

FRESNO CHANDLER EXECUTIVE AIRPORT

HANGAR FACILITY LEASE AGREEMENT

By and Between

**CITY OF FRESNO
A MUNICIPAL CORPORATION**

And

**WILLIAM NEWBURN INDIVIDUAL
D.B.A. PACIFIC COAST AERO MARINE**

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HANGAR FACILITY LEASE AT FRESNO CHANDLER EXECUTIVE AIRPORT

This Lease for Hangar Facility at Fresno Chandler Executive Airport (herein referred to as the "Lease"), by and between the CITY OF FRESNO, a California municipal corporation (herein referred to as "Lessor" or "City") and William Newburn an individual DBA Pacific Coast Aero Marine (herein referred to as "Lessee") (Lessor and Lessee herein together referred to as the "Parties"), is made and entered into on this 1st day of June, 2014 (the "Effective Date"), and evidences the following:

WITNESSETH

WHEREAS, Lessor owns and operates an airport in the City of Fresno, Fresno County, California, known as Fresno Chandler Executive Airport (the "Airport"); and

WHEREAS, Lessor hereby desires to lease to Lessee, and Lessee hereby desires to accept from Lessor, the Leased Premises (as defined in Section 2.A of this Lease), for the purposes set forth in this Lease; and

WHEREAS, Lessee agrees to use the Improvements on the Leased Premises in the manner provided for in this Lease.

NOW, THEREFORE, in consideration of the rent herein provided to be paid by Lessee, and such other mutual covenants and consideration as herein provided, Lessor does hereby grant, lease and let to Lessee the Leased Premises, together with the right to use any common aprons, taxiways, ramps and access of and to the Airport upon the following terms and conditions:

SECTION 1. DEFINITIONS

- A. The terms "air carrier", "aircraft" and "air transportation" shall have the same meaning as defined in the Federal Aviation Act of 1958, as amended. All other terms shall be defined, if necessary, in their proper context throughout this Lease.
- B. The term "Director" or "Director of Aviation" shall mean the City of Fresno Director of Aviation or his/her designee.

SECTION 2. LEASED PREMISES & NEW IMPROVEMENTS

A. Leased Premises

Lessor hereby lets and demises to Lessee and Lessee hereby leases and takes from Lessor 38,251 square feet of land, including existing paved aircraft ramp (Ramp) and a 12,600^{+/-} square foot hangar facility, located at the Airport, as described by Lease Lots 4 (FBO-8) on Exhibit A attached hereto and incorporated herein (the "Leased Premises").

B. New Improvements

Lessee does not propose to construct any new permanent improvements to the Leased Premises.

SECTION 3. TERM

The term of this Lease shall be for the five (5) year period commencing June 1, 2014 and ending May 31, 2019, unless terminated earlier in the manner and under the conditions herein provided.

In the event Lessee shall remain in possession of the leased premises or any part thereof following the end of the life of this Lease, and thus hold over the term hereof with or without the express written consent of Lessor, such holding-over occupancy shall be a tenancy from month to month only, terminable by either party hereto upon service of a minimum of thirty (30) days advance written notice upon the other party. Such holding over shall be subject to all of the terms, rates, covenants, conditions, and provisions of this Lease applicable to a month-to-month tenancy.

SECTION 4. RENT

A. Rent

As of the Effective Date, Lessee shall pay Lessor rent for the use and occupancy of the Leased Premises, payable monthly in advance in the amount of two thousand six hundred dollars (\$2,600.00) per month.

B. Rental Adjustment

Commencing on each anniversary of the Effective Date, beginning [June 1, 2015], then on each year throughout the Term of this lease (the "Scheduled Adjustment Date"), including any available option exercised by the Lessee, the amount of monthly rent to be paid to Lessor by Lessee shall be increased by the same percentage as the percentage increase in the U.S. Department of Labor, Bureau of Labor Statistics (USDLBLS) Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers (all items, U.S. city average) from January 1 to December 31 during the last full calendar year prior to the Scheduled Adjustment Date. The amount of all such annual adjustments shall be determined in the manner illustrated within Exhibit B "Illustration Of Annual Rental Adjustment Computation", attached hereto and made a part hereof. Lessor shall complete the "Annual Rental Adjustment Computation" worksheet as illustrated in Exhibit C hereto, and provide a copy of such worksheet to Lessee, prior to the Scheduled Adjustment Date each year during the life of this lease. In the event of a decrease in the CPI, in any

given year, there shall be no rent adjustment. In the event the CPI decreases, monthly rent shall not be adjusted.

1. Effective Period of Provisions: The foregoing rental adjustment provisions shall be effective in the manner described so long as the afore-mentioned CPI data is published by the USDLBLS in substantially the same form and is based generally on the same type data being used on [January 1, 2014], and, in the event of any change in form and/or basis of said index, said provisions shall be redefined in writing by Lessor and Lessee to a reasonably comparable standard.
2. Retroactive Rent Adjustment: In the event any annual rent adjustment computation shall, for any reason whatsoever, be delayed beyond the Scheduled Adjustment Date, Lessee shall continue paying the existing monthly rent amount (i.e., the amount being paid immediately prior to the Scheduled Adjustment Date of the new Lease Year) when due until the new rental rate is finally determined by Lessor.
 - i. Any rent adjustment due as a result of any such late computation shall apply and be paid by Lessee retroactively as of the first day of the Lease Year for which any such late computation shall be applicable.
 - ii. When any such late computation results in an increase in the monthly rent, Lessee shall pay the difference between the new rate and the old rate, for each of the months of the Lease Year during which the new rent amount shall have been in effect, together with the next due monthly rent payment.
3. Place of Payment: Rent shall be paid to Lessor at the address shown below or at such place or places at which Lessor may in writing direct the payment thereof from time to time during the term hereof.

City of Fresno Airports Department
Attn: Airports Accounting
4995 E. Clinton Way
Fresno, CA 93727

C. Surety/Deposit

1. Due Date, Type and Amount of Surety: Prior to the commencement of rental payments hereunder, Lessee shall provide Lessor, and shall thereafter maintain during the term of this Lease, a valid Surety instrument or surety amount, in an amount equal to the next three (3) months' rent, guaranteeing Lessee's fully and faithfully undertaking, observing, keeping and performing any and all of the terms, covenants, conditions, warranties, agreements,

undertakings, and/or provisions hereof to be observed, kept, performed, and/or undertaken by Lessee.

2. Form of Surety: The surety instrument shall be in one of the following forms:
 - i. A Surety Bond issued by an insurance company lawfully admitted and doing business in good standing in the State of California and authorized to write such bonds in said State; or
 - ii. An Irrevocable Letter of Credit established in favor of Lessor for the account of Lessee by a federally chartered bank located in the State of California and lawfully doing business in said State; or
 - iii. An Automatically Renewable Certificate of Deposit in the name of Lessor issued by a federally chartered Bank or Savings and Loan Association located in the State of California and lawfully doing business in said State (Interest may accrue to Lessee [Depositor]); or
 - iv. A Cash Deposit (Lessor shall not be obligated or required to pay and shall not pay any interest whatsoever).
3. Return/Surrender/Release of Surety by Lessor: Except as provided within this Article, at the end of the term hereof, such surety as shall have been provided by Lessee and which is then currently being held by Lessor shall be returned/ surrendered/released by Lessor, provided that there are no outstanding claims against Lessee.
4. Liquidated Damages: If this Lease is terminated early by Lessor pursuant to the default provisions, hereof, as a result of Lessee's failure to keep, observe, or perform any of the terms, covenants, conditions, warranties, agreements, or provisions hereof to be kept, observed, or performed by Lessee, the entire amount of such surety instrument may be claimed, retained and used by Lessor as liquidated damages.

SECTION 5. USE

A. Use Terms and Conditions

Subject to the other terms and conditions set forth in this Lease, the Leased Premises shall be used by Lessee for operating an aircraft mechanical service center and aircraft brokerage sales company as the primary use, as well as other related aeronautical uses, except fuel storage, handling and dispensing. Lessee shall use the Leased Premises only for those uses specifically set forth in the immediately preceding sentence. Lessee agrees to comply with applicable grant assurances given by the Lessor to the Federal Aviation Administration ("FAA"). Any

Non-Aviation use except for that which is expressly permitted by the Director is unauthorized.

Lessor covenants and agrees during the Term hereof to operate and maintain Airport and its public airport facilities as a public airport consistent with the Sponsor's Assurances given by Lessor to the United States Government under the Federal Aviation Act, the terms of which are contained in Exhibit B.

Lessee shall use the Leased Premises in support of and in connection with the business of operating a Specialized Aviation Service Operator (SASO) and shall comply with the Minimum Standards for Fresno Chandler Executive Airport as set forth in Exhibit E and approved by the City of Fresno City Council including any future changes/alterations approved by the City Council.

SECTION 6. CAPITAL IMPROVEMENTS

Lessee does not propose to construct any new permanent improvements to the Leased Premises.

SECTION 7. MAINTENANCE, REPAIRS

A. Lessor's Maintenance and Repair Obligations

1. Lessor hereby agrees to maintain in good repair and in a clean and orderly condition the building's roof, hangar doors, any common areas including taxiways, public aprons, runways, and public access areas, and other public areas of the Airport essential to Lessee's operations that conform with Lessor's and applicable FAA construction specifications.

Lessee shall notify the Lessor immediately in writing of any disrepair or necessary maintenance required to be completed by the Lessor. Lessor shall be given a reasonable time period in which to complete such repairs.

B. Lessee's Maintenance and Repair Obligations

1. Lessee shall, at all times during the life of this Lease, at Lessee's own cost and expense, keep and maintain the Leased Premises and all buildings, structures, and paved surfaces, including but not limited to: the building, hangar, plumbing, electrical, lighting, heating/cooling systems, pedestrian doors, the leased ramp area, security fences, any security gates installed by Lessee during the life of this Lease, and any and all other improvements constructed, installed, and/or located in and/or on said premises in good order and repair, free of weeds and rubbish, and in a clean, sanitary,

- sightly and neat condition (Lessor shall have no obligation to provide any services whatsoever in this regard).
2. In the event Lessor deems any repairs required to be made by Lessee necessary and serves Lessee with written notice thereof, if, for any reason whatsoever, Lessee fails to commence such repairs and complete same with reasonable dispatch, Lessor may then make such repairs or cause such repairs to be made and SHALL NOT be responsible to Lessee for any loss or damage that may occur to Lessee's stock or business by reason thereof. If Lessor makes such repairs or causes such repairs to be made, Lessee agrees that the cost thereof shall be payable, AS ADDITIONAL RENT, along with the next monthly rental installment due hereunder after the completion of such repairs and the submission by Lessor to Lessee of a statement of such cost, or if no further rental installments are then payable, within thirty (30) days following submission by Lessor of any such statement.
 3. Lessee acknowledges: (1) it has not relied on the representations of Lessor or any of Lessor's employees, agents or representatives; (2) it has inspected the Leased Premises; and (3) it agrees to accept the Leased Premises "AS-IS", "WHERE-IS" AND "WITH ALL FAULTS" and in the condition in which such premises exist, including all known and unknown faults and/or deficiencies, recorded and/or unrecorded easements, on the Effective Date of this Lease. Lessee further agrees that the Leased Premises are suitable for Lessee's intended uses of the Leased Premises, subject to Lessor's obligations under this Lease.

C. Exclusive Use Premises

With respect to the Leased Premises, Lessee shall, at its own cost and expense:

1. have the right, and to the extent hereinafter provided, the obligation (in accordance with applicable laws and ordinances and other applicable provisions of this Lease) to make repairs to or replacements of the New Improvements or other facilities constructed or installed on the Leased Premises; and
2. have the right to erect or install on the Leased Premises equipment or personal property necessary for the performance of any of Lessee's operations, rights, and privileges provided for by this Lease; and
3. have the right to construct and install on the Leased Premises any buildings, structures or improvements necessary for continuing operations and any additions to or extensions, modifications or improvements of the New Improvements and all other facilities (in accordance with applicable laws, regulations and ordinances and

- other applicable provisions of this Lease), subject to the approval of the Director of Aviation; and
4. keep all fixtures, equipment and personal property, which are open to or visible to the general public, in a clean and orderly condition and appearance at all times (Lessee shall remove any of these items from public view if the Director of Aviation determines them to be unsightly); and
 5. provide and maintain (except for mobile firefighting equipment) all fire protection and safety equipment of every kind and nature required by any code, law, rule, order, ordinance, resolution or regulation; and
 6. provide, all personnel or contractors (approved by the Director of Aviation) and its own equipment to meet current or future required airport security plans for the Leased Premises; and
 7. control the conduct and demeanor of its employees and shall require its employees to wear uniforms where appropriate and display Airport security badges; and
 8. control all vehicular traffic in and among the areas where aircraft may be located, including the aircraft parking ramp, aircraft circulating and ramp vehicle services areas (exclusive of public roadways); take all precautions reasonably necessary to promote the safety of its passengers, employees, customers, business visitors and other persons; and employ such means as may be necessary to direct the movement of vehicular traffic in such areas, including, but not limited to, any associated pavement markings that may be necessary.

D. Safety of Operations and Repairs

If the performance of any of the foregoing maintenance, repair, replacement or painting obligations of Lessee requires work to be performed where safety of aircraft operations are involved or other hazards to persons and/or property are exposed, Lessee agrees that it will, at its own expense, post guards or erect barriers or other safeguards in conformance with FAA safety specifications and approved by the Director of Aviation at such locations so as to provide for the safety of work performed. Lessee shall not perform any of the foregoing maintenance, repair, replacement, or painting obligations off of the Leased Premises.

E. Failure to Repair by Lessee

Should any property on the Leased Premises require repairs, replacements, rebuilding or painting, and Lessee fails to commence same after a period of ten (10) days following written notice from the Director of Aviation, or Lessee fails diligently to continue to completion of the repair,

replacement, rebuilding or painting of all the property required to be repaired, replaced, rebuilt or painted by Lessee under the terms of this Lease, Lessor may, at its option, and in addition to any other remedies which may be available to it, repair, replace, rebuild or paint all or any of the property included in the said notice, the actual cost thereof to be paid by Lessee on demand. Lessee shall not be responsible for damage to or repair of any property on the Leased Premises caused by Lessor's failure to properly perform any of the maintenance, which it is required to perform under this Lease.

F. Access

In the interest of public safety or where the location or nature of the work performed warrant it, Lessor shall have the continuing right to temporarily deny Lessee's access to or egress from the Leased Premises or common areas, taxiways, runways, ramps, public aprons, public access areas and other public areas of the Airport in performing the work described herein. Lessor shall, however, provide alternate means of access or egress necessary for Lessee's operations reasonably satisfactory to the Parties.

SECTION 8. INSPECTION AND AUDIT BY LESSOR

A. Entry by Lessor for Inspection

Lessor may enter upon the Leased Premises at any reasonable time during normal business hours for any purpose connected with the performance of Lessor's or Lessee's obligations hereunder, including observing the performance by Lessee of obligations under this Lease; provided however, Lessor may enter upon the Leased Premises at any reasonable time to determine the condition of the Leased Premises from a standpoint of safety.

B. Records

Upon reasonable written notice given by Lessor, Lessee shall furnish to Lessor true and accurate records relating to this Lease, including but not limited to, financial statements prepared in accordance with generally accepted accounting practices, reports, resolutions, certifications and other information as may be requested by the Lessor from time to time during the term of this Lease. Additionally, Lessor shall have the right, upon reasonable written notice given to Lessee, to cause an audit to be made, at Lessor's expense, of the books and records of Lessee that relate to Lessee's operations described in this Lease. Lessee agrees to keep all books and records relating to this Lease for a period of five (5) years after the end of the calendar year that such books and records pertain. The

terms of this paragraph shall survive the termination or expiration of this Lease.

