shall be adequate to accommodate the total number aircraft in Operator’s fleet at the Airport.

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- b. Facilities – Customer and administrative areas shall be at least 400 square feet to include adequate space for class/training rooms, employee offices, work areas, and storage.
 - i. Operator’s customers shall have reasonable access to a customer lounge and restroom if these facilities are not provided within Operator’s Leased Premises.
 - ii. If Operator is conducting aircraft maintenance on aircraft owned and/or operated by Operator, Operator shall have at least 500 square feet of maintenance area including adequate space for employee work areas, shop areas, and storage and hangar space large enough to accommodate the largest aircraft in Operator’s fleet being maintained by Operator at the Airport.
 - iii. If Operator provides Aircraft Maintenance on Aircraft, other than those that are owned by or under the care, custody and control of Operator, Operator shall meet the Minimum Standards for an Aircraft Maintenance Operator.
- c. Vehicle Parking shall be sufficient to accommodate customers and employees on a daily basis and comply with parking requirements as outlined in the Airports Development Standards, whichever is greater.

3. Hours of Activity

Operator shall maintain business hours that make its services available to meet the reasonable demands of the public. For an Aircraft Maintenance Operator and Aircraft Sales Operator, services shall be available for this activity five days a week, eight hours a day. After hours, on-call response time to customer inquiries shall not exceed 60 minutes. Section 13 “Commercial Hangar Operator (FBO)” shall be excluded from these Hours of activity requirements.

4. Insurance

All Commercial and Non Commercial Aeronautical Operators shall be required to obtain and maintain insurance in accordance with the County's current, approved insurance requirements. Currently required insurance coverage's and limits are available at the Airport Administrative Office and will be posted on the Airport's web site.

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GENERAL REQUIREMENTS

3.10 Self-Fueling and Aircraft Servicing

Subject to the conditions and requirements established in Section 14 of these Minimum Standards, all persons, firms, and corporations operating aircraft on the Airport may maintain, repair and/or fuel their own aircraft with their own employees.

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FULL SERVICE FBO

SECTION 4 – FULL SERVICE FBO

Full Service FBOs shall comply with 1) the following specific Minimum Standards, 2) the Section 3 General Requirements that are applicable to all commercial operators, and 3) all applicable laws and ordinances, federal and state aviation regulations, and Airport Rules and Regulations.

4.1 Scope of Activity

1. Unless otherwise noted, all products and services must be provided by Operator's employees using Operator's vehicles and equipment.
2. Operator's products and services shall include, at a minimum, the following:
 - a. Aviation Fuels and Lubricants (Jet Fuel, Avgas, and Aircraft Lubricants):
 - i. Operator shall be capable of delivering and dispensing Jet Fuel, Avgas, and aircraft Lubricants into all general aviation aircraft normally frequenting the Airport.
 - ii. Operator shall be capable of providing a response time not to exceed 15 minutes during required hours of activity.
 - iii. Operators seeking authorization to sell alternative aviation fuels may be required to complete a twelve (12) month trial period before being authorized to sell alternative aviation fuels on a permanent basis. Based upon its findings, after the completion of any required trial period, the Airport, in its sole discretion, may amend Operator's Lease Agreement to include authorization to sell alternative aviation fuel.
 - b. Passenger, Crew, and Aircraft Ground Services, Support, and Amenities, and
 - i. Baggage handling
 - ii. Aircraft marshalling and towing
 - iii. Oxygen, nitrogen, and compressed air services
 - iv. Ground power

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FULL SERVICE FBO

- v. Aircraft cleaning services
- c. Aircraft Maintenance
 - i. Full Service FBOs shall be able to provide and assist with routine (minor) aircraft line maintenance (i.e., including preventative maintenance as defined in 14 CFR Part 43, Appendix A and excluding maintenance associated with 50 hour, 100 hour, annual inspections, major alteration, and major repair) on the airframe, powerplants, and associated systems of General Aviation Aircraft up to 12,500 pounds Maximum Takeoff Weight (MTOW).
 - ii. Operator shall provide aircraft airframe and powerplant maintenance services to Group I and Group II piston aircraft including, but not limited to, 50 hour, 100 hour, and annual inspections (and associated repairs).

4.2 Leased Premises

- 1. Operator shall have adequate land, Apron/Paved Tiedown, facilities (hangars, terminal, maintenance, and fuel storage), and vehicle parking to accommodate all activities of Operator and all approved Sublessees, but not less than the following:
 - a. Leased Premises – three (3) acres (130,680 square feet), upon which all required improvements including apron, vehicle parking, roadway access, landscaping, and all facilities (including the fuel storage facility) shall be located.
 - b. Apron/Paved Tiedown – approximately two (2) acres (87,120 square feet), with sufficient weight bearing capacity and adequate paved tiedown to accommodate the number, type, and size of based and transient aircraft requiring Tiedown space at the Operator’s Leased Premises.
 - c. Facilities – 14,800 square feet (total) consisting of the following:
 - i. Terminal space – 4,000 square feet to include adequate space for crew and passenger lounge(s), flight planning room, conference room, public telephones, restrooms, wireless data access (WiFi) and adequate space for employee offices, work areas, and storage.

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- ii. Maintenance area – 800 square feet to include adequate space for employee offices, work areas, and storage.
 - iii. Hangar space – 10,000 square feet, of which at least 3,000 square feet shall be dedicated to providing Aircraft Maintenance services.
- d. Vehicle Parking
- i. Vehicle Parking shall be in close proximity to Operator’s main facility and sufficient to accommodate Operator and tenant customers, passengers, and employees on a daily basis.

4.3 Fuel Storage

1. Operator shall lease, construct or install and maintain an on-Airport fuel storage facility in a location approved by the County.
2. Fuel storage facility shall have total capacity that will provide an adequate supply of aviation fuel to serve the needs of based and itinerant Aircraft. In no event shall the total storage capacity be less than:
 - a. 20,000 gallons for Jet A fuel storage
 - b. 10,000 gallons for Avgas storage
 - c. No more than 5,000 gallons for each type of alternate aviation fuel storage
3. Operator shall, at its sole expense, maintain the fuel storage facility, all improvements thereon, and all appurtenances thereto, in a presentable condition consistent with good business practice and equal to or better than in appearance and character to other similar improvements on the Airport.
4. Operator shall demonstrate that satisfactory arrangements have been made with a petroleum supplier/distributor for the delivery of aviation fuels in the quantities that are necessary to meet the requirements set forth in an approved fuel quality program.
5. Operator shall have an approved written Spill Prevention Contingency and Control Plan (“SPCC Plan”) that meets Regulatory Requirements for

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FULL SERVICE FBO

fuel storage facilities. An updated copy of the SPCC Plan shall be filed with the Airport Manager at least 30 days prior to commencing operations.

6. Operator shall be liable and shall indemnify the County for all leaks, spills, or other damage that may result through the handling and dispensing of fuel.
7. Operator shall be responsible for ensuring the quality of all fuel sold.
8. Operator shall make available, upon reasonable written notice, at all times during normal business hours, for inspection by County, its auditors or other authorized representatives, all required books, records and accounts, including records and accounts relating to the Premises, the delivery of fuel to the Premises, all fuel dispensed, and the calculation of rent and fees due to the County.

4.4 Fueling Equipment

1. Operator shall have two operating and fully functional Jet A Fuel refueling vehicles having capacities of at least 3,000 and 5,000 gallons each.
2. Operator shall have two operating and fully functional Avgas refueling vehicles having a capacity of at least 750 gallons each.
 - a. A fixed Avgas (self-service) refueling system can be substituted for an Avgas refueling vehicle if authorized by the Airport.
3. Aircraft refueling vehicles shall be equipped with metering devices that meet all applicable Regulatory Requirements. One refueling vehicle dispensing Jet A fuel shall have over-the-wing and single point aircraft servicing capability. All refueling vehicles shall be bottom loaded.
4. Each refueling vehicle shall be equipped and maintained to comply with all applicable safety and fire prevention requirements or standards including without limitation, those prescribed by:
 - a. These Minimum Standards and all other applicable Regulatory Requirements;
 - b. State of California Fire Code and local Fire District;
 - c. 14 CFR Part 139, Airport Certification, Section 139.321 "Handling/Storing of Hazardous Substances and Materials".