SECTION 9. INSURANCE AND INDEMNIFICATION

A. Indemnification

1. Lessee shall hold Lessor completely harmless and indemnify, protect and defend Lessor and Lessor's officials, officers, members, employees, agents and volunteers against any and all claims, judgments, fines, damages, demands, liabilities, suits, notices, costs and expenses (including all reasonable costs and expenses for investigation and defense thereof [including, but not limited to attorney fees, court costs and consultants' fees]), or any one, more or all of these, of any nature whatsoever, arising or allegedly arising, directly or indirectly, out of, as a result of, or incident to, or in any way connected with: (1) Lessee's occupancy(ies) and/or use(s) of any part or all of the Leased Premises; (2) Lessee's exercise of any one, more or all of the rights and privileges herein granted; (3) any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease; and/or (4) any act(s) or omission(s) on the part of Lessee and/or any officer(s), agent(s), employee(s), contractor(s), sub-contractor(s), servant(s), representative(s), tenant(s), or sub-lessees of Lessee during the life hereof, EXCEPT for those claims, judgments, fines, damages, demands, liabilities, suits, notices, costs and expenses, or any of these, caused SOLELY by the active negligence or willful misconduct of Lessor.
2. Lessor shall give to Lessee reasonable notice of any such claims or actions.
3. **THE PROVISIONS OF THIS SECTION OF THIS ARTICLE SHALL SURVIVE THE EXPIRATION OR EARLY TERMINATION OF THIS LEASE.**

B. Exemption of Lessor

Lessee hereby specifically warrants, covenants and agrees that Lessor SHALL NOT be liable for injury to Lessee's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, patrons, invitees, or any other person whomsoever, in or about the leased premises, NOR shall Lessor be liable for injury to the person of Lessee, Lessee's servants, agents, employees, contractors, sub-contractors, tenants, sub-lessees, customers, or invitees, whether or not said damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the leakage, breakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other

cause, whether or not the said damage or injury results from conditions arising in or on any part or all of the leased premises or in or on any of the improvement(s) and facilities appurtenant thereto located therein or thereon, or from other sources or places, and regardless of whether or not the cause of such damage or injury or the means of repairing the same is inaccessible to Lessee, **EXCEPT where such injury, damage, and/or loss shall have been caused SOLELY by the active negligence or willful misconduct of Lessor.** Lessee also covenants and agrees that Lessor **SHALL NOT** be liable for any damages arising from any act or neglect on the part of any third parties.

C. Insurance

1. **Insurance Requirements:** Throughout the life of this Lease, Lessee shall, at Lessee's expense, obtain and at all times maintain in full force and effect such MINIMUM insurance as is set forth within paragraphs "a" and "b" of this sub-section 1, below, acceptable to Lessor's Risk Manager or his/her designee. The insurance limits available to the City of Fresno, its officers, officials, employees, agents and volunteers as additional insureds, shall be the greater of the minimum limits specified herein or the full limit of any insurance proceeds available to the named insured.

a. **AIRCRAFT LIABILITY:**

(1) Lessee shall carry Aircraft Liability Insurance (including passengers) if Lessee is to be operating, maintaining or storing any owned aircraft at Airport.

(2) Lessee shall carry non-owned Aircraft Liability Insurance if Lessee engages in the use and/or operation of any non-owned aircraft.

(3) The following limits shall apply to ALL aircraft liability insurance:

Bodily Injury Liability, EXCLUDING Passengers: \$1,000,000.00 per occurrence; AND

Passenger Bodily Injury Liability: A MINIMUM for each occurrence of at least an amount equal to \$100,000.00 per passenger seat for the largest aircraft operated by Lessee; AND

Property Damage liability: \$1,000,000.00 per occurrence; OR

Combined Bodily Injury and Property Damage Liability: A MINIMUM for each occurrence of at least an amount equal to the SUM of the minimum limits set forth above.

b. **GENERAL LIABILITY:**

AIRPORT OR "PREMISES" LIABILITY: \$1,000,000.00 per occurrence.

PRODUCTS OR "COMPLETED PRODUCTS/OPERATIONS" LIABILITY: \$1,000,000.00 per occurrence.

GROUND HANGARKEEPER'S LIABILITY: \$1,000,000.00 per occurrence either INSIDE or OUTSIDE of hangar(s).

c. **ENDORSEMENTS:** The insurance policy(ies) obtained and maintained in force by Lessee pursuant to the provisions of paragraphs 1a and 1b of this Article, above, shall contain the following endorsements:

(1) **Additional Insured:** An additional insured endorsement in favor of City of Fresno, its officers, employees, officials, agents and volunteers.

(2) **Cancellation Notice:** A 30-day written notice of cancellation and/or material change endorsement in favor of City of Fresno.

(3) **Primary and Non-contributory:** Insurance afforded the Lessee shall be primary, and no contribution shall be sought from Lessor.

d. **FIRE AND EXTENDED COVERAGE INSURANCE:** **In addition to** the insurance specified within paragraphs 1a and 1b of this Article, above, Lessee shall also obtain and maintain in full force and effect a policy of **FIRE AND EXTENDED COVERAGE INSURANCE** protecting the **Leased Premises** in a sum sufficient to cover the **TOTAL REPLACEMENT VALUE** of **ALL** of the improvements located in or on same on the date the term hereof commences and any and all other improvements which may, at any time and from time to time during the life hereof, be constructed and/or installed therein or thereon by Lessee, and the "Replacement Value" of such coverage shall be maintained current throughout the life of this Lease.

e. **WORKER'S COMPENSATION INSURANCE COVERAGES AS REQUIRED BY THE CALIFORNIA LABOR CODE, WITH COMPLETE WAIVER OF SUBROGATION IN FAVOR OF LESSOR.**

D. Additional Insured and Notice of Cancellation or Material Change Endorsements

Any and all insurance policies required to be maintained by Lessee pursuant to the provisions of this Section "C" of this Article of this Lease, shall name the City of Fresno, California and its officers, officials, employees agents and volunteers as ADDITIONAL INSURED and shall contain an unqualified thirty (30) day NOTICE OF CANCELLATION OR MATERIAL CHANGE ENDORSEMENT in favor of the City of Fresno. Should any material change in liability limits occur, City must be notified immediately.

E. Primary Coverage

SUCH INSURANCE AS SHALL BE MAINTAINED BY LESSEE PURSUANT TO THE INSURANCE PROVISIONS OF THIS LEASE SHALL BE ENDORSED AS BEING PRIMARY COVERAGE WHETHER OR NOT LESSOR, ITS OFFICERS, OFFICIALS, EMPLOYEES, AGENTS, OR VOLUNTEERS SHALL HAVE OTHER INSURANCE AGAINST ANY LOSS COVERED BY SUCH POLICIES and, PRIOR TO THE EXPIRATION OF ANY AND ALL SUCH POLICIES, LESSEE SHALL ENSURE THAT LESSEE'S INSURER(S) PROVIDE LESSOR WITH EVIDENCE OF RENEWALS/CONTINUATIONS THEREOF.

F. Evidence of Insurance

It is the responsibility of Lessee to ensure that Lessee's insurer(s) provide and maintain current with Lessor valid "Certificates of Insurance" and additional insured endorsements which shall list the following as additional insured: the City of Fresno, its airports, agents, officers, officials, employees and volunteers (or such other documentation as Lessor, at its option, at any time and from time to time during the life of this Lease, may reasonably require, including copies of policies), which shall clearly evidence the fact that insurance coverage(s) and limit(s) equal to or, at Lessee's option, more extensive/greater than those hereinabove set forth are, without lapse(s) in coverage(s), maintained in full force and effect by Lessee throughout the life of this Lease. Such evidence of insurance shall be provided Lessor at the following address:

City of Fresno
Airports Department
4995 E. Clinton Way
Fresno, CA 93727

or to such other address as Lessor may, from time to time, provide Lessee in writing during the life hereof.

G. Additional Insurance

With reference to the above-stated minimum insurance requirements, it is mutually understood, acknowledged and expressly agreed that Lessor shall have the right, at any time and from time to time during the life of this Lease, to reasonably require Lessee to purchase and maintain other and/or additional reasonable types/amounts of insurance should Lessor reasonably determine that, with the passing of time and/or changing facts and/or circumstances, the minimum types and amounts of coverages initially required of Lessee under this Section of this Article of this Lease shall be inadequate to cover the potential liability resulting from EITHER Lessee's uses and/or occupancies of the airport and/or the leased premises OR Lessee's activities/operations in, on, to or from same.

SECTION 10. TAXES

A. Taxes and Assessments

In addition to the rentals, fees, and charges herein set forth, Lessee shall pay, as and when due (but not later than fifteen [15] days prior to the delinquency date thereof) any and all taxes and general and special assessments of any and all types or descriptions whatsoever which, at any time and from time to time during the term of this Lease, may be levied upon or assessed against Lessee, the leased Premises and/or any one or more of the improvements located therein or thereon and appurtenances thereto, other property located therein or thereon belonging to Lessor or Lessee, and/or upon or against Lessee's interest(s) in and to said Premises, improvements and/or other property, including possessory interest as and when such be applicable to Lessee hereunder.

NOTE: Any interest in real property which exists as a result of possession, exclusive use, or a right to possession or exclusive use of any real property (land and/or improvements located therein or thereon) which is owned by the City of Fresno (Lessor) is a **taxable possessory interest**, unless the possessor of interest in such property is exempt from taxation. With regard to any possessory interest to be acquired by Lessee hereunder, Lessee, by its signatures hereunto affixed, warrants, stipulates, confirms, acknowledges and agrees that, prior to its executing this lease, Lessee either took a copy hereof to the office of the Fresno County Tax Assessor or by some other appropriate means, independent of Lessor or any employee, agent, or representative of Lessor, determined, to Lessee's full and complete satisfaction, how much Lessee will be taxed, if at all.

SECTION 11. SUBLETTING AND ASSIGNMENT

A. Right to Sublease

Provided that such sublease does not violate any of the material terms or provisions of this Lease, including authorized use, Lessee shall have the right to sublet any part of the Leased Premises, during the term of this Lease. Any such subletting shall not be considered a release of Lessee from any of its obligations under this Lease.

B. Written Consent

If Lessee should desire to sublet the Leased Premises as a whole, Lessee may do so only after securing the written consent of Lessor. A subletting of the whole Leased Premises, if permitted, shall not release Lessee from its obligations hereunder.

C. Sublease Subject to Terms of this Lease

Should Lessee sublease a portion of the Leased Premises or specific permanent improvements constructed on the Leased Premises, the terms of any sublease agreement of the Leased Premises shall be expressly subject to the terms of this Lease and Lessee shall provide Lessor with a copy of any sublease agreement entered into with any sublessee within fifteen (15) days after the sublease agreement has been entered into, along with any sublessee's name, address and telephone number.

D. Right to Assignment

Lessee shall not assign this Lease, in whole or in part, without the prior written consent of Lessor. An assignment shall not be considered a release of Lessee of any of Lessee's obligations under the terms of the Lease.

Lessor reserves the right to require a new agreement with the Assignee which may consist of new terms, rates, and conditions for the leasehold as a required condition of the assignment.

E. Payment Regarding Sublease or Assignment

In the event of a sublease or assignment, sublessor or assignor shall pay Lessor the greater of: (i) fifty percent (50%) of the excess sublease or assignment revenue attributable to ground rent over and above what the Lessee pays the Lessor for the sublease or assigned premises or (ii) fifty percent (50%) of the difference between the ground Lease rent (as distinguished from any rent that may be paid for the New Improvements) being paid at the time of the sublease or assignment and the appraised market ground lease rent for comparable properties at the Airport. Notwithstanding the foregoing, Lessee shall not be required to share excess sublease rentals with Lessor as long as Lessee continues to occupy space within the New Improvements. Lessor acknowledges that the amounts, if any, payable to Lessor pursuant to this Section 11 shall be

net of any and all costs and expenses incurred by Lessee in connection with any assignment or sublease.

SECTION 12. UTILITIES

A. Costs and Expenses

1. During the term hereof, Lessee shall make its own arrangements for and pay all charges for water, sewer, gas, electricity, telephone, trash collection and other utility service(s) ("Utilities") supplied to and used on the Leased Premises. All such charges shall be paid before delinquency, and Lessor and the Leased Premises shall be protected and held harmless by Lessee therefrom. Should Lessee make arrangements for any Utilities through the City's Finance Department's Utilities Billing and Collection Section (e.g. water, sewage, and/or solid waste [trash] disposal), Lessee agrees to pay to Lessor, monthly, upon receipt of the billing(s) therefor at the then current rates as established from time to time by ordinances of Lessor for such services, such sum(s) as shall be due for any and all such services provided to the Leased Premises during the term hereof.
2. Upon Lessee's obtaining of any and all required permits and the payment of any required charges or fees, Lessee is hereby granted the right to connect to any and all storm drains, sanitary sewers and/or water and utility outlets as shall be available and/or provided to service the Leased Premises.
3. The construction/installation of any and all connections to any and all utility systems, including, without limitation, water service lines and associated fixtures, piping, plumbing and hardware, sewer connector lines, and storm drain inlets, feeder lines, etc., shall be the obligation of Lessee at Lessee's own cost and expense.
4. Lessor shall not be liable to Lessee for any interruption in or curtailment of any utility service, nor shall any such interruption or curtailment constitute a constructive eviction or grounds for rental abatement in whole or in part hereunder.

SECTION 13. LIENS

Lessee shall cause to be removed any and all liens of any nature arising out of or because of any construction, renovation, or remodeling performed by it or any of its contractors or subcontractors on the Leased Premises, or arising out of or because of the performance of any work or labor by it or them, or the furnishing of any material to it or them for use in making improvements on the Leased Premises. Lessee may, however, contest the validity or amount of such liens. The foregoing provision is not intended to prevent any reasonable method of construction financing by Lessee.

SECTION 14. TERMINATION BY LESSOR/EVENTS OF DEFAULT

Lessor reserves the right to terminate this Lease before the end of the Term or during any option period if any of the following circumstances should occur:

A. Failure to Pay

Lessee shall fail to make any payment due Lessor under this Lease on the date that same is due, as described in Section 4.B., and shall not cure such failure within thirty (30) days after written notice thereof to Lessee. After such a period of default, the Director of Aviation may deliver or cause to be delivered to Lessee a written notice of termination of this Lease. Lessee's receipt of such written notice shall be sufficient to terminate this Lease. Receipt shall be defined as the third (3rd) business day following deposit in regular U.S. Mail of a certified, postage pre-paid envelope containing notice of termination to be delivered to Lessee's address as indicated in Section 43 herein.

B. Material Terms

Other than as set forth in Section 14.A above, if Lessee shall fail to meet and observe any material term, condition or covenant of this Lease and shall fail to cure the same within thirty (30) days after receipt of written notice thereof by the Director of Aviation to Lessee, or, if such failure cannot reasonably be cured within the said thirty (30) days, Lessee shall not have commenced to cure such failure within said thirty (30) period or shall not have commenced to cure such failure within such thirty (30) day period with reasonable diligence and good faith.

C. Insolvency

Lessee shall become insolvent, or shall make a transfer in fraud of creditors, or shall make an assignment for the benefit of creditors, or a receiver or trustee shall be appointed for all or substantially all of the assets of Lessee.

D. Bankruptcy

Lessee shall file a voluntary petition under any section or chapter of the National Bankruptcy Act, as amended, or any similar law or statute of the United States or any State thereof, or an involuntary petition in bankruptcy is filed against Lessee and is not dismissed within sixty (60) days after such filing.