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- d. Applicable FAA AC's including AC 00-34 "Aircraft Ground Handling and Servicing" and AC 150/5210-5 "Painting, Marking and Lighting of Vehicles Used On An Airport".

4.5 Equipment

1. Operator shall have adequate Equipment for recharging or energizing discharged aircraft batteries.
2. Operator shall have one aircraft tug (and tow bars) having a rated draw bar capacity sufficient to meet the towing requirement of the aircraft normally frequenting the Full Service FBO.
3. Operator shall have at least one (1) 50 gallon spill kit.
4. Operator shall have adequate number of approved and regularly inspected dry chemical fire extinguisher units within all hangars, and shop areas, on apron areas, at fuel storage facilities, and on all grounding and refueling vehicles.
5. Operator shall have all equipment necessary for the proper performance of aircraft maintenance for aircraft regularly frequenting the Airport, in accordance with applicable FAA regulations and manufacturers' specifications.

4.6 Personnel

1. Operator shall develop and maintain Standard Operating Procedures (SOP) for fueling and ground handling and shall ensure compliance with standards set forth in FAA AC 00-34A "Aircraft Ground Handling and Servicing." Operator's SOP shall include training plan, fuel quality assurance procedures and record keeping, and emergency response procedures to fuel fires and spills. Operator's SOP shall also address: (1) bonding / grounding fire protection; (2) public protection; (3) control of access to fuel storage facilities; and (4) marking and labeling of fuel storage tanks and refueling vehicles. Operator's SOP shall be submitted to the County no later than 30 days before the Operator commences activities at the Airport. Inspections shall be conducted by the County on a periodic basis to ensure compliance.
2. Operator shall have at least one (1) properly trained and qualified employee, on each shift, providing aircraft fueling, parking, and ground services support.

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3. Operator shall have at least one (1) properly trained and qualified employee, on each shift (except from the hours of 8:00 PM to 6:00 AM), to provide customer service and support.
4. Operator shall have at least one (1) FAA licensed Airframe and Powerplant Technician employed by Operator and properly trained and qualified to perform aircraft maintenance on aircraft frequenting the Airport and shall be on-duty and on-premises for at least eight hours during Operator's hours of activity, five days a week, or have a licensed mechanic under contract to provide service.

4.7 Hours of Activity

1. Aircraft fueling and lubricants and passenger, crew, and aircraft ground handling services, support, and amenities shall be continuously offered and available to meet reasonable demands of the public for this activity seven days a week (including holidays) from 6:00 AM to 8:00 PM. These services shall be available after hours, on-call, with response time not to exceed 60 minutes.
2. Aircraft maintenance shall be continuously offered and available to meet reasonable demand of the public for this activity five days a week, eight hours a day. Aircraft maintenance shall be available after hours, on-call, with response time not to exceed 60 minutes.

4.8 Aircraft Removal

Recognizing that aircraft removal is the responsibility of the aircraft owner/operator, the Operator shall be prepared to lend assistance within 30 minutes in order to maintain the operational readiness of the Airport.

4.9 Insurance

Operator shall be required to obtain and maintain insurance in accordance with the County's current, approved insurance requirements.

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AIRCRAFT MAINTENANCE OPERATOR (FBO)

SECTION 5 – AIRCRAFT MAINTENANCE OPERATOR (FBO)

Aircraft Maintenance Operators shall comply with 1) the following specific Minimum Standards, 2) the Section 3 General Requirements that are applicable to all commercial operators, and 3) all applicable laws and ordinances, federal and state aviation regulations, and Airport Rules and Regulations.

Any person or entity desiring to sell fuel shall comply with the Minimum Standards set forth in Section 4, Full Service FBO.

5.1 Leased Premises (Lessee of Stand Alone Facility or Land for Development)

1. Operator engaging in this activity who is a Lessee of a stand alone facility or a Lessee of land for development shall have adequate land, apron, facilities, and vehicle parking to accommodate all activities of the Operator and all approved Sublessee(s), but not less than the following:
 - a. Leased Premises – One-quarter acre (10,890 square feet) and Hangar area shall be at least 3,000 square feet or large enough to accommodate the largest aircraft undergoing aircraft maintenance (other than preventative aircraft maintenance), whichever is greater, in an area designed in the Airport Master Plan as approved for commercial use. Permanent structures cannot occupy more than 50% of the leased property.

5.2 Leased Premises (Lessee in a Multiple Lessee Facility, Sublessee, or Multiple Activity Operator)

Operator engaging in this activity who is either a Lessee in a Multiple Lessee Facility, a Sublessee, or a Multiple Activity Operator shall have adequate apron, facilities, and vehicle parking (all located within close proximity) to accommodate all activities of the Operator, but not less than the following:

- a. Facilities shall include customer, administrative, maintenance areas and hangar areas with total square footage of:
 - i. Hangar area shall be at least 3,000 square feet or large enough to accommodate the largest aircraft undergoing aircraft maintenance (other than preventative aircraft maintenance), whichever is greater.

5.3 Aircraft Painting

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AIRCRAFT MAINTENANCE OPERATOR (FBO)

Operator applying to provide aircraft painting services shall provide a separate enclosed painting area of sufficient size to accommodate the largest aircraft serviced. Such facility shall meet all applicable regulatory requirements for such a facility.

5.4 Licenses and Certification

Personnel shall be properly certificated by the FAA, current, and shall hold the appropriate ratings for the work being performed.

5.5 Personnel

Operator shall provide a sufficient number of personnel to adequately and safely provide aircraft maintenance services.

5.6 Equipment

Operator shall provide sufficient shop space, equipment, supplies, and availability of parts for the type of aircraft maintenance provided.

5.7 Hours of Activity

Operator shall be open and services shall be available to meet reasonable demands of the public for this Activity.

5.8 Insurance

Operator shall be required to obtain and maintain insurance in accordance with the County's current, approved insurance requirements.

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AVIONICS OR INSTRUMENT MAINTENANCE OPERATOR (FBO)

SECTION 6 - AVIONICS OR INSTRUMENT MAINTENANCE OPERATOR (FBO)

Avionics or Instrument Maintenance Operators shall comply with 1) the following specific Minimum Standards, 2) the Section 3 General Requirements that are applicable to all commercial operators, and 3) all applicable laws and ordinances, federal and state aviation regulations, and Airport Rules and Regulations.

6.1 Leased Premises (Lessee of Stand Alone Facility or Land for Development)

1. Operator engaging in this activity who is a Lessee of a stand alone facility or a Lessee of land for development shall have adequate land, apron, facilities, and vehicle parking to accommodate all activities of the Operator and all approved Sublessee(s), but not less than the following:
 - a. For Operators performing just benchwork (i.e., no removal and replacement services are being performed), the minimums are as follows:
 - i. Leased Premises – Adequate land upon which all required improvements including apron, vehicle parking, roadway access, landscaping, and all facilities shall be located.
 - ii. Facilities – Customer, administrative, and maintenance areas to include adequate space for a customer lounge (if required by Airport Manager), restrooms, employee offices, work areas, shop areas, and storage.
 - b. For Operators performing services beyond benchwork (i.e., removal and replacement services are being performed), the following additional minimums, are as follows:
 - i. Leased Premises – One-quarter acre (10,890 square feet) and Hangar area shall be at least 3,000 square feet or large enough to accommodate the largest aircraft undergoing avionics or instrument removal or replacement in an area designed in the Airport Master Plan as approved for commercial use. Permanent structures cannot occupy more than 50% of the leased property. The contiguous land requirement only applies if the operator is proposing the construction of new facilities, and does not apply to existing facilities on the Airport.