E. Abandon, Desert, or Vacate Leased Premises

Lessee shall abandon, desert, or vacate the Leased Premises, except as a result of a Force Majeure event as set forth in Section 33 of this Lease, provided, however, that Lessee's failure to occupy the Leased Premises due to a condition described in Section 19.A or Section 19.C under this Lease shall not constitute an event of default hereunder and shall not permit Lessor to terminate this Lease.

F. Non-Wavier

Lessor's failure to exercise its right to terminate this Lease upon determination of a default shall not waive Lessor's right to terminate this Lease at any subsequent time during the remaining term of this Lease unless such default has been cured in all material respects.

SECTION 15. REMEDIES FOR EVENTS OF DEFAULT

1. **Abandonment**: If Lessee abandons the Leased Premises, this lease shall continue in effect. Lessor shall not be deemed to terminate this Lease as a result of such material default and breach other than by written notice of termination served upon Lessee by Lessor, and Lessor shall have all of the remedies available to Lessor under Section 1951.4 of the Civil Code of the State of California so long as Lessor does not terminate Lessee's right to possession of the Leased Premises, and Lessor may enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due under this Lease. After abandonment of the Leased Premises by Lessee, Lessor may, at any time thereafter, give notice of termination.
2. **Termination**: Following the occurrence of any material default and breach of this Lease by Lessee as set forth within this Section, above, Lessor may then immediately, or at any time thereafter, terminate this Lease by service of a minimum of ten (10) days advance written notice to such effect upon Lessee and this lease shall terminate at 11:59:59 p.m., on the termination date specified within such notice.
3. Such notice shall set forth the following:
 - a. The default and breach which resulted in such termination by Lessor; and
 - i. Demand For Possession, which, in the event only ten (10) days advance notice shall be given by Lessor, shall be effective at 12:00:01 A.M., on the eleventh (11th) calendar day following the date on which the notice in which such demand is contained shall be sufficiently served upon Lessee by Lessor in conformity

with the "Notice" provisions of this Lease; or, if more than the minimum number of days advance notice shall be given, at 12:00:01 a.m., on the next day following the date specified within such notice as being the date of termination hereof.

- b. Such notice may contain any other notice which Lessor shall be required or desire to give under this Lease.
4. **Possession:** Following termination of this Lease by Lessor pursuant to the provisions of this Section, without prejudice to other remedies Lessor may have by reason of Lessee's default and breach and/or by reason of such termination, Lessor may:
- a. Peaceably re-enter the Leased Premises upon voluntary surrender thereof by Lessee or remove Lessee and/or any other persons and/or entities occupying the Leased Premises therefrom, using such legal proceedings as may be available to Lessor under the laws or judicial decisions of the State of California;
 - b. Repossess the Leased Premises or re-let the Leased Premises or any part thereof for such term (which may be for a term extending beyond the term of this Lease) at such rental and upon such other terms and conditions as Lessor in Lessor's sole discretion shall determine, with the right to make reasonable alterations and repairs to the Leased Premises; and
 - c. Remove all personal property therefrom and store all personal property not belonging to Lessor in a public warehouse or elsewhere at the cost of and for the account of Lessee.
5. **Recovery:** Following termination of this Lease by Lessor pursuant to the provisions above, Lessor shall have all the rights and remedies available to Lessor under Section 1951.2 of the Civil Code of the State of California. The amount of damages Lessor may recover following such termination of this lease shall include:
- a. The worth at the time of award of the unpaid rent which had been earned at the time of termination of this Lease;
 - b. The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination of this Lease until the time of award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided;
 - c. The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period Lessee proves could be reasonably avoided; and

- d. Any other amount necessary to compensate Lessor for all the detriment proximately caused by Lessee's failure to perform Lessee's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.
6. **Additional Remedies:** Following the occurrence of any material default and breach of this Lease by Lessee as set forth within this Article, above, in addition to the foregoing remedies, Lessor may maintain Lessee's right to possession, in which case this Lease shall continue in effect whether or not Lessee shall have abandoned the Leased Premises and, so long as this Lease is not terminated by Lessor or by a decree of a court of competent jurisdiction, Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due thereunder and, during any such period, Lessor shall have the right to remedy any default of Lessee, to maintain or improve the Leased Premises without terminating this Lease, to incur expenses on behalf of Lessee in seeking a new Lessee, to cause a receiver to be appointed to administer the Leased Premises, and to add to the rent payable hereunder all of Lessor's reasonable costs in so doing, with interest at the maximum reasonable rate then permitted by law from the date of such expenditure until the same is repaid.
7. **Other:** In the event Lessee causes or threatens to cause a breach of any of the covenants, terms or conditions contained in this Lease, Lessor shall be entitled to obtain all sums held by Lessee, by any trustee or in any account provided for herein, to enjoin such breach or threatened breach and to invoke any remedy allowed at law, in equity, by statute or otherwise as though re-entry, summary proceedings and other remedies were not provided for in this Lease.
8. **Cumulative Remedies:** Each right and remedy of Lessor provided for in this Article or now or hereafter existing at law, in equity, by statute or otherwise shall be cumulative and shall not preclude Lessor from exercising any other rights or from pursuing any other remedies provided for in this Lease now or hereafter available to Lessor under the laws or judicial decisions of the State of California.
9. **Indemnification:** Nothing contained within this Article affects the right of Lessor to indemnification by Lessee, as elsewhere within this Lease provided, for liability arising from personal injuries or property damage prior to the termination of this Lease.

SECTION 16. SURVIVAL OF THE OBLIGATION OF LESSEE

- A. In the event that this Lease is terminated in accordance with the provisions of this Lease, and in the event that Lessor has re-entered, regained or resumed possession of the Leased Premises, all rent obligations of Lessee under this Lease shall survive such termination or cancellation, re-entry, regaining or resumption of possession and shall remain in full force and effect for the full term of this Lease, and the amount or amounts of rent or charges shall become due and payable to Lessor to the same extent, at the same time or times and in the same manner as if no termination, cancellation, re-entry, regaining or resumption of possession had taken place.
- B. In the event that this Lease is terminated in accordance with the provisions of this Lease, and in the event that Lessor has re-entered, regained or resumed possession of the Leased Premises, all of Lessee's environmental obligations under this Lease shall survive such termination or cancellation, re-entry, regaining or resumption of possession and shall remain in full force and effect for the full term of this Lease.
- C. Lessor, upon termination or cancellation, or upon re-entry, regaining or resumption of possession pursuant to this Lease, may occupy the Leased Premises or may relet the Leased Premises, and shall have the right to permit any person, firm or corporation to enter upon the Leased Premises and use the same. Such reletting may be of the entire Leased Premises or a part thereof, or of the Leased Premises or a part thereof together with other space, and for a period of time the same as or different from the balance of the term remaining under this Lease, and on terms and conditions the same or different from those set forth in this Lease. Lessor shall, upon termination or cancellation, or upon re-entry, regaining or resumption of possession pursuant to this Lease, have the right to repair or to make structural or other changes to the Leased Premises, including changes which alter the character of the Leased Premises and the suitability thereof for the purposes of Lessee under this Lease, without unreasonably affecting or altering or diminishing the value of the Leased Premises or the obligations of Lessee hereunder. Any reletting shall not be construed to be an acceptance of surrender. Lessor shall attempt to relet the Leased Premises as soon as reasonably possible.
- D. In the event of any reletting or any actual use and occupancy by Lessor (the mere right to use and occupy not being sufficient, however) there shall be credited to the account of Lessee against its survived payment obligations under this Lease any amount actually received by or accruing to Lessor from any lessee, licensee, permittee or other occupier in connection with the use of the Leased Premises or portion thereof during

the balance of the Lease as the same is originally stated in this Lease, or from the market value of the occupancy of such portion of the Leased Premises as Lessor may receive or accrue for its benefit during such period of actual use and occupancy; provided however, notwithstanding the value of any amounts received by Lessor, Lessor shall never owe Lessee for any actions in this Section 16.D.

SECTION 17. ADDITIONAL RENT AND CHARGES

If Lessor has paid any sum or sums, or has incurred any obligations or expense, which Lessee has agreed to pay or reimburse Lessor for, or Lessor is required to pay any sum or sums or incurs any obligations or expense by reason of the failure, neglect or refusal of Lessee to perform or fulfill any one or more of the conditions or due to regulatory fines assessed to Lessor which are the result of actions or inactions of Lessee or of Lessee's failure to comply with Federal, State or Local regulations, covenants or agreements contained in this Lease or as a result of any act or omission of Lessee contrary to the conditions, covenants and agreements of this Lease, Lessee agrees to pay the sum or sums so paid or the expense so incurred, including all interest, costs, damages and penalties, and the same may be added to any installment of rent thereafter due under this Lease. Each and every part of the additional sums incurred under this provision shall constitute additional rent, recoverable by Lessor in the same manner and with the same remedies as if it were originally a part of the basic rental.

SECTION 18. QUIET ENJOYMENT

- A. Lessor covenants that as of the Effective Date of this Lease, it has good, right and lawful authority to execute this Lease, that Lessor has good and indefeasible title to all lands, improvements and related facilities, including all premises leased hereunder free and clear of all liens, claims and encumbrances, and that throughout the term hereof, Lessee shall have, hold and enjoy peaceful and uninterrupted possession of the premises leased hereunder, subject always to the payment of the rent and other charges and the performance of the covenants, as herein provided to be paid and performed by Lessee. These covenants extend to and shall be enforceable by Lessee and, in the event of Lessee's default, its sublessees and permitted assigns.
- B. Notwithstanding any provision of this Lease, Lessor expressly reserves its proprietary rights, whatever they may be and upon reasonable advance notice to Lessee, to impose reasonable regulations which might have the effect of limiting Lessee's operations during the term of this Lease, provided such regulations are imposed for the purpose of promoting the safety and welfare of the citizens of the City of Fresno. It is understood that Lessor's position is that Lessor is not liable to Lessee for any damages resulting from compliance with the regulations by Lessee. However, it is understood that Lessee reserves the right, whatever it may be, to contest any such regulations and protect its interests.

- C. Lessee understands and acknowledges that Lessor is attempting to control or reduce the level of noise in neighborhoods near the Airport. Therefore, Lessee agrees that it shall: (i) undertake good faith efforts to control and reduce as much as is practicable the noise emanating from operations of the Leased Premises or in conjunction with the activities conducted thereon; (ii) conduct all of its operations and activities in a manner having due regard for noise levels in neighborhoods in close proximity to the Airport; and (iii) shall at all times act in good faith to cooperate with and support Lessor in its efforts to reduce noise from the Airport's operations.

SECTION 19. TERMINATION BY LESSEE

Before the end of the Term, Lessee may terminate this Lease and any or all of its obligations hereunder at any time that Lessee is not in default in the payment of any amounts due to Lessor by giving Lessor sixty (60) days' written notice upon or after the happening of any one of the following events or Lessee may elect to abate rental and extend the Term as provided in this Section 19:

A. Use of Airport for National Defense

The assumption by the United States Government, or any agency or instrumentality thereof, of the operations, control or use of the Airport for National Defense in such a manner as to preclude Lessee, for a period of ninety (90) days or more, from using such Airport in the conduct of its business. Lessor shall not be liable to Lessee if the latter is so dispossessed, but for any time that such takes place, the rental required of Lessee shall be abated, and that period of time shall be added as an extension of the Term. The foregoing provision is not intended to waive any rights or privileges which either Lessor or Lessee may possess as to compensation of any kind from the United States Government, or any agency or instrumentality thereof for such an assumption of use or control of the Airport as is described in this Section 19.

B. Material Default

A material default on the part of Lessor to meet and observe any of the covenants herein contained, if such default has continued for a period of one hundred and twenty (120) days or more after written notice to Lessor by Lessee, unless Lessor has begun, and is continuing, in good faith, to remedy the default in such interval.

C. Public Health and Safety

Where a public health or safety demand causes Lessor to restrict Lessee's full and unrestricted access and egress to and from the Leased Premises or other public airport facilities in such a manner that the Leased Premises are not fit for their intended purpose for a period of ninety (90) days or more, the rent required of Lessee shall be abated during any such

restricted period and that period of time shall be added as an extension of the term of this Lease.

SECTION 20. NO WAIVER OF RIGHT TO DECLARE FORFEITURE

Any failure or neglect of Lessor or Lessee at any time to declare a forfeiture of this Lease for any breach or default whatsoever hereunder shall not be taken or considered as a waiver of the rights thereafter to declare a forfeiture for like or other or succeeding breach or default.

SECTION 21. LESSEE'S RIGHT TO REMOVE PROPERTY

A. Right to Remove Property

Lessee shall be entitled, during the term of this Lease and upon termination hereof, to remove from the Leased Premises, or any part thereof, all personal property, trade fixtures, tools, machinery, equipment, portable buildings, materials and supplies placed thereon by it; provided that: (i) Lessee shall repair all damage resulting from such removal and (ii) Lessee shall not owe Lessor any rental, fees or additional rental, pursuant to the Lease. Lessor will allow Lessee not more than thirty (30) days after the termination date hereof for such removal unless additional time is mutually agreed upon.

B. Failure to Remove Property

If Lessee fails to remove its property within thirty (30) days after the termination of or expiration of this Lease, Lessor may remove such property to a public warehouse for deposit or retain the same in its own possession at the cost of, and for the account of Lessee, without becoming liable for any loss or damage which may be occasioned thereby. If Lessee fails to take possession and remove such property, after paying any appropriate rental or storage fees, within sixty (60) days after termination of the Lease, the property shall be deemed to be abandoned and Lessor may dispose of same as required by law. In the event Lessor shall remove or cause to be removed any personal property from the Leased Premises, pursuant to this Section 21.B, Lessor shall not be held liable or responsible for any damage incurred to Lessee's personal property as a result of such removal.

C. Public Storage Facility

In the event Lessor assumes possession of the Leased Premises prior to lease termination, Lessor may remove all of Lessee's property from the Leased Premises and store the same in a public storage facility or elsewhere at the cost

of, and for the account of, Lessee, without becoming liable for any loss or damage which may be occasioned thereby.

SECTION 22. SURRENDER OF PREMISES

Lessee covenants and agrees to yield and deliver peaceably to Lessor possession of the Leased Premises, on the date of cessation of the letting, whether such be by termination, expiration or otherwise, promptly and in as good condition as at the commencement of the letting, except for reasonable wear and tear arising from the use of the Leased Premises, to the extent permitted elsewhere in this Lease and except for damage or destruction by fire or casualty not caused by Lessee's negligence.

SECTION 23. CONDEMNATION

A. Condemnation or Eminent Domain

If, during the term of this Lease, as the same may be extended under the terms hereof, or otherwise by agreement of the parties hereto, the entire Leased Premises shall be taken by condemnation or eminent domain proceedings, and such taking relates to the entire fee simple of the Leased Premises, as well as the right, title and interest of Lessee, then this Lease shall terminate effective as of the effective date of such taking, and all rights, titles, interests, covenants, agreements and obligations of the parties hereto thereafter accruing shall cease and terminate except as hereinafter set forth. In the event of such taking, the entire compensation and damages (if not apportioned by the condemnation decree) shall be fairly and equitably apportioned between the Parties in accordance with respective damage and loss sustained by the fee simple estate and the leasehold estate granted hereunder.

If, during the term of this Lease, a portion of the Leased Premises, shall be taken and Lessor and Lessee mutually agree that the remaining portion of the Leased Premises can be used for the uses permitted under this Lease, then the Lease will continue and the rental thereafter payable by Lessee shall be reduced in the same proportion as the area of the part taken by condemnation shall bear to the total area of the Leased Premises, including value of the improvements immediately prior to the condemnation; provided, however, that if Lessee, in its discretion, determines that so much of the Leased Premises has been taken as to materially impair the operation of Lessee's business, Lessee shall have the option to terminate this Lease as of the date of such taking by giving written notice to Lessor of termination within fifteen (15) days after possession of such part has been taken, whereupon this Lease shall be of no further force or effect, and Lessor and Lessee shall be relieved of any obligations or liabilities under this Lease as of the date of such taking. Any compensation and damages that may be the result of such taking

shall (if not apportioned by a condemnation decree) be fairly and equitably apportioned between the Parties.

SECTION 24. NON-DISCRIMINATION

- A. Lessee, for itself, its successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this Lease for a purpose for which a Department of Transportation ("DOT") program or activity is extended or for another purpose involving the provisions of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

- B. Lessee, for itself, its successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land that: (i) no person on the grounds of race, color, national origin, or disability shall be excluded from participation in, denied the benefits of or be otherwise subjected to discrimination in the use of said facilities; (ii) in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, national origin, or disability shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (iii) Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

- C. Lessee ensures that it will comply with pertinent statutes, executive orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from federal assistance. This provision obligates Lessee or its transferee for the period during which federal assistance is extended to the airport program, except where federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the provision obligates Lessee or any transferee for the longer of the following periods: (i) the period during which the property is used by the sponsor or any transferee for a purpose for which federal assistance is extended, or for another purpose involving the provision of similar services or benefits or (ii) the period during which the airport sponsor or any transferee retains ownership or possession of the property.

- D. Lessee agrees to ensure that disadvantaged business enterprises as defined in 49 CFR Parts 23 and 26 have the maximum opportunity to participate in the performance of contracts financed in whole or in part with federal funds provided under this Lease. In this regard, Lessee shall take all necessary and reasonable steps in accordance with 49 CFR Parts 23 and 26 to ensure that disadvantaged business enterprises have the maximum opportunity to compete for and perform such contracts. Lessee shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of DOT-assisted contracts.
- E. As a condition of this Lease, Lessee covenants that it will take all necessary actions to insure that, in connection with any work under this Lease, Lessee, its associates and subcontractors, will not discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, religion, national origin, age, sex or disability unrelated to job performance, either directly, indirectly or through contractual or other arrangements. Lessee shall also comply with all applicable requirements of the Americans with Disabilities Act, 42 U.S.C.A. §§12101-12213, as amended. In this regard, Lessee shall keep, retain and safeguard all records relating to this Lease or work performed hereunder for a minimum period of three (3) years from final lease completion, with full access allowed to authorized representatives of Lessor, upon request, for purposes of evaluating compliance with this and other provisions of this Lease.
- F. In the event of Lessee's breach of any of the above nondiscrimination covenants, Lessor, according to the provisions of this Lease, shall have the right to terminate this Lease and to re-enter and repossess the Leased Premises and the facilities thereon, and hold the same as if the Lease had never been made or issued.

SECTION 25. SIGNS

A. Approval of Signs

All exterior signs on the Leased Premises shall comply with the pertinent ordinances of the City of Fresno, and also shall be approved by the Director of Aviation. Unless otherwise specifically authorized, all exterior signs on the Leased Premises shall conform in general appearance to the existing signs displayed at the Airport.

B. Removal of Signs

Upon the expiration or termination of this Lease, Lessee shall remove, obliterate or paint out, as required by the Director of Aviation, any and all signs and advertising on the Leased Premises if pertaining to Lessee, and

in this regard, Lessee shall restore the Leased Premises to the same condition as prior to the placement thereon of any signs or advertising, ordinary wear and tear excepted. In the event that Lessee fails to remove, obliterate or paint out each and every sign or advertisement of Lessee the Director of Aviation may, at his or her option, have the necessary work performed at the expense of Lessee, and the charge therefore shall be paid by Lessee to Lessor upon demand.

SECTION 26. GOVERNMENTAL REQUIREMENTS - RULES AND REGULATIONS

- A. Except as otherwise set forth herein, Lessee agrees to obtain, from all governmental authorities having jurisdiction, all licenses, certificates and permits necessary for the conduct of its operations on the Leased Premises and to keep them current.
- B. In conducting those operations permitted on the Leased Premises as set forth in Section 5, throughout this Lease, and in construction and installation of facilities and improvements, Lessee agrees to comply with all present and future federal, state, and local laws, statutes, orders, rulings, and rules and regulations, and amendments thereto, including, but not limited to, any laws, statutes, orders, and rules and regulations cited in any grant assurances agreed to by the Lessor in accepting any grants pursuant to the Airport Improvement Program created by the Airport and Airway Improvement Act of 1982 (Public Law 97-248), as amended or replaced by successor programs.
- C. Lessor has established, and may, from time to time, establish or modify, rules and regulations pertaining to the Airport and Lessee covenants to observe all such rules and regulations. Nothing in this Section 26 shall be construed to imply that Lessee is waiving its right to contest or challenge such rules and regulations.

SECTION 27. NO REPRESENTATIONS OR WARRANTIES

Subject to Lessor's obligations under this Lease, Lessee acknowledges and agrees by its acceptance hereof that the Leased Premises is conveyed "as is, where is", in its present condition with all faults and subject to all easements, claims of easements and deed restrictions whether recorded or unrecorded in the public records, and that Lessor has not made and does not hereby make and specifically disclaims any representations, guarantees, promises, covenants, agreements, or warranties of any kind or character whatsoever, unless otherwise provided for herein, whether express or implied, oral or written, past, present, or future of, as to, concerning or with respect to the nature, quality or condition of the Leased Premises, the income to be derived, the suitability of the Leased Premises for uses allowed under this Lease, or merchantability or fitness for a particular purpose.

SECTION 28. ENVIRONMENTAL CONCERNS AND MONITORING REQUIREMENTS

- A. Lessee hereby releases, discharges and holds Lessor harmless from, and agrees to indemnify Lessor against claims, liabilities, suits, damages, expenses and fines arising out of or resulting from any release, discharge, spill, contamination or pollution by or from hazardous wastes or substances on the Leased Premises caused by or arising from the failure of Lessee, its sublessees, contractors, subcontractors, agents, officers invitees or representatives to comply with any applicable Governmental Regulations (as defined herein). Lessee shall have the sole responsibility for the remediation of, and shall bear all costs and liabilities for any release, discharge, spill, contamination or pollution by or from hazardous wastes or substances: (i) caused by Lessee, its sublessees, contractors, subcontractors, agents, officers invitees and representatives, or (ii) occurring on or under the Leased Premises during the term of this Lease. Lessee's obligations and liabilities under this paragraph shall continue only if and so long as Lessee is and remains responsible for any such release, spill, discharge, or contamination of hazardous substances or wastes as described in the immediately preceding sentence. Notwithstanding any provision in this Section 28 or any other provision of this Lease, Lessee shall not be liable for any release, spill discharge, contamination or pollution by or from hazardous wastes or substances (a) occurring or existing prior to the Effective Date of this Lease, unless caused by Lessee; (b) caused by Lessor, its contractors, subcontractors, agents, officers, invitees, or representatives; or (c) occurring after expiration or earlier termination of the term of this Lease, and not caused by Lessee or a sublessee or a customer of either. In addition, notwithstanding any provision in this Section 28 or any other provision of this Lease, Lessee shall not be liable for any release, spill, discharge, contamination or pollution by or from hazardous wastes or substances resulting from any underground storage tanks, pits or hydrant systems under the Leased Premises that are not otherwise owned or operated by Lessee.
- B. Lessee acknowledges that its uses of the Leased Premises and the operations, maintenance and activities conducted thereon may be subject to federal, state and local environmental laws, rules and regulations, collectively referred to as "Governmental Regulations", including with limitation, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), as amended, the Resource Conservation and Recovery Act ("RCRA"), as amended, the Clean Water Act, as amended, the Clean Air Act, as amended, and other regulations promulgated thereunder by any federal, state or local governmental agencies. As a material covenant of this Lease, Lessee, at its sole expense, shall comply with all such present and future Governmental Regulations applicable to Lessee's construction, operations, maintenance,

use and activities on the Leased Premises.

- C. Lessee shall, at its sole expense, make all submissions and provide all information to the appropriate governmental authorities of the state, the U.S. Environmental Protection Agency ("USEPA") and any other local, state or federal authority or agency which requires submission of information regarding any spill, discharge or other reportable release of hazardous wastes or substances for which Lessee or its sublessee is responsible on the Leased Premises during the term of this Lease. Lessee shall provide copies of all such submissions and information to the Director of Aviation or his/her designated agent. Lessor shall, at its sole expense, make all such submissions and provide all such information to the appropriate governmental authorities regarding any spill, discharge or other reportable release of hazardous wastes or substances for which lessor is responsible.
- D. Should a governmental authority having jurisdiction over environmental matters, including the Lessor, determine that a response or plan of action be undertaken due to any spill, discharge, contamination, release or pollution of hazardous substances or wastes for which Lessee is responsible on the Lease Premises during the term of this Lease, whether sudden or gradual, accidental or intentional, Lessee shall, at its sole expense, prepare and submit the required plans and undertake, implement and diligently perform the required action, response or plan to completion in accordance with the applicable rules and direction of such governmental authority or authorities and to their reasonable satisfaction. Lessor shall, at its sole expense, prepare and submit any such required plans and undertake, implement and diligently perform any such required action, response or plan to completion in accordance with the applicable rules and direction of governmental authority or authorities due to any spill, discharge, contamination, release or pollution of hazardous substances or wastes for which Lessor is responsible.
- E. Lessee shall, at its own expense, demonstrate and maintain any required records, reports and financial responsibility in accordance with pertinent laws, rules and regulations regarding hazardous material handling or Underground Storage Tanks (USTs) at any new aircraft fueling facilities. Upon request by Lessor, Lessee shall annually provide Lessor with documentation demonstrating financial responsibility concerning environmental obligations imposed upon Lessee by this Lease. In the event Lessee's financial responsibility should lapse at any time during the leasehold estate or mode of financial responsibility change, Lessee shall immediately notify the Director of Aviation or his/her designated agent.
- F. Lessee's obligations under this Section shall survive any assignment or subletting of the Leased Premises, provided, Lessor does not specifically

release Lessee from its obligations herein through Lessor's consent to assignment or sublease. Furthermore, Lessee's obligations under this Section shall survive the expiration or earlier termination of this Lease as to any activity or omissions which occurred during the term of the Lease.

- G. Prior to Lessee's start of construction on the New Improvements, Lessee shall have the right to conduct a Site Assessment or such other testing of the Leased Premises as Lessee deems necessary to determine the existing environmental condition of the Leased Premises (collectively, the "Environmental Reports"). Lessor and Lessee agree that the results of the Environmental Reports shall establish a baseline representing the environmental condition of the Leased Premises existing prior to the Term, which can be compared to future Environmental Reports to determine the changes, if any, in the environmental condition of the Leased Premises during the Term.
- H. The term "hazardous wastes" is used herein as it is defined in 42 U.S.C. Section 6901 et seq. The term "hazardous substances" is used herein as it is defined in CERCLA. These terms shall also include, for the purposes of the Lease, any substance requiring special treatment, handling, manifesting and records according to a governmental authority.

SECTION 29. FORCE MAJEURE

Neither Lessor nor Lessee shall be deemed in violation of this Lease if it is prevented from performing any of its obligations hereunder by reasons of Force Majeure. For purposes of this Lease, "Force Majeure" means contingencies, causes or events beyond the reasonable control of Lessor or Lessee, including acts of nature or a public enemy, war, riot, civil commotion, insurrection, state, federal or municipal government or de facto governmental action (unless caused by acts or omissions of Lessee), fires, explosions, floods, strikes, boycotts, embargoes, or shortages of materials, acts of terrorism, acts of God, casualty losses, unavoidable accidents, floods, fire, explosion, inclement weather, impossibility of performance, any event or action that is legally recognized as a defense to a contract action in the State of California, or other circumstances that are beyond the reasonable control of Lessor or Lessee; provided, however, that this Section 29 shall not apply to failure of Lessee to pay the rentals, fees and charges specified under this Lease. In the event of Force Majeure where Lessee is prevented from performing any of its obligations due to the above stated circumstances, Lessee shall notify Lessor in writing within ten (10) days following such circumstances. Lessor, through its Director of Aviation, shall notify Lessee within twenty (20) days whether Lessor, in its sole discretion, concurs with the reasons for Lessee's delays.

SECTION 30. BROKERAGE

Lessor and Lessee each represent and warrant that no broker has been engaged on its behalf in the negotiation of this Lease and that there is no such broker who is or may be

entitled to be paid a commission in connection therewith. Lessor and Lessee each shall indemnify and save harmless the other of and from any claim for commission or brokerage made by any such broker when such claim is based in whole or in part upon any act or omission by Lessor or Lessee.

SECTION 31. RELATIONSHIP OF PARTIES

This Lease does not constitute or make Lessee the agent or representative of Lessor for any purpose whatsoever.

SECTION 32. NO PARTNERSHIP, JOINT VENTURE OR JOINT ENTERPRISE

It is agreed that no partnership, joint venture or joint enterprise exists between the Parties or between Lessor and any other person, and Lessor shall not be responsible in any way for any debts of or cash flow deficits incurred by Lessee in construction of or operation of the Leased Premises or for the debts or obligations of Lessee or any other person or for any cleanup costs or damages incurred by Lessee.

SECTION 33. CONFLICT OF INTEREST

No officer or employee shall have any financial interest, direct or indirect, in any contract with the City or be financially interested, directly or indirectly, in the sale to the City of any land, materials, supplies or services, except on behalf of the City as an officer or employee. No officer or employee shall be in litigation with the City or any of its agents at the time this Lease is executed. Lessee shall complete Exhibit F, "Disclosure of Conflict of Interest," and update same if/when any responses thereto change, so that City may determine whether a conflict exists. Any violation of this section, with knowledge, express or implied, of the person or corporation contracting with the City shall render the contract involved voidable by the City Manager or the City Council.

SECTION 34. GIFT TO PUBLIC SERVANT

- A. Lessor may terminate this Lease immediately if Lessee has offered, or agreed to confer any benefit upon an employee or official of the City of Fresno that such employee or official is prohibited by law from accepting.
- B. For purposes of this section, "benefit" means anything reasonably regarded as economic gain or economic advantage, including benefit to any other person in whose welfare the beneficiary is interested, but does not include a contribution or expenditure made and reported in accordance with law.
- C. Notwithstanding any other legal remedies, the City of Fresno may require Lessee to remove any employee of Lessee from the Leased Premises who has violated the restrictions of this section or any expenditures made

as a result of the improper offer, agreement to confer, or conferring of a benefit to an employee or official of the City of Fresno.

SECTION 35. CONSTRUCTION AND APPLICATION OF TERMS

- A. Wherever in this Lease a third person singular, neuter pronoun or adjective is used, referring to Lessee, the same shall be taken and understood to refer to Lessee, regardless of the actual gender or number thereof.
- B. Whenever in this Lease Lessee is placed under an obligation or covenant to do or refrain from or is prohibited from doing or is entitled or privileged to do, any act or thing, its obligations shall be performed or its rights or privileges shall be exercised only by its officers and employees and other duly authorized representatives, or by permitted assigns or subleases of this Lease of all or any part of the Leased Premises.
- C. Lessee's representative, herein specified (or such substitute as Lessee may hereafter designate in writing) shall have full authority to act for Lessee in connection with this Lease and any things done or to be done under the Lease.
- D. In case any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Lease shall be considered as if such invalid, illegal, or unenforceable provision had never been contained in this Lease.