6.2 Leased Premises (Lessee in a Multiple Lessee Facility, Sublessee, or Multiple Activity Operator)

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AVIONICS OR INSTRUMENT MAINTENANCE OPERATOR (FBO)

1. Operator engaging in this activity who is either a Lessee in a Multiple Lessee Facility, a Sublessee, or a Multiple Activity Operator shall have adequate apron, facilities, and vehicle parking (all located within close proximity) to accommodate all activities of the Operator, but not less than the following:
 - a. For Operator's performing benchwork (i.e., no removal and replacement services are being performed), the minimums are as follows:
 - i. Facilities – Administrative and Maintenance area shall be at least 500 square feet to include adequate space for employee offices, work areas, shop areas, and storage. Operator's customers shall have access to a customer lounge (if necessary) and restrooms.
 - b. For Operator's performing services beyond benchwork (i.e., removal and replacement services are being provided), the minimums, which are based upon the type of Aircraft avionics of instruments being tested and/or repaired, are as follows:
 - i. Hangar area shall be at least 3,000 square feet or large enough to accommodate the largest aircraft undergoing avionics or instrument removal or replacement, whichever is greater.

6.3 Licenses and Certifications

1. Operator shall be properly certificated as an FAA Repair Station.
2. Personnel shall be properly certificated by the FAA, current, and hold the appropriate ratings for the work being performed.

6.4 Personnel

Operator shall provide a sufficient number of personnel to adequately and safely carry out activity and to meet the reasonable demands of the public seeking such services.

6.5 Equipment

Operator shall provide sufficient shop space, equipment, supplies, and availability of parts as required for certification as an FAA Repair Station.

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AVIONICS OR INSTRUMENT MAINTENANCE OPERATOR (FBO)

6.6 Insurance

Operator shall be required to obtain and maintain insurance in accordance with the County's current, approved insurance requirements.

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AIRCRAFT RENTAL (FBO) AND FLIGHT TRAINING OPERATORS (FBO)

SECTION 7 – AIRCRAFT RENTAL (FBO) AND FLIGHT TRAINING OPERATORS (FBO)

Each Aircraft Rental Operator and Flight Training Operator shall comply with 1) the following specific Minimum Standards, 2) the Section 3 General Requirements that are applicable to all commercial operators, and 3) all applicable laws and ordinances, federal and state aviation regulations, and Airport Rules and Regulations.

7.1 Licenses and Certifications

Personnel performing aircraft proficiency checks and/or flight training shall be properly certificated by the FAA, current, and hold the appropriate ratings for the aircraft being utilized and/or flight training being provided.

7.2 Personnel

Operator shall provide a sufficient number of personnel to adequately and safely carry out aircraft rental and/or flight training and to meet the reasonable demands of the public/members seeking such services.

7.3 Equipment

Operator shall have available for rental or use in flight training, either owned by or under written lease to Operator and under the exclusive control of Operator, a quantity and type of certified aircraft adequate for the type of rental and flight training offered.

7.4 Insurance

Operator shall be required to obtain and maintain insurance in accordance with the County's current, approved insurance requirements.

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FLYING CLUBS

SECTION 8 –FLYING CLUBS

A Flying Club shall be required to comply with the following in order to be exempted from the commercial operator standards as they apply to flight instruction and aircraft maintenance. Flying Clubs shall also obtain and maintain insurance in accordance with the County's current, approved insurance requirements.

8.1 Non-Profit Flying Club

1. A flying club must be a nonprofit corporation or organization as evidenced by articles of incorporation or appropriate legal documents.
2. Verification of nonprofit status shall be submitted to the Airport annually by forwarding a Federal Internal Revenue Service Form 990 (if required according to IRS regulations) or a properly executed and notarized statement signed by a club officer affirming the club's continuing nonprofit status.
3. Each member must be a bona fide partial owner of club aircraft or stockholder in the nonprofit organization
4. All club aircraft shall be owned by the nonprofit corporation or owned in common by all members. Ownership shall be evidenced by a copy of each club aircraft's current FAA Certificate of Registration, which shall be filed with the Airport.
5. A club's aircraft will not be used or rented by any person other than bona fide club members. No person may use club aircraft for commercial operations as defined by these Minimum Standards.
6. Clubs will file and keep current with the County a complete list of club's officers, directors, and general membership and the investment share held by each member. Additionally, the County shall be provided a list of members qualified to perform maintenance and related technical services on club aircraft.
7. All maintenance and repair services shall be rendered by a certificated aircraft technician who is a bona fide club member who does not receive monetary compensation for such services, or the Club may contract with a Commercial Maintenance Operator authorized to conduct aircraft maintenance at the Airport under these Minimum Standards.

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FLYING CLUBS

8. Clubs shall make available, upon reasonable written notice, for inspection by County, its auditors or other authorized representatives, all required books, records and accounts of the Club.
9. All flight instruction shall be conducted by an FAA certificated flight instructor who is a bona fide club member who does not receive monetary compensation for such services, or the Club may contract with FBOs authorized to conduct flight instruction at the Airport under these Minimum Standards.
10. Clubs and club members are prohibited from selling or leasing any goods or services whatsoever to any person or entity other than a member of the club subject to the following limitations: a) the club may only sell basic pilot supplies required by members to complete FAA established requirements of their flight training curriculum, and b) the club may sell or exchange its capital equipment to non-members.

8.2 Private Flying Clubs (Not FBOs)

1. Private Flying Clubs are not considered Commercial Aeronautical Operators and shall not be required to meet the minimum standards stipulated for a Commercial Flying Club so long as the Private Flying Club's memberships are not available to the general public.
2. No member of a Private Flying Club shall receive compensation for services provided for such Private Flying Club or its members unless such member is a County authorized Commercial Operator.
3. No person or entity shall use Private Flying Club Aircraft in exchange for compensation of any kind, including the exchange of goods or services for goods or services (barter).
4. Each Private Flying Club member must have an ownership interest in Private Flying Club that is evidenced by a written document acceptable to the Airport.
5. Private Flying Clubs and club members are prohibited from selling or leasing any goods or services whatsoever to any person or entity other than a member of the club subject to the following limitations: a) the club may sell basic pilot supplies required by members to complete FAA established requirements of their flight training curriculum, and b) the club may sell or exchange its capital equipment.

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AIRCRAFT CHARTER OR AIRCRAFT MANAGEMENT OPERATOR (FBO)

SECTION 9 – AIRCRAFT CHARTER OR AIRCRAFT MANAGEMENT OPERATOR (FBO)

Aircraft Charter Operators and Aircraft Management Operators shall comply with 1) the following specific Minimum Standards, 2) the Section 3 General Requirements that are applicable to all commercial operators, and 3) all applicable laws and ordinances, federal and state aviation regulations, and Airport Rules and Regulations.

9.1 Licenses and Certifications

1. Aircraft Charter Operators shall have and provide copies to the County of all appropriate certifications and approvals, including without limitation, the Pre-application Statement of Intent (FAA Form 8400-6), the Registrations and Amendments under Part 298 (OST Form 4507), and FAA issued operating certificate(s).
2. Pilots employed by or under contract to the Operator 1) shall hold all appropriate FAA certificates and ratings for all aircraft flown in connection with the authorized activity and 2) shall meet the recent flight experience requirements established by FAA for the type of operation being conducted.

9.2 Personnel

Operator shall provide sufficient number of personnel to adequately and safely carry out activity and to meet the reasonable demands of the public and FAR's seeking such services.

- i. Operator shall employ at least one (1) Chief Pilot and at least one (1) customer service representative on each shift.

9.3 Equipment

All Operators shall maintain compliance with all equipment requirements established in 14 CFR Part 135 and/or 14 CFR Part 125, as applicable to the type of operation authorized by the Operator's certificate and by the Commercial Aeronautical Operating Agreement issued in accordance with these Minimum Standards.

9.4 Insurance

Operator shall be required to obtain and maintain insurance in accordance with the County's current, approved insurance requirements.

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AIRCRAFT SALES OPERATOR (FBO)

SECTION 10 – AIRCRAFT SALES OPERATOR (FBO)

Aircraft Sales Operators shall comply with 1) the following specific Minimum Standards, 2) the Section 3 General Requirements that are applicable to all commercial operators, and 3) all applicable laws and ordinances, federal and state aviation regulations, and Airport Rules and Regulations.