SECTION 36. VENUE AND GOVERNING LAW

The obligations of the parties to this Lease shall be performable in Fresno County, California, and if legal action is necessary in connection with or to enforce rights under this Lease, exclusive venue shall lie in Fresno County, California. This Lease shall be governed by, and construed in accordance with, the laws and court decisions of the State of California, without regard to conflict of law or choice of law principles of California or of any other state.

SECTION 37. SUCCESSORS AND ASSIGNS

Subject to the limitations upon assignment herein contained, this Lease shall be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns.

SECTION 38. NOTICES

Notices hereunder shall be sufficient if sent and received by certified or registered mail, postage fully prepaid, to:

LESSOR:

City of Fresno –Airports Department
Attn. Director of Aviation
4995 East Clinton Way
Fresno, CA 93727

LESSEE:

William Newburn
Pacific Coast Aero Marine
668 West Kearney Blvd
Fresno, CA 93706

or to such other respective addresses as the parties may from time to time designate to each other in writing. Notice will be deemed delivered to the party to whom addressed on the third (3rd) business day following the date on which the same is deposited, postage fully prepaid, in the U.S. mail, by certified or registered mail.

SECTION 39. LEASEHOLD MORTGAGES PERMITTED

- A. Lessee shall, subject to the written approval of Lessor, have the right to encumber by mortgage, deed of trust or other instrument in the nature thereof (each such mortgage, deed of trust or other instrument being herein called a "leasehold mortgage") this Lease, Lessee's leasehold estate and all of Lessee's rights, title and interest hereunder, including its right to use and occupy the Leased Premises and all of its right and interest in and to any and all buildings, other improvements and fixtures now or hereafter placed on the Leased Premises and any sublease covering the Leased Premises or any portion thereof; and, in such event, upon Lessee's written request to Lessor, Lessor will execute and deliver a reasonable estoppel certificate addressed to the leasehold mortgagee confirming, among other things, the terms of this Section 39 and agreeing to recognize the leasehold mortgage or any purchaser of the mortgaged leasehold at foreclosure in the same manner as an assignee of this Lease. Notwithstanding the foregoing, no mortgagee or trustee or anyone that claims by, through or under a leasehold mortgage (herein called a "leasehold mortgagee") shall, by virtue thereof, acquire any greater right in the Leased Premises and in any building or improvement thereon than Lessee then had under this Lease, and provided further that any leasehold or subleasehold mortgage and the indebtedness secured thereby shall at all times be and remain inferior and subordinate to all of the conditions, covenants and obligations of this Lease and to all of the rights of the Lessor hereunder. In no event shall Lessee have the right to encumber, subordinate or render inferior in any manner Lessor's fee simple title in and to the Leased Premises.

- B. Subject to Lessee's and/or any sublessee's authorization, any such leasehold mortgagee, at its option, at any time before the rights of Lessee shall have been terminated, may pay any of the rents due hereunder or may effect any insurance, or may pay any taxes, or may do any other act or thing or make any other payment required of Lessee by the terms of this Lease, or may do any act or thing which may be necessary and proper to be done in the observance of the covenants and conditions of this Lease, or to prevent the termination of this Lease and may use insurance proceeds to pay any sum required to be paid by Lessee hereunder; and all payments so made and all things so done and performed by any such leasehold or subleasehold mortgagee shall be as effective to prevent a forfeiture of the rights of the Lessee hereunder as the same would have been if done and performed by the Lessee instead of by such leasehold mortgagee.
- C. Leasehold mortgagee, an assignee of this Lease or otherwise, or any other party who shall acquire any rights and interest of Lessee under the terms of the Lease through a conveyance, assignment ("conveyance" and "assignment" does not mean Lessee's granting of the leasehold mortgage), foreclosure, deed in lieu of foreclosure or any other appropriate proceedings thereof, shall become liable to Lessor for the payment or performance of any obligation of Lessee under the Lease, including without limitation, any of Lessee's indemnification obligations to Lessor and any of Lessee's obligations relating to asbestos containing materials removal or disposal, or any other environmental liabilities.
- D. During such time as Lessee's leasehold estate is subject to a leasehold mortgage, this Lease may not be modified or voluntarily surrendered without the prior written consent of the leasehold mortgagee; provided however, that this Lease may be terminated without the consent of the leasehold mortgagee if a default or other cause for termination under this lease occurs and is not corrected or satisfied in accordance with the terms and conditions of the Lease, provided the leasehold mortgagee has received all notices from Lessor that Lessor is required to give Lessee under the Lease.

SECTION 40. SECTION HEADINGS

The section headings herein are for convenience of reference and are not intended to define or limit the scope of any provisions of this Lease.

SECTION 41. COUNTERPARTS

This Lease may be executed in any number of counterparts, each of which shall be an original. If this Lease is executed in counterparts, then it shall become fully executed

only as of the execution of the last such counterpart called for by the terms of this Lease to be executed.

SECTION 42. ENTIRE LEASE; NO ORAL MODIFICATIONS

This Lease (with all referenced exhibits, attachments, and provisions incorporated by reference) embodies the entire agreement of both parties, superseding all oral or written previous and contemporary agreements between the parties relating to matters set forth in this Lease. Except as otherwise provided elsewhere in this Lease, this Lease cannot be modified without written supplemental agreement executed by both parties.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

SECTION 43. SIGNATURES

EXECUTED and effective this ____ day of _____, 2014 ("Effective Date") by the CITY OF Fresno, Lessor, and by, Willam Newburn, Lessee, acting by and through its duly authorized officer.

City of Fresno
A Municipal Corporation

LESSEE:
William Newburn, An Individual
D.B.A. Pacific Coast Aero Marine

By: _____
Kevin R. Meikle,
Director of Aviation

By: W Newburn

Name: WILLIAM NEWBURN

Address for Notice:
City of Fresno
Airports Department
4995 E. Clinton Way
Fresno, CA 93727

Title: OWNER
(Board Chair, Pres. Or Vice Pres.)

By: _____

Name: _____

Title: _____
(Board Treasurer, Secretary or
Assistant Secretary)

ATTEST:
Yvonne Spence, CMC
City Clerk

Address for Notice:

By: _____
Deputy

Pacific Coast Aero Marine
William Newburn
668 West Kearney Blvd.
Fresno, CA 93706

APPROVED AS TO FORM:
Douglas T. Sloan
City Attorney

By: _____
Deputy City Attorney

_____ Date

LIST OF EXHIBITS

EXHIBIT A	Depiction of Leased Premises
EXHIBIT B	Assurances Required By The Federal Aviation Administration
EXHIBIT C	Annual Rental Adjustment Computation Worksheet
EXHIBIT D	Chandler Airport Minimum Standards
EXHIBIT F	Disclosure of Conflict of Interest

214.47
11'



FBO-10

S00°26'36"E 344.38'

N 0°26'36" W
276.38'

LEASE LOT 5 HAS
AN AREA OF
45,232.35 SQ. FT±

FBO-9

163.66'

N89°33'24"E

138.40'

LEASE LOT 4 HAS
AN AREA OF
38,251 SQ. FT±

FBO-8

S89°33'24"W
138.40'

N00°26'36"W
276.38'

S00°26'36"E
276.38'

N89°33'24"E

135.78'

LEASE LOT 3 HAS
AN AREA OF
37,527 SQ. FT±

FBO-7

N89°33'24"E
135.78'

N89°33'24"E

130.3

LEASE LOT
AN AREA
36,015 SQ.

FBO-

S89°33'24"W
130.3

N00°26'36"W
276.38'

A.C.
PAYMENT

AIRPORT ROAD

45.10'

1312.01'

N89°33'24"E

432.26'

FBO-4

LEASE LOT 8 HAS
AN AREA OF
63,494 SQ. FT±

150.00'

85'

N00°26'36"W 150.00'

F-3

F-2

65'

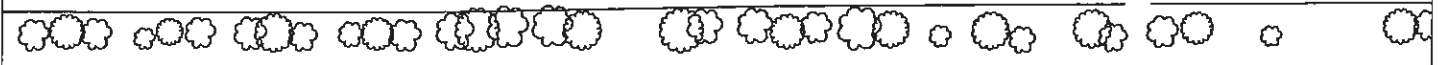
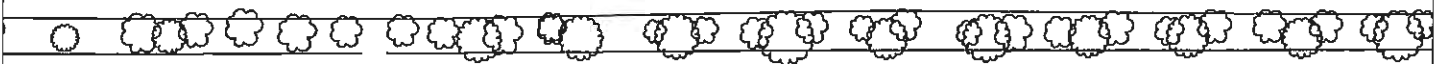
75'

75'

S89°33'24"W

411.66'

48.27'



W. KEARNEY BLVD.

REVISIONS/REFERENCE
REV NO.

FRESNO CHANDLER EXECUTIVE AIRPORT

KRA NO. _____
FUND NO. _____
ORG NO. _____
ACTIVITY _____
PROJECT I.D. _____

AIRPORTS DEPARTMENT

DIRECTOR OF AVIATION
KEVIN R. MEIKLE, ARCHITECT

LEASE LOT 4

PACIFIC COAST AERO-MARINE

CONST. ENG. _____
CITY DESIGN ENG. _____

APPROVED
OFFICE ENG. _____

DR. BY: DJY
CH. BY: MD
DATE: 4/25/2014
SCALE: NTS

CITY DRAWING NO. 26-A-90
SHEET NO. 1

OF 1 SHEETS



CITY OF FRESNO
DEPARTMENT OF AIRPORTS
4955 EAST CLINTON WAY
FRESNO, CALIFORNIA 93727
PHONE: 559-621-4500

file path and name

ASSURANCES REQUIRED BY THE FEDERAL AVIATION ADMINISTRATION
(August 1998 Edition)

SECTION A
PURPOSE, CLASSES OF ACTIVITIES, APPLICABILITY OF ASSURANCES
AND
DEFINITION OF TERMS

1. PURPOSE:

The City of Fresno, California, an airport owner subject to both Federal Grant Agreement obligations and terms, covenants and conditions of Surplus Property Instruments of Disposal at the Fresno Yosemite International Airport (FYI) and Federal Grant Agreement obligations at Fresno-Chandler Downtown Airport (FCH), is required by the Federal Aviation Administration (FAA) to include specific provisions, addressing, among other things, the requirements of Title VI of the Civil Rights Act of 1964, Exclusive Rights prohibitions, and Affirmative Action items contained in Title 14 Code of Federal Regulations Part 152, within all agreements (including, without limitation, leases, licenses, permits, and contracts) between said City and any and all entities who use or perform work or conduct activities on City-owned airport premises for aeronautical or non-aeronautical purposes; therefore, the purpose of this Exhibit is to appropriately incorporate within the "Agreement," to which it is attached and made a part of by reference therein, the sixteen (16) numbered provisions contained within Section "B", "ASSURANCES," below.

2. CLASSES OF ACTIVITIES:

The applicability of each of the sixteen (16) numbered provisions contained within Section "B," "ASSURANCES," below, to that certain "Agreement" to which this Exhibit is attached and made a part of by reference therein, is, among other things, dependent upon the type of work to be performed and/or the type of activities to be conducted at the airport(s) by the Lessee, Permittee, Licensee, Operator, etc., named therein, pursuant to and in accordance with those certain rights, privileges, uses, and operations, expressly granted and/or authorized thereunder; therefore, the following activity classifications, as established by the FAA, are provided for the information and guidance of all concerned:

a. **Direct and Supportive Aeronautical:** The following activities, commonly conducted on airports, are AERONAUTICAL ACTIVITIES:

- (1) Air Carrier
- (2) Charter Operations
- (3) Pilot Training
- (4) Aircraft rental and sightseeing
- (5) Aerial Photography
- (6) Crop dusting
- (7) Aerial Advertising and Surveying
- (8) Aircraft Sales and Services
- (9) Sale of Aviation Petroleum products (whether or not conducted in conjunction with other included activities)
- (10) Repair and Maintenance of Aircraft
- (11) Sale of Aircraft Parts

- (12) Any other activities which, because of their direct relationship to the operation of an aircraft, can appropriately be regarded as an "aeronautical activity."

b. **Complimentary Aeronautical**: The following activities, when conducted on airports, are COMPLIMENTARY AERONAUTICAL ACTIVITIES:

- (1) Ground Transportation (taxis, car rentals, limousines)
- (2) Restaurants
- (3) Barber Shops
- (4) Auto Parking Lots
- (5) Recreational Facilities
- (6) Any other commodities, services or accommodations made available to the general public.

c. **Non-Aeronautical**: The following activities, when conducted on airports, being neither "Direct and Supportive Aeronautical" nor "Complimentary Aeronautical," as defined above, are NON-AERONAUTICAL ACTIVITIES.

- (1) Manufacturing
- (2) Agriculture
- (3) Any other activity not appropriately falling within the abovesaid "Direct and Supportive Aeronautical" and/or "Complimentary Aeronautical" classifications.

3. APPLICABILITY OF NUMBERED PROVISIONS WITHIN SECTION "B," "ASSURANCES," BELOW TO CLASS(ES) OF ACTIVITIES SPECIFIED WITHIN PARAGRAPH 2, ABOVE:

The applicability of the numbered provisions within Section "B," "Assurances," below, to the respective classes of activities specified within subparagraphs 2a, b, and c, of this Section "A," above, is as follows:

<u>ACTIVITY CLASS</u>	<u>NUMBERED PROVISIONS APPLICABLE TO CLASS</u>	
	<u>FYI AGREEMENTS</u>	<u>FCH AGREEMENTS</u>
Direct and Supportive Aeronautical	1 thru 16	1 thru 15
Complimentary Aeronautical	1 thru 14 & 16	1 thru 14
Non-Aeronautical	1 thru 14 & 16	1 thru 14

4. DEFINITION OF TERMS USED WITHIN SECTION "B," "ASSURANCES," BELOW

In order to facilitate ease of fulfillment of the requirement specified within paragraph 1 of this Section "A," this Exhibit is designed to be attached to and made a part of all City of Fresno Airport's "Agreements," including, without limitation, leases, licenses, permits, contracts, etc.; therefore, in the event the "Agreement" to which this Exhibit is attached and made a part of by reference therein shall be other than a lease or be a lease within which the parties thereto are therein called or referred to other than "Lessor" and "Lessee," then, where the terms "LESSOR," "LESSEE," and "LEASE" appear, as shown, within the sixteen (16) numbered "ASSURANCES" listed within Section "B," below, said terms shall be deemed to mean "CITY OF FRESNO, CALIFORNIA," "THE OTHER PARTY TO THE PARTICULAR AGREEMENT" (e.g., Licensee, Permittee, Concessionaire, Operator, etc.), and the "AGREEMENT" itself (regardless of title, type and/or description, including, without limitation, Leases, Agreements, Licenses, Permits, and Contracts) respectively; and where the terms "LAND LEASE" and "LEASED PREMISES"

(and all the terms "LAND LEASED" and "LEASED PREMISES" (and all reasonably readily identifiable derivations thereof) appear, said terms shall be deemed to mean the land(s) and/or premises specifically identified within the "Agreement" as being that/those to which leasehold interests are expressly granted and/or those in, upon, to and/or from which tenancies, occupancies, use(s), operation(s), and/or access(es) by the Lessee, Permittee, Licensee, Operator, Concessionaire, etc., are expressly authorized. In all cases, where the term "AIRPORT" appears, as shown, it shall be deemed to mean the particular airport(s) (i.e., either the Fresno Yosemite International Airport or the Fresno-Chandler Downtown Airport, or both) as identified within the "Agreement" between the parties as being the Airport(s) to which the "Agreement" pertains.