10.1 Licenses and Certifications

Pilots employed by or under contract to the Operator 1) shall hold all appropriate FAA certificates and ratings for all aircraft flown in connection with the authorized activity and 2) shall meet the recent flight experience requirements established by FAA for the type of operation being conducted.

10.2 Personnel

Operator shall provide a sufficient number of personnel to adequately and safely carry out activity and to meet the reasonable demand of the public seeking such services.

- a. Operator shall employ or have arrangements made with at least one (1) current private pilot who is an aircraft salesman and who has at least 200 hours of logged flight time in any type of aircraft to be demonstrated in flight to a prospective buyer, or as may be required by applicable FARs.

10.3 Equipment

Operator shall provide necessary and satisfactory arrangements for aircraft maintenance in accordance with any sales guarantee or warranty period.

10.4 Insurance

Operator shall be required to obtain and maintain insurance in accordance with the County's current, approved insurance requirements.

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SPECIALIZED COMMERCIAL AERONAUTICAL OPERATOR (FBO)

SECTION 11 – SPECIALIZED COMMERCIAL AERONAUTICAL OPERATOR (FBO)

Specialized Commercial Aeronautical Operators shall comply with 1) the following specific Minimum Standards, 2) the Section 3 General Requirements that are applicable to all commercial operators, and 3) all applicable laws and ordinances, federal and state aviation regulations, and Airport Rules and Regulations.

Specialized Commercial Aeronautical Operators include persons or entities providing the following or similar services on an “on demand” basis: Aircraft Detailing, Aircraft Upholstery, Propeller Service, Aircraft Window Repair and Replacement, Banner Towing, Specialized Flight Instruction, or similar types of activities.

11.1 Licenses and Certifications

Operator shall have and provide to the County evidence of all federal, state, and local licenses and certificates that are required to conduct the Activity.

11.2 Personnel

Operator shall provide a sufficient number of personnel to adequately and safely carry out its activity and to meet the reasonable demands of the public seeking such services.

11.3 Equipment

1. Operator shall have (based at the Airport), either owned or under written lease to Operator, sufficient vehicles, equipment, and, if appropriate, one continuously airworthy aircraft to support the specialized activity.
2. Operator shall have sufficient supplies and parts available to support the activity.

11.4 Space and Facilities

Operators applying to provide Specialized Aviation Services shall meet space and facilities requirements established by the Airport based upon the nature and duration of the proposed operation, including the need for public access.

11.5 Insurance

Operator shall be required to obtain and maintain insurance in accordance with the County's current, approved insurance requirements.

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SPECIALIZED (TEMPORARY) AVIATION SERVICE PROVIDER (FBO)

SECTION 12 – SPECIALIZED (TEMPORARY) AVIATION SERVICE PROVIDER (FBO)

The County recognizes that aircraft operators using the Airport may require specialized assistance not currently available at the Airport with the maintenance or service needs of their Aircraft and or flight training of their pilots. When this assistance is not available on the Airport through an existing Operator or Operators due to either the specialized nature of the maintenance service, and/or flight training requirements, the County may allow an aircraft operator to utilize the services of a qualified person or entity to provide such services.

Specialized Aviation Service Operators shall comply with 1) the following specific Minimum Standards, 2) the Section 3 General Requirements that are applicable to all commercial operators, and 3) all applicable laws and ordinances, federal and state aviation regulations, and Airport Rules and Regulations.

12.1 Scope of Activity

Operator shall conduct activity on and from the Leased Premises of an aircraft operator in a professional manner consistent with the degree of care and skill exercised by experienced Operators providing comparable products and services and engaging in similar Activities.

12.2 Operating Agreement

1. Aircraft operator must submit request to the County on behalf of the specialized Operator.
2. Operator shall obtain a 30 day Temporary Permit (issued by the County) prior to engaging in activity on the Airport.
 - a. Renewal shall be subject to the Operator’s compliance with all terms of the Temporary Operating Agreement.
3. Operator shall comply with all requirements for the permitted activities and limit serviced provided to those strictly stated on the Temporary Operating Agreement.

12.3 Licenses and Certifications

Operator shall have and provide to the County evidence of all federal, state, and local licenses and certificates that are required.

12.4 Insurance

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SPECIALIZED (TEMPORARY) AVIATION SERVICE PROVIDER (FBO)

Operator shall be required to obtain and maintain insurance in accordance with the County's current, approved insurance requirements.

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COMMERCIAL HANGAR OPERATOR (FBO)

SECTION 13 – COMMERCIAL HANGAR OPERATOR (FBO)

In addition to the General Requirements set forth in Section 3, each Commercial Hangar Operator at the Airport shall comply with the following Minimum Standards set forth in this Section 13.

A Commercial Hangar Operator shall comply with 1) the following specific Minimum Standards, 2) the general requirements applicable to all commercial operators, and 3) all applicable laws, federal and state aviation regulations, and Airport Rules and Regulations.

13.1 Scope of Activity

A Commercial Hangar Operator shall own, lease or sublease a hangar structure(s) for the purpose of subleasing hangar and associated office or shop space to persons or entities engaging in Commercial or Non-Commercial Aeronautical Activities that have been pre-approved by the Airport.

13.2 Leased Premises

Operator engaging in this activity shall lease or sublease adequate land, apron, vehicle parking, and facilities to accommodate all commercial activities of the operator and operator's Airport-approved sublessee(s).

- a. All required Improvements including, but not limited to, apron, vehicle parking, roadway and pedestrian access, landscaping, and all facilities shall be located on contiguous land.
- b. Apron shall be equal to not less than one times the hangar square footage or adequate to accommodate the movement of aircraft into and out of the hangar, staging, and parking of aircraft without interfering with the movement of aircraft in and out of other facilities and Aircraft operating in taxilanes or taxiways, whichever is greater.

13.3 Required Authority

- a. A Commercial Hangar Operator shall have a Lease or an Operating Agreement with the County that specifically authorizes all activities conducted by the Operator and all of Operator's sublessees. A Commercial Operator who is a sublessee or tenant of a Commercial Hangar Operator shall be required to have a Commercial Operating Agreement with the County before conducting any commercial activities.

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COMMERCIAL HANGAR OPERATOR (FBO)

- b. A Commercial Hangar Operator shall have, and shall provide evidence of to the County of, all federal, state, and local licenses and certificates that are required in connection with the activities conducted.

13.4 Exceptions

The following persons or entities are not Commercial Hangar Operators.

- a. A person or entity that owns or acquires a hangar structure(s) solely for investment purposes is not a Commercial Hangar Operator.
- b. A person or entity that owns or acquires a hangar structure(s) solely for the storage of the person or entity's aircraft and/or equipment is not a Commercial Hangar Operator.

13.5 Insurance

Operator shall be required to obtain and maintain insurance in accordance with the County's current, approved insurance requirements.

CHARLES M. SCHULZ – SONOMA COUNTY AIRPORT MINIMUM STANDARDS

SELF-FUELING and AIRCRAFT SELF-SERVICING

SECTION 14 – SELF-FUELING and AIRCRAFT SELF-SERVICING

All persons, firms, and corporations, other than Full Service FBOs, operating aircraft on the Airport and desiring to maintain, repair and/or fuel their own aircraft with their own employees shall comply with the standards and requirements established in this section and with the County’s insurance requirements.

14.1 Self Fueling Permit Required

1. No person or entity, other than a Full Service FBO, shall engage in self-fueling, including constructing, installing, or leasing fuel tanks, or dispensing fuel into an aircraft, unless a Self-Fueling Permit authorizing such activity has been obtained from the Airport. The Permit shall include specific limitations and requirements for self-fueling and the Permit shall not reduce or limit the Permittee’s obligations with respect to the following Self-Fueling minimum standards, which shall be incorporated into each Permit by reference.
2. Any person or entity seeking a Self-Fueling Permit shall submit a written application and supporting documentation to the Airport in the format prescribed by the Airport together with evidence of ownership of any aircraft to be fueled.

14.2 Fuel Flowage Fees

Permittee shall be required pay to the current County-approved flowage fee on all fuel pumped. The amount pumped will be verified by monthly fuel dispenser/pump meter/totalizer readings.