SECTION B **ASSURANCES**

1. The "LESSEE," for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (as a covenant running with the land if the "Agreement" to which this Exhibit is attached is a lease) that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this "LEASE" for a purpose for which a U.S. Department of Transportation (DOT) program or activity is extended or for another purpose involving the provision of similar services or benefits, the "LESSEE" shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Sub-title A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

2. The "LESSEE," for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (as a covenant running with the land if the agreement to which this Exhibit is attached is a lease) that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services there on, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, (3) that the "LESSEE" shall use the "premises" in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-Assisted Programs of the Department of Transportation Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

3. That in the event of breach of any of the above nondiscrimination covenants, "LESSOR" shall have the right to terminate the "LEASE" and to reenter and repossess said land and the facilities thereon, and hold the same as if said "LEASE" had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.

4. "LESSEE" shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; PROVIDED, THAT the "LESSEE" may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

5. Non-compliance with Provision 4 above shall constitute a material breach thereof and in the event of such non-compliance the CITY OF FRESNO, CALIFORNIA ("LESSOR") shall have the right to terminate this "LEASE" and the estate hereby created without liability therefor or at the election of the "LESSOR" or the United States either or both said Governments shall have the right to judicially enforce Provisions 1, 2, 3 and 4 above.

6. "LESSEE" agrees that it shall insert the above five (5) provisions in any lease, agreement, contract, etc., by which "LESSEE" grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the "premises" herein "LEASED."

7. The "LESSEE" assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Sub-part E. The "LESSEE" assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The "LESSEE" assures that it will require that its covered suborganizations provide assurances to the "LESSEE" that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR 152, Subpart E, to the same effect.

8. The "LESSOR" reserves the right to further develop or improve the landing area of the "Airport" as it sees fit, regardless of the desires or view of the "LESSEE" and without interference or hindrance.

9. The "LESSOR" reserves the right, but shall not be obligated to the "LESSEE" to maintain and keep in repair the landing area of the "Airport" and all publicly-owned facilities of the "Airport," together with the right to direct and control all activities of the "LESSEE" in this regard.

10. This "LEASE" shall be subordinate to the provisions and requirements of any existing or future agreement between the "LESSOR" and the United States, relative to the development, operation or maintenance of the "Airport."

11. There is hereby reserved to the "LESSOR," 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" herein "LEASED." This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation on the "Airport."

12. "LESSEE" agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the "LEASED PREMISES," or in the event of any planned modification or alteration of any present or future building or structure situated on the "LEASED PREMISES."

13. The "LESSEE," by accepting this "LEASE," expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object, nor permit the growth of any tree on the "land leased" hereunder which would exceed the height limits of Part 77 of the Federal Aviation Regulations. In the event the aforesaid covenants are breached, "LESSOR" (the owner) reserves the right to enter upon the "land leased" hereunder and to

remove the offending structure or object and cut the offending tree, all of which shall be at the expense of the "LESSEE."

14. The "LESSEE," by accepting this "LEASE," agrees for itself, its successors and assigns, that it will not make use of the "LEASED PREMISES" in any manner which might interfere with the landing and/or taking off of aircraft at and/or from the "AIRPORT" (either the Fresno Yosemite International Airport or the Fresno-Chandler Downtown Airport, or both, as applicable) or otherwise constitute a hazard. In the event the aforesaid covenant is breached, the "LESSOR" (owner) reserves the right to enter upon the "premises hereby leased" and cause the abatement of such interference at the expense of the "LESSEE."

15. 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 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349a).

16. This "LEASE" 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 said "AIRPORT" or the exclusive or non-exclusive use of the "AIRPORT" by the United States during the time of war or national emergency.

NOTICE OF ANNUAL RENTAL ADJUSTMENT (Based on USDLBLS Consumer Price Index for Urban Wage Earners and Clerical Workers - ALL ITEMS, U.S. CITY AVERAGE)	FRESNO YOSEMITE INTERNATIONAL AIRPORT LEASE AGREEMENT
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EXAMPLE

RE: PIE IN THE SKY AVIATION
LEASE AND AGREEMENT

The rental adjustment calculation shown to the right was completed in keeping with the intent of the agreement for the Hangar at 1234 Aviation Way Fresno, CA Lease Agreement

THE CITY OF FRESNO - AIRPORTS DEPARTMENT
AND
PIE IN THE SKY AVIATION

EFFECTIVE July 1, 2011

ANNUAL RENTAL WILL BE: \$10,355.57

If you have any questions concerning this matter, please contact the undersigned at (559) 621-4500

DATE: EXAMPLE

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ANNUAL RENTAL ADJUSTMENT COMPUTATION
FOR LEASE YEAR COMMENCING:
July 1, 2011

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USDLBLS CPI - JAN-DEC, 2010	213.967 *
USDLBLS CPI - JAN-DEC, 2011	221.575 *
AMOUNT OF CPI CHANGE	7.608
PERCENTAGE CPI CHANGE	3.5557%
CURRENT ANNUAL RENTAL	\$10,000.00
AMOUNT OF ADJUSTMENT	\$355.57
NEW MONTHLY RENTAL	
EFFECTIVE July 1, 2011	\$10,355.57

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EXAMPLE

City of Fresno - Airports
Properties Section
4995 E. CLINTON WAY
FRESNO, CA 93727-1504

TELEPHONE: (559) 621-4500

NOTES: * PER USDL/BLS

CITY OF FRESNO, CALIFORNIA –
DEPARTMENT OF AIRPORTS

**MINIMUM STANDARDS FOR
FRESNO CHANDLER EXECUTIVE AIRPORT**

SECTION 1. PURPOSES OF MINIMUM STANDARDS AND APPLICABILITY

The City of Fresno, California recognizes the prohibition imposed by Section 308 of the Federal Aviation Act against granting an exclusive right to conduct any aeronautical activity at a Public Airport, and recognizes the City has agreed to the same prohibition in its acceptance of airport improvement grants from the Federal Aviation Administration. Moreover, the City wishes that there be healthy competition at the Fresno Chandler Executive Airport, conducted on a level playing field, and wishes that a broad array of high-quality products and services be available at the Airport. The City is publishing these Minimum Standards so that any Entity interested in engaging in any Revenue Generating Aviation Activity at the Airport may know the principles that apply and the requirements that must be met and maintained. Note, however, that it is not the intention of the City to create any private right of action to enforce these Minimum Standards.

These Minimum Standards do not apply to Entities previously authorized to offer or conduct specific Revenue Generating Aviation Activities at, on or from the Airport. The standards each such previously authorized Entity has been meeting shall comprise that Entity's minimum standards and must be maintained by that Entity. However, should any previously authorized Entity be granted authority to engage in additional Revenue Generating Aviation Activities, then, as a condition of such additional authorization, these Minimum Standards shall apply to each and every Business authorized, including the Revenue Generating Aviation Activities previously authorized. Further, these Minimum Standards shall apply to each and every authorized Business, upon any renewal or extension of a previously authorized Entity's Agreement or Lease.

SECTION 2. DEFINITIONS

The following terms shall have the meanings indicated:

Agreement or Lease – a written, enforceable contract, regardless of its duration or term, between the City and an Entity, which authorizes that Entity to engage in some Revenue Generating Aviation Activity at the Airport and/or which may cover that entity's use or occupy of space at the Airport.

Aircraft – are aeronautical vehicles or devices including, but not limited to, powered fixed wing airplanes, rotorcraft, dirigibles and blimps, and non-powered gliders, rotorcraft and balloons.

Aircraft Operation – is any arrival or departure of an Aircraft at the Airport or any Aircraft movement on the AOA. .

Aircraft Operations Area or AOA – all the runways, taxiways, helipads, Ramps, hold areas and any other area used or intended to be used for the take off or landing or surface maneuvering of Aircraft, or any areas within the perimeter fence and adjacent to surface maneuvering areas.

Airline – an Entity operating Aircraft pursuant to Part 121 or Part 135 of the FARs.

Airport – the Fresno Chandler Executive Airport unless the context indicates Fresno Yosemite International Airport (FYI) as well.

Airport Layout Plan or ALP – a plan view of an airport, drawn to scale and showing all that airport's aeronautical and other Improvements and projected future Improvements – as amended from time-to-time, and as approved by the FAA.

Airport Master Plan or Master Plan – a comprehensive document that considers an airport's history, regional demographic changes, and other relevant factors and trends; then projects traffic and use for the future, then examines the probable noise, environmental and other impacts of same; and, finally, programs an orderly and balanced plan of Airport development to accommodate anticipated demand while minimizing adverse impacts. The major airport land use allocations are illustrated in a complementary ALP.

Airworthy – an Aircraft that is compliant with the FARs and safe to fly.

Business - a Revenue Generating Aviation Activity

City - The City of Fresno, California, a municipal corporation.

Core FBO Services - see FBO below

Department of Airports or Department - The City's Department of Airports.

Derelict Aircraft – an Aircraft: that has not been Airworthy for six months or more and: (1) is not in the process of being made Airworthy; or (2) is not in the process of rehabilitation for public display; or (3) has not been specially prepared, treated and preserved for future rehabilitation. An Aircraft will be presumed a Derelict Aircraft if it has not been Airworthy for six months or more and is obviously deteriorating (tires flat and/or drying out or cracking; or rubber drying out and losing resiliency; or paint

oxidizing, crazing and/or flaking off; or Plexiglas discoloring, cracking or crazing; or metal corroding or rusting; or fabric fraying; etc.).

Director of Aviation or Director - the individual filling the position of the City's Director of Aviation, or an individual authorized to represent him/her.

Entity - an individual or a firm, corporation, partnership, joint venture or other legal person.

Equipment – all tools, tooling and machinery, together with the supplies and apparatus necessary to properly conduct the Revenue-Generating Aviation Activity authorized.

FAA – the Federal Aviation Administration.

FAR or FARs – the then current Federal Air Regulations.

FCH - Fresno Chandler Executive Airport

FCH Environs Specific Plan or FCH Specific Plan - a comprehensive airport planning document that considers the development policies and standards of the City of Fresno General Plan and the Edison Community Plan, including related environmental impact analyses as required by the **California Environmental Quality Act or CEQA**.

Fixed Base Operator or FBO – is an Entity authorized and required to offer, at a minimum, to the operators of based and transient/itinerant personal or business Aircraft up to 12,500# gross weight: (1) retail sales and delivery into-plane of Aircraft fuels, lubricants and additives; (2) overnight tie-down and hangarage; (3) minor Aircraft maintenance, servicing and repair; (4) tire "airing" and battery "boosts"; (5) pilot and passenger waiting lounge with restrooms and public phones and direct-access to the most current aviation weather information; (6) air-to-ground radio communications; (7) removal of disabled Aircraft from the AOA (these activities 1–7 are, collectively, the "**Core FBO Services**"). FBOs may be authorized to engage in Revenue-Generating Aviation Activities in addition to, but in not in substitution of, the Core FBO Services. An FBO may enter a Subcontract with a third party to provide Core FBO Service no. 3, light Aircraft and powerplant servicing, maintenance and repair, and/or additional, non-Core FBO Services, provided such Subcontractor holds or enters a complementary Agreement with the City.

Note: Only FBOs will be authorized to offer retail sales and/or delivery into-plane of Aircraft fuels. City also retains its right to offer retail sales and/or delivery into-plane of Aircraft fuels.

FYI - Fresno Yosemite International Airport

Improvements – all buildings, structures, and facilities including, but not limited to, pavement, fencing, signs and landscaping constructed, installed or placed on, under or above any leased area by, or with the concurrence of, a Lessee of Airport property.

Leased Premises or **Premises** – real estate at the Airport covered by an Agreement or Lease.

Lessee or **Operator** or **Tenant** – an Entity that has entered an Agreement or Lease with the Department.

Lessor or **Landlord** – the Department

Mobile Service Provider or **MSP** - an Entity that conducts one or more authorized Revenue Generating Aviation Activities on, at or from the Airport, but does not operate out of leased or Subleased Premises. Examples of MSPs include, but are not limited to, Aircraft mechanics, flight instructors, Aircraft detailers, and oil recyclers.

On Demand Air Transportation - is unscheduled commercial air transportation for hire operated under FAR parts 119 and 135

Preventive Aircraft Maintenance - maintenance that is not considered a major aircraft alteration or repair and does not involve complex assembly operations listed in FAR Part 43.

Public Airport - an airport used or intended to be used for public purposes (A) that is under the control of a public agency and (B) of which the area used or intended to be used for the landing, taking off, or surface maneuvering of Aircraft is publicly owned.

Ramp – paved areas suitable for parking Aircraft.

Repair Facility – a facility (sometimes called a shop) that is used for repairing Aircraft or Aircraft systems, components or accessories including, without limitation thereto, engines, powerplants, propellers, radios, navigational aids and instruments

Revenue-Generating Aviation Activity – any commercial activity which relates to the fabrication, operation, maintenance, modification, repair, cleaning [exterior and/or interior], refurbishing, restoration, overhaul, painting, plating or refinishing of Aircraft; or of the airframes, powerplants, components, equipment, systems or accessories of Aircraft. Revenue-Generating Aviation Activities include, but are not limited to, pilot training; demonstration flights; “dog-fighting”; Aircraft rental; sightseeing flights; glider towing; parachuting; “sky diving”; aerial ambulance; aerial firefighting; aerial photography or surveying; aerial advertising; aerial traffic or news reporting; powerline, pipeline or other aerial patrolling; aerial application; weather modification; air taxi or charter; Aircraft sales, including fractional ownership; commercial flying clubs; management of Aircraft owned by others; Aircraft scheduling; passenger handling; ground handling; passenger security screening; baggage, mail or freight

loading/unloading and/or transportation on the Airport; Aircraft marshalling and push-back; receipt and/or storage on the Airport of mail, baggage or freight; flight dispatch; loading bridge operation; the sale and/or delivery or installation of Aircraft components, parts, systems or accessories, and the sale and/or delivery of products used by or in Aircraft, including fuel, lubricants, additives, oxygen and flight meals.

Revenue Generating Aviation Activities do not include any of the above activities if conducted by a governmental unit or agency in support of its governmental functions; nor do Revenue-Generating Aviation Activities include Airline operations or any of the above activities conducted by an Airline with its own employees in support of its Airline operations; nor do Revenue Generating Aviation Activities include Aircraft Operations by transient or itinerant Aircraft, or non-commercial Aircraft operations by personal or business aircraft based at the Airport in a Leased hangar or tie-down space.

Specialized Aviation Service Operator or SASO – an Entity that is authorized to engage in one or more Revenue Generating Aviation Activities, but is not an FBO.

Sublease or Subcontract - a written agreement stating the terms and conditions under which a third party Entity (the **Sublessee** or **Subcontractor**) rents space (**Subleased Premises**) at the Airport from a Lessee, and/or conducts a Revenue Generating Aviation Activity from a Lessee's Premises. A Sublease or Subcontract can not authorize the Sublessee or Subcontractor to conduct any Business at the Airport: business privileges can be authorized only by the City, in a complementary Agreement between the Subcontractor or Sublessee and the City

Through-the-Fence Business Operation - An aviation-related business activity located in the immediate vicinity of the Airport, but not on Airport property, which activity would be a Revenue Generating Aviation Activity if located at or on Airport property; and which requires some entrance upon Airport property by the business operator for the business activity to be accomplished. A Through-the-Fence Business Operation relies upon Airport users as a continuous and significant source of its business. An example would be an Aircraft inspection and repair business where the Aircraft or a major Aircraft component is ground transported off the Airport for the inspection and repair and returned to the Airport upon completion of the inspection and repair.