14.3 Reporting Requirements

1. Permittees will be required to submit detailed reports of all fuel purchased and dispensed during each calendar month and to submit monthly summary reports along with appropriate fees and charges due to the County on or before the 20th day of each subsequent month.

14.4 Record Keeping

1. Permittee shall, during the term of the Permit and for 3 years thereafter, maintain records identifying the total number of aviation fuel gallons purchased and dispensed. Records (and meter/totalizer readings) shall be made available for audit to the County or its representatives. In the case of a discrepancy, Permittee shall promptly pay, in cash, all additional rates, fees, and charges due to the County, interest on the unpaid

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SELF-FUELING and AIRCRAFT SELF-SERVICING

balance at the maximum rate allowable by law from the date originally due, and the cost of audit.

2. Permittee shall maintain appropriate records to show that the Permittee or its employees have performed the following minimum inspections on Fueling equipment, and to permit the Airport Manager to inspect such records at any time during normal business hours:
 - a. Daily: Filter sump, Fuel tank sump(s), air supply tank (for water), filter pressure differential and flow rate (if applicable), operating pressures, deadman system operation (if applicable), bottom loading mechanism.
 - b. Weekly: Refueling hoses, nozzle screens, emergency shutoff system, fire extinguisher seals and tags.

14.5 Limitations

Permittee shall not sell, trade, barter, or otherwise dispense any fuels to based or transient aircraft for any purposes. Permittee shall not dispense any fuels to any based or transient aircraft that are not owned by or under the full control of Permittee. Any such selling, trading, bartering, dispensing or aircraft servicing shall be grounds for revocation of the Permit.

14.6 Insurance and Indemnification

1. Permittee shall maintain, at a minimum, the insurance coverage's and policy limits required by the County.
2. Permittee shall be required to indemnify the County for all leaks, spills, or other damage that may result from the handling and dispensing of fuel and/or other products by Permittee. Permittee shall be liable and responsible for all cleanup and remediation activities that may be required by federal, state, and city agencies and all associated costs. Permittee shall be responsible for ensuring that all fuel delivered shall be clean, bright, pure, and free of microscopic organisms, water, or other contaminants.

14.7 Fuel Storage

1. Permittee shall demonstrate to the Airport's satisfaction that acceptable arrangements have been made for the storage of fuel through either an authorized Full Service FBO at the Airport or Permittee shall obtain written approval from the Airport Manager to construct or install a self-fuel storage facility at the Airport.

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SELF-FUELING and AIRCRAFT SELF-SERVICING

2. Fuel may not be stored on the Leased Premises, except as set forth in applicable provisions of Section 4 of these Minimum Standards.

14.8 Fueling Equipment

1. Permittees may be authorized to use the following types of equipment for self-fueling on the Airport.
 - a. Refueling Vehicles. If refueling vehicles are used, Permittee shall utilize separate refueling vehicles for each type of fuel to be dispensed with a minimum capacity of 750 gallons. Avgas refuelers shall have a maximum capacity of 1,200 gallons and Jet refuelers shall have a maximum capacity of 3,000 gallons. All refueling vehicles shall be capable of bottom loading.
 - b. Fixed Refueling System. A fixed refueling system is the minimum requirement to establish self-fueling activities, within a minimum capacity of 10,000 gallons.
2. Each refueling Vehicle and each authorized Fixed Refueling System shall be equipped and maintained to comply at all times with all applicable safety and fire prevention requirements or standards including without limitation, those prescribed by the following:
 - a. These Minimum Standards and all other applicable Regulatory Requirements.
 - b. State of California and local Building and Fire Codes;
 - c. National Fire Protection Association (NFPA) Codes;
 - d. Title 14 CFR Part 139, Airport Certification, Section 139.321 (e) (1) "Handling/Storing of Hazardous Substances and Materials."
 - e. Applicable FAA Advisory Circulars (AC) including AC 00 34 "Aircraft Ground Handling and Servicing" and AC 150/5210 5 "Painting, Marking and Lighting of Vehicles Used On an Airport."

14.9 Spill Prevention Contingency and Control Plan (SPCC)

Prior to transporting fuel onto the Airport, Permittee shall provide the Airport, for its review and written approval, a proposed Spill Prevention Contingency and

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SELF-FUELING and AIRCRAFT SELF-SERVICING

Control Plan (SPCC) that meets all regulatory requirements for above ground fuel storage facilities. An updated SPCC Plan shall be filed with the County at least 10 business days prior to implementation of the SPCC. The SPCC shall describe, in detail, the methods and procedures to be used by Permittee to prevent, contain and clean up any fuel spills. The plan shall address equipment to be used, emergency contact personnel and their telephone numbers.

14.10 Standard Operating Procedures (SOP)

Permittee shall develop and implement a written manual containing Standard Operating Procedures (SOP), consistent with applicable Regulatory Requirements and industry practices, for fueling. The SOP shall be designed to ensure compliance with standards set forth in FAA Advisory Circular 00-34A (“Aircraft Ground Handling and Servicing”). The SOP shall include a training plan, fuel quality assurance procedures, record keeping, and emergency response procedures for fuel spills and fires. The SOP shall also address the following: (1) bonding and fire protection, (2) public protection, (3) control of access to fuel storage tanks and refueling vehicle storage areas, and (4) marking and labeling of refueling vehicles. The SOP shall be submitted to the Airport for review and approval not later than 10 business days before Permittee proposes to begin self-fueling at the Airport. The County or a designated agent may conduct periodic inspections to monitor compliance with the SOP.

14.11 Aircraft Servicing

In accordance with FAA policy, the Airport will not unreasonably restrict the operator of any aircraft utilizing the Airport from performing services on his or her own aircraft with his or her own employees and equipment. Aircraft owners will be permitted to service their own aircraft, provided the service is in compliance with Federal Aviation Regulations and is performed by the aircraft owner or his or her employees in a location or facility the Airport Manager has determined to be acceptable for these activities. All aircraft maintenance, repair and washing activities shall be conducted in locations designated for that purpose by the Airport Manager, and in accordance with procedures and practices approved by the Airport Manager, consistent with all applicable Regulatory Requirements.

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SECTION 15 – LEASES AND OPERATING AGREEMENTS

This Section addresses the procedure for obtaining a Lease Agreement or an Operating Agreement to conduct proposed Aeronautical Activities at the Airport.

15.1 Application

Any person or entity requesting authorization to conduct Commercial or Non-Commercial Aeronautical Activities at the Airport (Applicant) shall submit all information and material necessary to establish to the satisfaction of the County that the applicant is capable of conducting the proposed activities and able to comply with these Minimum Standards. All requests shall be submitted in writing to the Airport Manager, in a form and manner acceptable to the County, together with the required non-refundable application fee. The request shall include at a minimum the following information, and any other information that may be requested by the County:

1. A complete description of the type of business and activities to be conducted.
2. A list of the names and statements of the background and experience of all principals involved, including owners, key managers, and any persons or entities holding government issued certificates or authority that will be relied upon in connection with the operation of the business.
3. A detailed business plan, in a format acceptable to the County, outlining the projected income and expenses of the business, including pro-forma operating financial statements for the first three years of operation for a Full Service FBO and for the first year of operation for an FBO that is not a Full Service FBO.

NOTE: An applicant to provide Full Service FBO services shall demonstrate, to the County's satisfaction that adding an additional fuel supplier is financially practical and feasible.

4. Financial information that will enable the County to evaluate the ability of the applicant to meet the minimum standards and to make its required payments to County. If the applicant is a business or corporation that has been in continuous operation for the past five years, certified or reviewed financial statements or federal corporation or partnership Income Tax returns for the past three years shall be provided. Compilation statements will not be accepted. If the applicant is an individual or if the business or corporation has not been in continuous operation for the past five years,

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personal financial statements of the principal owners, including current credit reports, may be required.

5. A detailed description, including plans and drawings, and estimated cost of capital improvements to be constructed or acquired by applicant, and a statement regarding the means of financing the construction or acquisition of such improvements.