SECTION 3. STATEMENT OF POLICY - PRINCIPLES APPLYING

It is the policy of the City to operate and develop FCH as a reliever airport for the City's airline airport, FYI, with FCH primarily serving general aviation Aircraft. Both Airports will be operated and developed by the Department as a financially self-supporting, complementary system of airports serving the entire range of airport users safely, securely and efficiently, offering reliable, high quality aviation products and services to meet the air transportation needs and desires of the region's citizens, visitors, commerce and economy in an environmentally friendly manner and as a good neighbor.

To meet these policy goals, the Department shall be guided by the following principles:

1. No Entity may regularly engage in any Revenue Generating Aviation Activity at, on or from the Airport without first entering a written Agreement with the City which will prescribe the Revenue Generating Aviation Activity or Activities authorized and/or required to be offered.
2. Entities so authorized will be required to make a financial investment in Improvements and/or Equipment sufficient to satisfy the reasonably anticipated demand for the Business(es) authorized.
3. The rents, fees and/or charges charged to their clients and customers by authorized Entities shall not be higher than are reasonable and customary in that trade or business in Central California.
4. The rents, fees and/or charges charged by the Department shall be fair and not unduly discriminatory, taking into consideration the Department's direct and indirect costs of providing, maintaining, servicing and keeping secure the Airport, including the rented or Subleased Premises, the market value of same, the revenue potential of the Revenue Generating Aviation Activities authorized and their relative importance to the region. Before commencing Business operations, authorized Entities shall post and maintain security equivalent to not less than three months' of the anticipated rents fees and/or charges payable to the Department.
5. The term of any Agreement, including any options to extend, shall be no longer than required to reasonably amortize the investment in Improvements to Airport Premises that the Lessee is required to make.
6. In addition to compliance with all applicable building, zoning and hazard codes and the FCH Specific Plan, all Improvements must be approved by the Department as to architectural suitability, location and height with respect to other Airport facilities. No Improvement will be permitted that in any way interferes with or derogates Airport operations, or other Airport facilities, or encroaches into or conflicts with any building restriction line or safety area depicted on the current ALP.
7. The then effective Airport Master Plan and FCH Specific Plan shall control the types, placement and sizing of all future facilities at the Airport. No extant facility that does not conform with the then current Airport Master Plan and FCH Specific Plan shall be used or leased on terms that might impede or delay the timely development of the Airport in conformity with the then current Airport Master Plan and FCH Specific Plan, nor shall any Improvements to such facility be allowed if that might impede or delay timely subsequent development of the Airport in conformity with the said Master Plan and FCH Specific Plan.

8. The highest and best use shall be made of the limited Airport premises so as to maximize the capacity of the Airports system to meet the air transportation needs and desires of the Airports' region. Lower or lesser uses may be authorized on an interim basis to provide interim revenues to the Department, but any such lower or lesser use(s) shall be on bases that will not impede or delay the eventual highest and best use. Hangars shall be used for the storage of Aircraft that are Airworthy or in the process of being made Airworthy and Aircraft associated support materials, AND/OR in the case of authorized FBOs or SASOs for the conduct of their authorized Business(es). Without limiting the generality of the foregoing, no hangar may be used primarily for storing or inventorying personal property that is not closely associated with the servicing, maintenance and/or care of Airworthy Aircraft or Aircraft actively in process of being made Airworthy, or being prepared for public display, or being specially prepared, treated and preserved for future rehabilitation.
9. Through-the-Fence Business Operations shall be authorized only if the products or services to be offered are not already available on the Airport and there is no reasonable possibility of accommodating the Through-the-Fence applicant on the Airport.

SECTION 4. GENERAL LEASE PROVISIONS/OBLIGATIONS; INCORPORATION BY REFERENCE

All Agreements authorizing any Revenue Generating Aviation Activity at the Airport shall incorporate by reference the following provisions and the then effective Minimum Standards, but only to the extent each such provision or standard is not in conflict with any express provision of the Agreement. In the case of any conflict, the Agreement shall control.

1. Employee Conduct and Customer Service Emphasis
 - A. Management Control and Supervision - Each authorized Operator is required to employ the necessary quantity of trained management and supervisors to provide for the safe, secure, and timely compliance with its Lease obligations.
 - B. Personnel Training and Certification - All authorized Operator personnel shall be fully qualified and trained to provide a high quality standard of courteous, efficient, and safe service to the public and customers. Personnel shall meet all Federal, State, and local certification and licensing requirements applicable to their individual duties.
2. Facilities for the storage and disposal of toxic materials and contaminants must comply with all applicable governmental rules, regulations, standards and requirements. Operator will obtain all necessary permits for storage and disposal

and will provide Lessor with copies of such permits and evidence of compliance with the terms and conditions thereof. Improper storage or disposal of toxic materials or contaminants shall be grounds for termination of the lease. Operator shall be liable for the costs of correcting any contamination or damage to the Leased Premises and/or adjacent areas caused by improper storage, disposal or use of any such materials, which liability shall survive the expiration or earlier termination of the Lease.

3. Nothing contained in the Lease shall be construed to grant or authorize the granting of an exclusive right to provide aeronautical services to the public as prohibited by Section 308 (a) of the Federal Aviation Act of 1958, as amended, and the City reserves the right to grant to others the privilege and right of conducting any one or all activities of an aeronautical nature, so long as they meet the Minimum Standards.
4. The City reserves the right, but shall not be obligated to the Operator, 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 use of said landing area and facilities, including Operator's use.
5. The City reserves the right to further develop or improve the AOA as it deems necessary, regardless of the desires or view of the Operator, and without interference or hindrance by or from the Operator.
6. During the time of war or national emergency, the City shall have the right to Lease the landing area or any part thereof to the United States Government for military use, and if such Lease is executed, the provisions of the Operator's Lease insofar as they are inconsistent with the provisions of the Government's Lease, shall be suspended.
7. The City reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction together with the right to prevent the Operator from erecting, or permitting to be erected any building or other structure on or adjacent to the Airport which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to Aircraft.
8. The Lease shall be subordinate to the provisions of any existing or future agreement between the City and the United States, relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the receipt or expenditure of Federal funds for the development of the Airport.
9. The Operator shall not assign or otherwise transfer any interest in Operator's Lease, nor shall Operator Sublease or assign any interest in its Leased Premises or any portion thereof without the express, written consent of the City.

10. No Airport facilities, including hangars, Ramps and vehicular parking areas, shall be used for the storage of cars, trucks, recreational vehicles, boats, trailers, mobile homes, household furnishings or any other personal property not associated with the conduct of the Business or use authorized. Without limiting the generality of the foregoing, Operator shall not store at the Airport any Derelict Aircraft, nor shall Operator allow its Premises at the Airport to be used for the storage of Derelict Aircraft.
11. Operator shall submit on an annual basis all information deemed by the Department to be relevant to Operator's credit worthiness and financial stability. Operator is required to satisfy the Director that it is financially able to perform the services authorized in its Agreement. This shall include the responsibility to demonstrate continued financial solvency and business ability by submitting an annual financial statement, credit references, and any other proof the Director may require from time to time. Information provided shall be in a format determined by and acceptable to the Director. The Director shall be the final judge as to the qualifications and financial ability of Operator. Operator agrees that the Director may undertake such investigation and inspection as it deems necessary and appropriate.
12. The use of any Airport Premises shall conform to all applicable Airport /local/ state/ federal rules and regulations including but not limited to; building and fire codes; E.P.A. regulations and storm water discharge permit restrictions.
13. During Operator's activity at the Fresno Chandler Executive Airport, the Operator shall pay for and maintain in full force and effect all policies of insurance required hereunder with an insurance company(ies) either (i) admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A-VII" in Best's Insurance Rating Guide, or (ii) authorized by CITY'S Risk Manager or his/her designee. The following policies of insurance are required:
 - (i) COMMERCIAL GENERAL LIABILITY insurance which shall be at least as broad as Insurance Services Office (ISO) form CG 00 01 and shall include coverage for "bodily injury", "property damage" and "personal and advertising injury", including premises and operation, products and completed operations, contractual liability and hangar keepers liability (if applicable) with limits of liability of not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate for bodily injury and property damage, \$1,000,000 per occurrence for personal and advertising injury and \$2,000,000 aggregate for products and completed operations.

- (ii) COMMERCIAL AIRCRAFT LIABILITY insurance which shall include coverage for "bodily injury" (including passengers) and "property damage", including aircraft personal injury liability, newly acquired aircraft liability, non-owned aircraft liability, hangar keepers liability and contractual liability with limits of liability of not less than \$10,000,000 per occurrence for bodily injury and property damage [required only if Operator's activity includes the operation of aircraft].
- (iii) COMMERCIAL AUTOMOBILE LIABILITY insurance which shall be at least as broad as the most current version of Insurance Services Office (ISO) form CA 00 01 and shall include coverage for "any auto" with limits of liability of not less than \$1,000,000 per accident for bodily and property damage.
- (iv) Fire and Extended Coverage Insurance against loss or damage to the building or structure, including improvements and betterments, by fire and lightning, with extended coverage insurance for vandalism and malicious mischief insurance and sprinkler system leakage insurance. Such extended coverage insurance will, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance will be in an amount equal to the full replacement cost (without deduction for depreciation) of the building or structure, including improvements and betterments, with no coinsurance penalty.
- (v) WORKERS' COMPENSATION insurance as required under the California Labor Code.
- (vi) EMPLOYERS' LIABILITY insurance with minimum limits of \$1,000,000 each accident, \$1,000,000 disease each employee and \$1,000,000 disease policy limit [required only if Operator has employees].

All policies of insurance required hereunder shall be endorsed to provide that the coverage shall not be cancelled, non-renewed, reduced in coverage or in limits except after thirty (30) calendar day written notice by certified mail, return receipt requested, has been given to the City. Upon issuance by the insurer, broker or agent of a notice of cancellation, non-renewal or reduction in coverage or limits, Operator shall furnish City with a new certificate and applicable endorsements for such policy(ies). In the event any policy(ies) are due to expire during Operator's activity at Fresno Chandler Executive Airport, Operator shall provide a new

certificate and all applicable endorsements evidencing renewal of such policy(ies) not less than 15 calendar days prior to the expiration date of the expiring policy(ies).

The General Liability, Automobile Liability and Aircraft Liability insurance policies shall name City of Fresno, its officers, officials, agents, employees and volunteers as an additional insureds. Operator's insurance shall be primary as respects to the City, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, agents and volunteers shall be excess of the Operator's insurance and not contribute with it. Any Workers' Compensation insurance policy shall contain a waiver of subrogation as to CITY, its officers, officials, agents, employees and volunteers. Operator shall have furnished CITY with the certificate(s) and applicable endorsements for ALL required insurance before conducting any activity at the Fresno Chandler Executive Airport.

Operator shall furnish City with copies of the actual policies upon the request of CITY'S Risk Manager or his/her designee and this requirement shall survive the use of City grounds and facilities.

If at any time during Operator's activity at Fresno Chandler Executive Airport, Operator fails to maintain the required insurance in full force and effect, the Operator's activity at Fresno Chandler Executive Airport shall be discontinued immediately until notice is received by City that the required insurance has been restored to full force and effect and that the premiums therefore have been paid for a period satisfactory to CITY.

The City reserves the right to change the required insurance coverage at any time by letter and the Operator shall comply within thirty (30) days from date of notice.

14. Operator shall indemnify, hold harmless and defend City and each of its officers, officials, employees, agents and volunteers from any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability, including but not limited to personal injury, death at any time and property damage) incurred by City, Operator or any other person, and from any and all claims, demands and actions in law or equity (including attorney's fees and litigation expenses), arising or alleged to have arisen directly or indirectly out of the activity of the Operator, its principals, officers, agents, employees, persons under the supervision of Operator, vendors, suppliers, invitees, consultants, sub-consultants, subcontractors, anyone employed directly or indirectly by any of them or for whose acts they may be liable or any or all of them at the Fresno Chandler Executive Airport.

15. Lessee, or Lessee's personal representative, its successors in interest and assigns, as part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, gender, religion or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction in the use of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, gender, religion or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Lessee, shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, U.S. Department of Transportation, Subtitle A, office of the Secretary, Part 21 nondiscrimination federally-assisted programs of the U.S. Department of Transportation - effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended. In the event of breach of any of the above nondiscrimination covenants, the Department shall have the right to terminate the Lease and to re-enter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued.

Lessee agrees to furnish services on a fair, equal and not unjustly discriminatory basis to all users thereof, and to charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that the Lessee may be allowed to make reasonable and nondiscriminatory discount, rebate or other similar types or price reductions to volume purchasers.

16. Lessee, if applicable, must provide a plan meeting all local, state and federal regulations for the storage, containment and disposal of contaminants and toxic waste.
17. Lessee agrees to comply with airport rules and regulations as established and revised from time to time by the Director.
18. Lessee agrees to engage only in the Business or activity authorized by its Agreement. Failure to actively engage in one or more of the Businesses authorized for a period of 90 days or more, shall be grounds for termination by the City of the authority to engage in that or those Businesses, or termination of the Lease.

Lessee shall notify the Director of every instance where Lessee has knowledge of, or suspects that, another Entity is using Lessee's Premises for a Revenue-Generating Aviation Activity not authorized by the Department. Failure to timely take reasonable means to determine if a particular activity constitutes an unauthorized Revenue-Generating Aviation Activity shall make Lessee liable to the City for the fees and charges pertinent to the unauthorized Revenue-Generating Aviation Activity as if it had been authorized. Further, Lessee shall

forthwith take steps to terminate the unauthorized Revenue-Generating Aviation Activities.

19. Operator shall abide by all provisions of the then current, approved Airport Security Plan. Without limiting the generality of the foregoing, Operator shall not provide airport gate codes or keys to any member of the general public AND Operator assumes responsibility for the conduct of its employees, officers, directors, agents, customers, clients and business invitees at the Airport. If violations of the Airport Security Plan by the Operator or any of the people for whom the Operator has assumed responsibility result in fines being levied against the City by any federal or state agency, Operator will reimburse the Department for the full cost of such fines within thirty (30) days of payment. Any conduct which the Director deems to constitute a violation of the Approved Airport Security Plan or a threat to public safety, health or security must be discontinued immediately and may not be re-commenced until specifically authorized in writing by the Director.
20. Operator and/or Operator's employees must possess all the licenses, certificates and ratings necessary to lawfully engage in the businesses and activities authorized and/or required.
21. Operator shall keep the Leased or Subleased Premises neat, clean and appropriately supplied and shall conduct the lawful, sanitary, and timely handling and disposal of all solid waste, regulated waste, and other materials including, but not limited to, sump fuel, used oil, solvents, and other regulated waste. The piling and storage of crates, boxes, barrels, containers, refuse, and surplus property is not permitted upon Airport Premises. .
22. Operator shall provide and properly locate about the Leased Premises the proper number, types, and sizes of fire extinguishers, and other safety equipment, in accordance with the Uniform Fire Code. All fire extinguisher certifications must be kept current.
23. Operator acknowledges that owners of Aircraft are entitled to use the AOA and may tie-down, adjust, repair, refuel, clean, and otherwise service their own aircraft, provided the service is performed by the Aircraft owner him/herself. Any unreasonable restrictions imposed on owners or operators or Aircraft by the Operator will be construed as a violation of City policy.

SECTION 5. MINIMUM FACILITIES, EQUIPMENT, HOURS OF OPERATION, STAFFING, ET. AL.

1. Application of this Section 5

All Entities authorized to conduct any Revenue Generating Aviation Activity at the Airport shall comply with ALL the requirements set forth in this Section 5 that are applicable to the Business(es) authorized UNLESS expressly waived or modified in writing by the Director. The mere omission of any particular minimum requirement in a Lease shall not constitute a waiver or modification of the minimum requirement.