NOTE: County will grant an Option to Lease until facilities are completed and occupancy has been approved by all applicable agencies.

6. The term of lease requested.
7. Evidence of the ability to obtain the types and amounts of insurance required by the County.
8. A written request and authorization for the FAA and all aviation related administrators, commissions and/or departments in all states in which the person or entity has engaged in aviation business to provide the County with all information in their files relating to the applicant or its operations. The applicant shall execute all releases requested by the agencies to enable the County to obtain requested information.
9. Any additional information requested by the County to assist in its evaluation of the applicant's proposal.

NOTE: To the extent permitted by law, all information contained in an application shall be treated as confidential.

15.2 Review/Approval

1. Applications and all supporting documents shall be submitted to the Airport Manager for review.
2. Applications will not be reviewed unless a) all required information is provided to enable the County to assess an applicant's proposed operation and determine if applicant's proposal is consistent with the Airport's Master Plan, these Minimum Standards, and applicable Regulatory Requirements, and b) all required application fees have been paid.
3. If an application is approved, the Airport will prepare a Lease and/or Operating Agreement for review and execution by applicant.

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4. Prior to entering into a Lease or Operating Agreement, the County shall be satisfied that, as a minimum, the following requirements have been met:
 - a. The applicant has demonstrated its ability, based on prior experience and qualifications, to conduct the proposed activity,
 - b. The applicant is financially responsible, able to meet its financial obligations to the Airport, and able to provide the facilities and services proposed,
 - c. The applicant holds or can reasonably secure any required certificates from the FAA or any other authority prior to commencing operation, and
 - d. The applicant is able to meet the Minimum Standards, comply with any other requirements applicable to the proposed activity, and meet any conditions imposed by the County.
5. Applicant shall be required to pay the costs of any environmental review that may be required in connection with the processing of its application.

15.3 Grounds for Denial

An application may be denied for one or more of the following reasons:

1. **Applicant Not Qualified:** The applicant for any reason cannot meet the County's Lease and/or Operating Agreement requirements and these Minimum Standards.
2. **Safety Hazard:** The applicant's proposed operations or construction will, in the judgment of the County, create a safety hazard on the Airport.
3. **County Expenditure:** Granting applicant's request(s) will require the expenditure of County funds, or the use of County labor or materials in connection with the proposed operations which will result in an unacceptable payback period or a loss to the County when compared to the projected financial return.
4. **Availability of Facilities:** There is no appropriate, adequate, or available space or facilities on the Airport to accommodate the proposed activity at the time the application is made.

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5. Inconsistency with Master Plan: The proposed operation or Airport development or construction is not consistent with the Airport Master Plan or ALP.
6. Congestion: Development or use of the area requested by applicant would result in congestion or conditions that, in the judgment of the Airport Manager, would unduly interfere with public access or adversely affect the operations or access of any existing operator at the Airport.
7. Misrepresentation: Applicant or any party with an interest in the proposed activity has provided false or misleading information to the County or has misrepresented any material fact or has failed to make full disclosure in its application or in supporting documents.
8. History of Violations: Applicant, or any party with an interest in the proposed activity, has a record of violating any Regulatory Requirements, the rules and regulations of any airport, or requirements of these Minimum Standards.
9. Defaulted Performance: Applicant, or any party with an interest in the proposed activity, has defaulted in the performance of any Lease or other Agreement(s) with the County or any other airport.
10. Credit Report: Applicant, or any party with an interest in the proposed activity, has a credit report indicating inability to meet financial obligations.
11. Inadequate Financing: Applicant fails to establish its ability to adequately finance its proposed activities.
12. Conviction of Felony: Applicant, or an officer or director of Applicant, has been convicted of a felony.
13. Inability to Obtain Insurance or Bond: Applicant cannot provide a required performance bond or the types and amounts of insurance required by the County for the proposed activity.
14. Security Considerations: Applicant or key employees of applicant are unable, for any reason, to comply with Airport and TSA security requirements.

15.4 Operating Agreements

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1. Operating Agreements shall be subject to Operator meeting all applicable requirements established in these Minimum Standards.
2. Airport Manager, in his or her sole discretion, may issue a Temporary Operating Agreement or Special Use Permit, subject to conditions deemed necessary to ensure consistency with the Purpose of these Minimum Standards, in order to implement the provisions of Section 12.

15.5 Existing Operator with an Existing Lease or Operating Agreement

Prior to engaging in any activity that is not permitted in an existing Lease or Operating Agreement, or changing or expanding the scope of any activities that are permitted in an existing Lease or Operating Agreement, an Operator shall make an application to the Airport requesting authority to engage in the additional, changing, or expanded activity.

15.6 Non-Commercial Operators

Non-Commercial Operators are not required to obtain a Commercial Operating Agreement, however, Non-Commercial Operators shall comply with all applicable Regulatory Requirements and requirements established in these Minimum Standards.

EXHIBIT F – Description of Aircraft

YEAR MAKE MODEL

TAIL NUMBER

EXHIBIT G – List of Hazardous Materials To Be Used On Premises

Materials contemplated by the nature of activities specified in Federal Aviation Regulations at 14 CFR 43.3(h), Appendix A., subsection (b), Appendix A, subsection (c), and the progressive inspections contemplated by 14 CFR 43.15.

SAMPLE LIST TO BE UPDATED BY TENANT

1. Aeroshell Diesel Ultra aircraft engine oil (quarts)
2. Aeroshell 15W-50 aircraft engine oil (quarts)
3. Aeroshell W100 aircraft engine oil (quarts)
4. Avgas 100LL (in aircraft tanks)
5. Jet A (in aircraft tanks)
6. Safety Clean Solvent (in solvent tank)
7. Mil-H-5606 aircraft hydraulic fluid
8. Nitrogen compressed gas
9. Misc flammable liquids in small spray cans - paints, lubricants, cleaners

EXHIBIT H – Grant Assurances

This Lease is subject to and subordinate to all Grant Assurances in effect by and between the FAA and the Airport at all times during the term of this lease (the “Grant Assurances”). Certain Grant Assurances mandated by the FAA for inclusion in airport leases have been incorporated herein. Any Grant Assurances mandated by the FAA for inclusion after the execution date of this Lease and prior to the expiration hereof shall be deemed by the parties to have been incorporated herein as of the effective date of any mandate of inclusion. Grant Assurances in effect at the Commencement Date of this Lease and as amended from time to time, are located at the County’s Airport Office at 2290 Airport Blvd., Santa Rosa, California or online at www.faa.gov/airports/aip/grant_assurances. As of the Commencement date, Tenant is required to comply with the following assurances required by the Federal Aviation Administration:

1. Nondiscrimination. For purposes of this section, all references to “Contractor” shall be deemed to refer to “Lessee.”

Compliance with Nondiscrimination Requirements:

During the performance of this contract, the Contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the “Contractor”), agrees as follows:

1. **Compliance with Regulations:** The Contractor (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
2. **Nondiscrimination:** The Contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, national origin), creed, sex, age, or disability in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The Contractor will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR part 21 including amendments thereto.
3. **Solicitations for Subcontracts, including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding or negotiation made by the Contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the Contractor of the contractor’s obligations under this contract and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.
4. **Information and Reports:** The Contractor will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions.

Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the Contractor will so certify to the Sponsor or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.

5. **Sanctions for Noncompliance:** In the event of a Contractor's noncompliance with the non-discrimination provisions of this contract, the Sponsor will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:
 - a. Withholding payments to the Contractor under the contract until the Contractor complies; and/or
 - b. Cancelling, terminating, or suspending a contract, in whole or in part.
6. **Incorporation of Provisions:** The Contractor will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations, and directives issued pursuant thereto. The Contractor will take action with respect to any subcontract or procurement as the Sponsor or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the Contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the Contractor may request the Sponsor to enter into any litigation to protect the interests of the Sponsor. In addition, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.

Title VI List of Pertinent Nondiscrimination Acts and Authorities

During the performance of this contract, the Contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the "Contractor") agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR Part 21 (Non-discrimination in Federally-Assisted programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964) including amendments thereto;
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794 *et seq.*), as amended (prohibits discrimination on the basis of disability); and 49 CFR part 27 (Nondiscrimination on the Basis of Disability in Programs or Activities Receiving Federal Financial Assistance);
- The Age Discrimination Act of 1975, as amended (42 U.S.C. § 6101 *et seq.*) (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982 (49 U.S.C. § 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987 (P.L. 100-259) (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms

“programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);

- Titles II and III of the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101, et seq) (prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities) as implemented by U.S. Department of Transportation regulations at 49 CFR Parts 37 and 38;
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. § 1681, et seq).

2. Development of Landing Area. County reserves the right to further develop, improve or maintain the land area and aprons of the Airport as it sees fit, regardless of the desires or view of Tenant, and without interference or hindrance by Tenant.

3. Maintenance of Landing Area. County reserves the right, but shall not be obligated to Tenant, 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 Tenant in this regard.

4. Agreement Subordinate to Agreement With U.S.A. This Agreement shall be subordinate to the provisions and requirements of any existing or future agreement between County and the United States, or any lawful requirement of the United States relative to the development, operation, or maintenance of the Airport.

5. Use to Conform with Federal Aviation Regulations. Tenant agrees that Tenant's use of the Airport shall conform to applicable Federal Aviation Regulations.

6. Nonexclusive Right. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of section 308(a) of the Federal Aviation Act of 1958 (49 U.S.C.1349).

7. Reservation of Avigation Easement. There is hereby reserved to County, its successors and assigns, 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 Airport. 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 of the Airport.

8. Noninterference with Aircraft. Tenant by executing this Agreement agrees for itself, its successors and assigns that it will not make use of the Airport in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, County reserves the right to cause the abatement of such interference at the expense of Operator.

9. War or National Emergency. This Agreement and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport or the exclusive or nonexclusive use of the Airport by the United States during the time of war or national emergency.

10. Pursuant to the adopted policies of the Federal Aviation Administration, as applicable to the County, Tenant is encouraged to:

10.1 Adopt and enforce workplace safety policies to decrease crashes caused by distracted drivers including policies to ban text messaging while driving when performing any work for, or on behalf of, the Federal government, including work relating to a grant or subgrant, including work upon this Agreement.

10.2 Conduct workplace safety initiatives in a manner commensurate with the size of the business, such as:

- a. Establishment of new rules and programs or re-evaluation of existing programs to prohibit text messaging while driving; and
- b. Education, awareness, and other outreach to employees about the safety risks associated with texting while driving.

11. Services. It is specifically understood and agreed by Tenant that no right or privilege has been granted which would operate to prevent any person, firm, or corporation operating aircraft on the Airport from performing any services on their own aircraft with their own regular employees (including, but not limited to, maintenance and repair) that they may choose to perform.

EXHIBIT I –Leasehold Mortgages

Notwithstanding any terms, covenants or conditions set forth in any provision of the Lease, including, without limitation, Section 12 - Defaults and Remedies, Tenant and every successor and assignee of Tenant is hereby given the right by County, in addition to any other rights herein granted, with County's prior written consent, which shall not be unreasonably withheld, to mortgage its interest in this Lease, or any part or parts thereof under one or more leasehold mortgages or deeds of trust ("Leasehold Mortgage"), and to assign this Lease, or any part or parts thereof as collateral security for any such mortgages or deeds of trust, upon the condition that all rights acquired under any such mortgage shall be subject to each and all of the covenants, conditions and restrictions set forth in this Lease, and to all rights and interests of County herein, none of which covenants, conditions or restrictions is or shall be waived by County by reason of the right given so to mortgage such interest in this Lease, except as expressly provided herein. No Leasehold Mortgage given by Tenant under the provisions of this Article shall be deemed to be an assignment of this Lease so as required the assumption of said obligations and liabilities by the holder of such mortgage until such time as the holder succeeds to Tenant's interest through foreclosure or similar action if Tenant or Tenant's successors and assigns shall mortgage this leasehold or any part or parts thereof and if the holder of such mortgage (a "Leasehold Mortgagee") shall send to the County, at its address and in the manner set forth in the Lease, written notice of such mortgage specifying the name and address of the mortgages and the pertinent recording data with respect to such mortgage. County agrees that so long as any such Leasehold Mortgage shall remain unsatisfied of record or until written notice of satisfaction is given by the holder to County, the following provisions shall apply:

1. There shall be no cancellation, surrender or modification of this Lease by joint action of County and Tenant without the prior consent in writing of the Leasehold Mortgagee.
2. County shall, upon serving Tenant with any notice of default, also serve a copy of such notice upon the Leasehold Mortgagee, and no such notice of default shall be effective unless and until a copy of such notice is served upon Leasehold Mortgagee. The Leasehold Mortgagee may remedy or cause to be remedied the defaults complained of as provided herein, and County shall accept such performance by or at the instigation of such Leasehold Mortgagee as if the same had been done by Tenant.
3. Anything herein contained notwithstanding, while such Leasehold Mortgage remains unsatisfied of record, or until written notice of satisfaction is given by the holder to County, if any money default shall occur which, pursuant to any provision of this Lease, entitles County to terminate this Lease, and if before the expiration of ten (10) days from the date of service of notice of termination upon such Leasehold Mortgagee such Leasehold Mortgagee shall have notified County of its desire to nullify such notice and shall have satisfied such money default, then, in such event County shall not be entitled to terminate this Lease and any notice of termination theretofore given shall be void and of no effect. Anything herein contained notwithstanding, while such Leasehold Mortgage remains unsatisfied of record, or until written notice of satisfaction is given by the holder to County, if any non-money default shall occur which, pursuant to any provision of this Lease, entitles County to terminate this Lease, and if before the expiration of thirty (30) days from

the date of service of notice of termination upon such Leasehold Mortgagee such Leasehold Mortgagee shall have notified County of its desire to nullify such notice and shall have satisfied such non-money default or complied or shall commence the work of complying with such non-money default, and shall prosecute the same to completion with reasonable diligence, then in such event County shall not be entitled to terminate this Lease and any notice of termination theretofore given shall be void and of no effect.

4. County agrees that in the event of termination of this Lease by reason of any default by Tenant that County will enter into a new Lease of the Premises with the Leasehold Mortgagee, or its nominee, which is substantially identical to this Lease, except where context requires change in order to substitute Leasehold Mortgagee or its nominee in place of Tenant, for the remainder of the term, effective as of the date of such termination, at the rent and additional rent and upon the terms, provisions, covenants, and agreements as herein contained and subject to on the date of the execution hereof; and to the rights, if any, of the Parties then in possession of any part of the Premises, provided:

4.1 Said Leasehold Mortgagee or its nominee shall make written request upon County for such new Lease within fifteen (15) days after the date of such termination and such written request is accompanied by payment to County of sums then due to County under this Lease.

4.2 Said Leasehold Mortgagee or its nominee shall pay to County at the time of the execution and delivery of said new Lease, any and all sums which shall have accrued and become due up to date of termination and pursuant to this Lease.

4.3 Said Leasehold Mortgagee or its nominee shall perform and observe all covenants herein contained on Lessee's part to be performed of which it has notice or could with the exercise of reasonable observation at the site and in the same circumstances remedy those conditions which Tenant under the terminated Lease was obligated to perform under the terms of this Lease, and which with exercise of diligence could be performed by Leasehold Mortgagee or its nominee.

4.4 Such new Lease shall be expressly made subject to the rights, if any, of Tenant under the terminated Lease.

4.5 The tenant under such new Lease shall have the same right, title and interest in and to the building and improvements on the Premises as Tenant had under the terminated Lease.

5. There shall be no merger of this Lease, nor of the leasehold estate created hereby, with the estate in the Premises, by reason of the fact that this Lease, or the leasehold estate created hereby, or any interest in either thereof may be directly or indirectly by or for the account of any person who shall own the fee estate in the Premises or any portion therein, and no such merger shall occur unless and until all persons at the time having any interest in the fee estate and all persons having any interest in this Lease or the leasehold estate, including the Leasehold mortgagee, shall join in a written instrument effecting such merger.