The Director may expressly waive or modify, in writing, any portion of these Section 5 minimum requirements for any Entity upon Director's determination that such waiver or modification is in the best interest of the public and will not result in undue discrimination against other Entities authorized to engage in the same or similar Business(es) at the Airport.

When an Agreement authorizes multiple Revenue Generating Aviation Activities, the authorized Entity shall comply with the minimum requirements established for each separate Business authorized, but the space or capacity requirements need not be cumulated if the Operator can demonstrate, to the satisfaction of the Director, that the facilities will be adequate to allow all the authorized Businesses to be conducted simultaneously. In such cases, the minimum requirement that is most strict or imposes the highest standard shall apply, as a minimum.

Revenue Generating Aviation Activities not currently being offered or provided at the Airport, and for which minimum requirements have not yet been established, will be addressed by the Director as and when applications to offer or engage in such Businesses are received.

2. FBOs

Buildings

Each FBO shall lease or construct a public use terminal building complex including:

- A customer service counter/office of not less than 100 square feet, with operating two-way air-to-ground radio, current aviation charts [covering California and the immediately adjacent states] for sale, and facilities for obtaining rental cars or the use of a courtesy car
- A well lighted, comfortably heated and air conditioned waiting lounge of not less than 400 square feet, furnished with comfortable seating for not less than ten people
- A discreet flight planning area within or adjacent to the lounge, properly equipped with appropriate wall charts, NOTAMs board, local-access telephone to contact Flight Service, and a computer to access current aviation weather information.
- Men's and Ladies' rooms accessible from the lounge.
- A public use phone with posted list of numbers to call for after-hours FBO services, overnight accommodation, and ground transportation.

- A free-span hangar of not less than 20,000 square feet
- Paved parking as required by code, but not less than sufficient to park ten automobiles
- Above-ground, double-walled fuel storage tank(s) with not less than 12,000 gallons capacity of aviation gasoline
- A tank of not less than 5,000 gallons storage for Jet A fuel, which may be truck-mounted or stationary. If stationary, it shall be above ground, double-walled and located with the aviation gasoline storage and plumbed for self fueling like aviation gasoline
- Storage for not less than 144 quarts of the most popular grades of aviation oil
- An air hose for inflating aircraft tires, and a constant supply of paper towels for pilots use wiping dipsticks and/or cleaning aircraft windshields.

Equipment

Each FBO shall provide:

- A tug capable of towing an aircraft of 12,500 # gross weight
- Tow bars to fit common GA aircraft
- An air start cart or vehicle
- An electric "boost" cart or vehicle with 1600 amps capacity at both 14 and 28 volts, with adapters to fit common GA aircraft [all the foregoing may be combined in one or more vehicles]
- An air compressor capable of compressing air to not less than 125 psi for landing gear strut and/or tire inflation
- Bottled nitrogen for inflating Aircraft landing gear struts and/or tires
- Dollies and other equipment for use with the tug in removing disabled aircraft of 12,500 # gross weight from the AOA
- Aviation grade oxygen re-fills

Hours of Operation

Each FBO shall be open for business and attended during all daylight hours except Sundays and not more than nine major holidays each year. Any closures or other deviations from this schedule must be requested in advance and approved in writing by the Director.

During regular business hours, each FBO shall promptly provide Equipment and trained personnel to remove disabled Aircraft (under 12,501#) from the AOA – at the request of, and with an appropriate release of liability or indemnification from the owner or operator of the disabled aircraft or the Director.

Outside regular business hours, each FBO shall be on-call to provide the same Equipment and trained personnel within four (4) hours. If multiple FBOs are obligated to provide aircraft removal services on the Airport, they may agree among

themselves as to which shall be on-call and when, provided that a copy of their written agreement is supplied to the Director and kept current thereafter

Each FBO shall be on-call to provide after-hours fuel service within four (4) hours of a customer request.

Each FBO shall have on duty during the required operating hours of each Core FBO service a quantity of personnel sufficient to meet the Minimum Standards for each authorized and/or required business. However, multiple responsibilities may be assigned to employees where feasible.

Qualifications of Fuel Handling Personnel

All FBO fuel handling personnel shall be trained in the safe and proper handling, dispensing, and storage of aviation fuels. The FBO shall develop and maintain Standard Operating Procedures (SOP) for refueling and ground handling operations and shall ensure compliance with standards set forth in the Uniform Fire Code and FAA Advisory Circular 00-34A, Aircraft Ground Handling and Servicing. The SOP shall address bonding and fire protection, public protection, control of access to the fuel storage area, and marking and labeling of fuel storage tanks and fuel dispensing equipment, and shall be submitted to the Director no later than thirty (30) days prior to the FBO commencing fueling activities.

Additionally, the FBO shall comply with FAA Advisory Circular 150/5230-4, Aircraft Fuel Storage, Handling, and Dispensing on Airports, Airport rules and regulations, and all other applicable laws related to aircraft fuel handling, dispensing and storage. Each FBO shall obtain all applicable fueling certifications and permits, and receive periodic refresher training as required. The Director and/or the FAA may periodically conduct inspections of the FBO activities and facilities to ensure compliance with laws, regulations, and Minimum Standards.

Additional Requirements for FBOs

Each FBO shall furnish good, prompt, courteous and efficient services, adequate to meet all reasonable demands, on a fair, reasonable and non-discriminatory basis. Each FBO shall operate its business in a first-class manner and shall, at all times, keep its premises at the Airport in a safe, clean and orderly condition consistent with the Business activities authorized, and satisfactory to the Director. Each FBO shall accept not less than three major credit cards and at least one oil company credit card.

Each FBO shall select and appoint a full-time manager of its operations at the Airport. Such manager shall be properly qualified and experienced and shall be vested with full power and authority to act in the name of the FBO in respect to the

method, manner and conduct of the authorized Business. Such manager or a duly authorized subordinate shall be present and available at the Airport during regular business hours. Each FBO shall provide the Director, and keep current, a typed list of the names, addresses, and contacts for all personnel responsible for the operation and management of the FBO. In addition, the Director shall be provided a point-of-contact with phone numbers for emergency situations.

All FBO personnel who have regular contact with the public or customers of the FBO (except the FBO's pilots, office personnel, marketing personnel and offsite sales persons) shall wear attractive uniforms with appropriate insignia and nameplate so they may be readily identified.

Each FBO shall control the conduct, demeanor and appearance of its employees and representatives. Upon receiving a reasonable and specific complaint from the Director concerning the conduct, demeanor or appearance of any employee, the FBO shall forthwith take all steps necessary to remove the cause of the complaint.

3. SASOs

A. General Requirements for all SASOs

Operating hours

Eight daylight hours per day, on the same five continuous days each week, exclusive of a two week period when a SASO may, by prior notice, be closed for vacation. The operating hours shall be posted near the door to the Operator's Leased or Subleased Premises.

Leased Space

Each SASO shall operate out of a building located on the airport. The Leased or Subleased Premises shall be of an appropriate size to accommodate the services being offered, be accessible to the public, and be marked with appropriate external signage. Each SASO shall provide paved auto parking appropriate for the needs of the business.

Responsible Personnel

Each SASO shall provide the Director, and keep current, a typed list of names, addresses, and contacts of all personnel responsible for the operation and management of the SASO.

B. Additional Requirements for Specific SASOs

1. Flight Training SASOs

SASOs providing aircraft dual and solo ground and flight instruction necessary to complete the written examination and flight check for any category of pilot certificate or rating shall, as a minimum:

- a. Provide at least one (1) or more FAA certified flight instructors as necessary to meet the flight training demand and schedule requirements.
- b. Provide at least four (4) properly licensed and maintained fixed wing aircraft and/or at least one (1) helicopter equipped to accomplish the services offered. If only helicopter instruction is offered, no fixed wing aircraft will be required.
- c. Provide air-conditioned classroom space of not less than 100 square feet.

2. Airframe and Power Plant Maintenance SASOs

SASOs providing major or minor airframe and/or power plant servicing, maintenance, overhaul, repairs or modifications shall:

- a. Operate from a ventilated shop space large enough to accommodate one multi-engine Aircraft of 12,500# gross weight.
- b. Have on-duty at least one (1) FAA-certified technician who possesses an airframe and/or powerplant certificate, with inspection authorization, or possess and operates pursuant to repair station certificate pursuant to FAR Part 145.
- c. Provide equipment, supplies and parts required for GA aircraft and power plant inspection, maintenance and repair.

3. On-Demand SASOs

SASO's providing On-Demand Air Transportation shall:

- a. Provide at least one (1) person who is appropriately licensed and rated to permit the flight activity offered by the SASO.
- b. Provide one properly maintained and equipped aircraft to accomplish the services offered.

An On-Demand SASO shall have and display, a current FAR Part 135 Certificate.

4. Aircraft Rental SASOs

SASOs renting aircraft to be flown by third-party, licensed pilots shall:

- a. Have at least one (1) person available to meet customers' needs.
- b. Have available for rental, a minimum of four (4) owned or leased fixed wing aircraft and/or one helicopter, all of them certified and Airworthy. These may be the same aircraft used for flight instruction if the Aircraft Rental SASO is also a Flight Training SASO.

5. Avionics Maintenance and Sales SASOs

SASOs providing avionics services, which include the maintenance, repair, and installation of aircraft avionics, radios instruments, and accessories, and includes the sale of such equipment, shall:

- a. Operate in ventilated office or shop space on the Airport that is able to accommodate at least one fixed wing aircraft.
- b. Have at least one (1) trained and FAA certified technician.
- c. Hold the appropriate FAA certificates required for the types of services offered.

6. Aircraft Hangar Rental SASOs

An Aircraft hangar rental SASO leases and rents hangars or hangar space or tie-down space to third-party aircraft owners or operators solely for those third-parties' storage of their owned or operated Aircraft. An Aircraft hangar rental SASO shall:

- a. Lease or construct hangars sufficient to store, in complete security, not less than twenty (20) single-engine GA Aircraft. Each hangar shall be lighted and have not less than 15 amps electrical service. SASO shall provide for its hangar tenants at least one lockable rest room for every 20 hangars or portion thereof, with an outside hose bibb. Further, SASO shall provide trash bins for use by SASO's tenants, which SASO shall empty as often as required but not less

than once each week, disposing of the trash at SASO's expense at a location off the Airport.

- b. Make known contact name and phone number for SASO, hangar availability, and rental rates by posted informational sign. Operator shall employ a system of master-keyed padlocks and shall supply each hangar tenant a discrete lock, which said tenant shall use exclusively to secure his/her rented hangar. Two copies of the master key shall be provided to the Director.
- c. Provide the Director, and keep current, a list of all Operator's renters, with their names addresses and phone numbers and the make, model and "N" number of their stored Aircraft, plus a list of Aircraft owners, if any, waiting for a hangar to become available for rental.
- d. SASO shall rent hangars for aircraft storage purposes only. Without limiting the generality of the foregoing, no hangar may be used primarily for storing or inventorying personal property that is not closely associated with the servicing, maintenance and/or care of an Airworthy Aircraft stored in the hangar. or Aircraft actively in process of being made Airworthy in the hangar, or an Aircraft being prepared for public display, or being specially prepared, treated and preserved for future rehabilitation in the hangar. Extensive Storage of personal property in any hangar, except as a incident of the hangar's primary use as aforesaid, shall constitute a breach of the SASO's Agreement with the City.
- e. Hangar tenants may perform only Preventive Aircraft Maintenance in accordance with 14 CFR Part 43 within their rented hangars. Any other aircraft maintenance must be performed by an authorized FBO, SASO, MSP, or by the tenant in accordance with 14 CFR Part 43.3(d). Experimental aircraft construction and maintenance is allowed in accordance with 14 CFR Parts 21 and 65. Any type of hazardous or combustible material storage shall be permitted within the hangar property only in amounts allowed under the Uniform Fire Code. The piling and storage of crates, boxes, barrels, and containers, refuse, and surplus property shall not be permitted outside the hangar. All activity in or about the hangars shall be in accordance with the requirements of the Uniform Fire Code.

7. Aircraft Sales SASOs

SASOs providing new and/or aircraft sales and aircraft brokerage services shall:

- a. Operate from an exclusively occupied office on the Airport and have at least one (1) qualified aircraft salesperson who holds a current pilot certificate with appropriate aircraft type ratings

8. Aircraft Restoration, Painting, and Refurbishing SASOs

SASOs providing the restoration, painting and refurbishing of aircraft structures, propellers, accessories, interiors, exteriors, and components, shall:

- a. Operate from a ventilated shop space large enough to accommodate one multi-engine Aircraft of 12,500# gross weight.
- b. Have at least one (1) qualified person that has certificates appropriate for the work performed.
- c. Meet all requirements of the Uniform Fire Code.
- d. If painting is to be performed on the Airport, holds any and all the air quality and other permits required for same.

9. Specialized Flying Services SASOs

SASOs providing specialized commercial flying services such as non-stop sightseeing tours, aerial photography or surveying, power line or pipeline patrol, firefighting or fire patrol, air ambulance, airborne mineral exploration, banner towing, and other air transportation operations specifically excluded from FAR Part 135 shall:

- a. Provide at least one (1) person who holds a current FAA appropriate pilot certificate and medical certificate with ratings appropriate for the operator's aircraft.
- b. Own or lease at least one (1) Airworthy Aircraft.

10. Commercial Skydiving

Inasmuch as the Airport is located under FYI's Class C Airspace, no skydiving whatsoever is authorized at, on or from the Airport.

11. Aerial Applications

Aerial application operations **are not authorized at, on or from the Airport.**

12. Mobile Service Providers.

If the Director shall determine that the significant needs of Chandler's based aircraft owners are not being adequately served by the authorized, on-airport SASOs, he may, in his discretion, authorize Mobile Service Providers who shall meet at least the following general requirements:

Each MSP shall hold a City issued Commercial Aviation Operator Permit.

Each MSP shall ensure compliance with Airport Security Access Plan.

Each MSP shall provide sufficient qualified personnel necessary to meet the Minimum Standards for each aeronautical service provided. However, multiple responsibilities may be assigned to employees where feasible.

Each MSP shall provide the Director, and keep current, a written statement of names, addresses, and contacts of all personnel responsible for the operation and management of the MSP.

7/11/05 version

**Exhibit F
DISCLOSURE OF CONFLICT OF INTEREST**

Chandler Executive Airport Lease Agreement 540 E Kearney Ave
PROJECT TITLE

		YES*	NO
1	Are you currently in litigation with the City of Fresno or any of its agents?	<input type="checkbox"/>	<input type="checkbox"/>
2	Do you represent any firm, organization or person who is in litigation with the City of Fresno?	<input type="checkbox"/>	<input type="checkbox"/>
3	Do you currently represent or perform work for any clients who do business with the City of Fresno?	<input type="checkbox"/>	<input type="checkbox"/>
4	Are you or any of your principals, managers or professionals, owners or investors in a business which does business with the City of Fresno, or in a business which is in litigation with the City of Fresno?	<input type="checkbox"/>	<input type="checkbox"/>
5	Are you or any of your principals, managers or professionals, related by blood or marriage to any City of Fresno employee who has any significant role in the subject matter of this service?	<input type="checkbox"/>	<input type="checkbox"/>
6	Do you or any of your subcontractors have, or expect to have, any interest, direct or indirect, in any other contract in connection with this Project?	<input type="checkbox"/>	<input type="checkbox"/>
* If the answer to any question is yes, please explain in full below.			

Explanation: _____

Additional page(s) attached.

_____ Signature

_____ Date

_____ (name)

_____ (company)

_____ (address)

_____ (city state zip)