Exhibit J - Insurance

Tenant shall maintain and require its subcontractors and agents to maintain insurance as described below in accordance with the Minimum Standards unless such insurance has been expressly waived by the attachment of a *Waiver of Insurance Requirements*.

County reserves the right to review any and all of the required insurance policies and/or endorsements, but has no obligation to do so. Failure to demand evidence of full compliance with the insurance requirements set forth in this Lease or failure to identify any insurance deficiency shall not relieve Tenant from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the term of this Lease or any extensions of the term.

1. Workers Compensation Insurance & Employers Liability Insurance

- a. Required if Tenant has employees.
- b. Workers Compensation insurance with statutory limits as required by the Labor Code of the State of California.
- c. Employers Liability with limits of \$1,000,000 per Accident; \$1,000,000 Disease per employee; \$1,000,000 Disease per policy.
- d. The policy shall be endorsed to include a written waiver of the insurer's right to subrogate against County.
- e. Required Evidence of Insurance:
 - i. Subrogation waiver endorsement; and
 - ii. Certificate of Insurance.

If Tenant currently has no employees, Tenant agrees to obtain the above-specified Workers Compensation and Employers Liability insurance should any employees be engaged during the term of this Lease or any extensions of the term.

2. Airport/Aviation Commercial General Liability Insurance

- a. Minimum Limits: \$2,000,000 per Occurrence; \$4,000,000 General. If Tenant maintains higher limits than the specified minimum limits, County requires and shall be entitled to coverage for the higher limits maintained by Tenant.
- b. Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by County. Tenant is responsible for any deductible or self-insured retention and shall fund it upon County's written request, regardless of whether Tenant has a claim against the insurance or is named as a party in any action involving the County.
- c. The County of Sonoma, its officers, agents and employees shall be endorsed as additional insureds for liability arising out of Tenant's occupancy, maintenance or use of the premises.
- d. The insurance provided to the additional insureds shall apply on a primary and non-contributory basis with respect to any insurance or self-insurance program maintained by them.
- e. The policy shall be endorsed to include a written waiver of the insurer's right to subrogate against County.
- f. The policy shall cover inter-insured suits between County and Tenant and include a "separation of insureds" or "severability" clause which treats each insured separately.
- g. Required Evidence of Insurance:
 - i. Additional insured endorsement or copy of policy language granting additional insured status;
 - ii. Endorsement or policy language indicating that insurance is primary and non-contributory;

- iii. Subrogation waiver endorsement; and
- iv. Certificate of Insurance.

3. **Hangarkeepers Legal Liability** *(Required if Tenant stores or has care, custody or control of customers' aircraft.)*
 - a. Minimum Limits: \$2,500,000 Each Aircraft; \$5,000,000 Each Occurrence.
 - b. Required Evidence of Insurance: Certificate of Insurance.
4. **Automobile Liability Insurance**
 - a. Minimum Limit: \$1,000,000 combined single limit per accident.
 - b. Insurance shall apply to all owned autos. If Tenant currently owns no autos, Tenant agrees to obtain such insurance should any autos be acquired during the term of this Lease or any extensions of the term.
 - c. Insurance shall apply to all hired and non-owned vehicles.
 - d. Required Evidence of Insurance: Certificate of Insurance.
5. **Aircraft Liability Insurance** *(Required if Tenant operates owned or non-owned aircraft.)*
 - a. Aircraft Liability Insurance covering each aircraft owned by or leased to Tenant.
 - b. Aircraft Liability Insurance covering non-owned aircraft. *(Required if Tenant operates non-owned aircraft.)*
 - c. Minimum Limits: \$10,000,000 combined single limit, _____ sublimit per seat/passenger. If Tenant maintains higher limits than the specified minimum limits, County requires and shall be entitled to coverage for the higher limits maintained by Tenant.
 - d. County of Sonoma, its officers, agents and employees shall be endorsed as additional insureds for liability arising out of the operation of aircraft owned by or leased to Tenant.
 - e. Required Evidence of Insurance:
 - i. A Copy of the additional insured endorsement or policy language granting additional insured status; additional insured endorsement or policy language granting additional insured status;
 - ii. Endorsement or policy language indicating that insurance is primary and non-contributory; and
 - iii. Certificate of Insurance.
6. **Certified Flight Instructors Professional Liability Insurance** *(Required if Tenant provides flight instruction.)*
 - a. Minimum Limits: \$100,000 per passenger; \$1,000,000 per occurrence.
 - b. Required Evidence of Insurance: Certificate of Insurance.
7. **Non-Owned Aircraft Liability Insurance for Students and Renters** *(Required if Tenant's operations include aircraft rental or flight instruction in its own aircraft.)*
 - a. Minimum Limits: \$500,000 each occurrence; \$100,000 passenger sub-limit.
 - b. Required Evidence of Insurance: Certificate of Insurance.
8. **Pollution/Environmental Liability Insurance** *(Required if Tenant provides fuel service to others or engages in self-fueling.)*
 - a. Minimum Limits: \$1,000,000 per pollution condition. If Tenant maintains higher limits than the specified minimum limits, County requires and shall be entitled to coverage for the higher limits maintained by Tenant.
 - b. The County of Sonoma, its officers, agents and employees shall be endorsed as additional insureds.
 - c. If Tenant maintains higher limits than the minimums specified above, County requires and shall be entitled to coverage for the higher limits maintained by the Tenant.
 - d. Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the

deductible or self-insured retention exceeds \$25,000 it must be approved in advance by County. Tenant is responsible for any deductible or self-insured retention and shall fund it upon County's written request, regardless of whether Tenant has a claim against the insurance or is named as a party in any action involving the County.

- e. Coverage provided to the additional insureds shall apply on a primary and non-contributory basis with respect to any insurance or self-insurance program maintained by them.
- f. The policy shall be endorsed to include a written waiver of the insurer's right to subrogate against County.
- g. Required Evidence of Insurance:
 - i. Additional insured endorsement or policy language granting additional insured status;
 - ii. Endorsement or policy language indicating that insurance is primary and non-contributory;
 - iii. Subrogation waiver endorsement; and
 - iv. Certificate of Insurance.

9. Property Insurance for Business Personal Property and Tenant's Improvements

- a. Property insurance on a "special form" or "all risks" basis.
- b. Minimum Limit: the full current combined replacement cost of Tenant's business personal property and Tenant's improvements.
- c. The insurance shall apply on a replacement cost basis, without deduction for depreciation.
- d. Tenant shall disclose any deductible or self-insured retention in excess of \$25,000 and such deductible or self-insured retention must be approved in advance by County. Tenant is responsible for any deductible or self-insured retention.
- e. Required Evidence of Insurance: Certificate of Insurance or Evidence of Commercial Property Insurance.

10. Standards for Insurance Companies

Insurers shall have an A.M. Best's rating of at least A:VII.

11. Documentation

- a. The Certificate of Insurance shall include the following reference: [insert location or other identifier].
- b. All required Evidence of Insurance shall be submitted prior to the execution of this Lease.
- c. The name and address for Additional Insured endorsements and Certificates of Insurance is: County of Sonoma, its officers, agents and employees, c/o Airport Manager, Charles M. Schulz – Sonoma County Airport, 2290 Airport Boulevard, Santa Rosa, CA 95403.
- d. Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least ten (10) days before expiration or other termination of the existing policy.
- e. Tenant shall provide immediate written notice if: (1) any of the required insurance policies is terminated; (2) the limits of any of the required policies are reduced; or (3) the deductible or self-insured retention is increased.
- f. Upon written request, certified copies of required insurance policies must be provided within thirty (30) days.

12. Policy Obligations

Tenant's indemnity and other obligations shall not be limited by the foregoing insurance requirements.

13. Material Breach

If Tenant fails to maintain insurance which is required pursuant to this Lease, it shall be deemed a material breach of this Lease. County, at its sole option, may terminate this Lease and obtain damages from Tenant resulting from said breach. Alternatively, County may purchase such required insurance and Tenant shall immediately reimburse County for any premium costs advanced by County for such insurance. These remedies shall be in addition to any other remedies available to County.