County of Los Angeles
**CHIEF EXECUTIVE OFFICE**
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WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
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First District

YVONNE B. BURKE
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Third District

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MICHAEL D. ANTONOVICH
Fifth District

March 4, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC WORKS: LEASE AGREEMENT BETWEEN THE COUNTY OF LOS ANGELES AND LIGHTNING AIRCRAFT CORPORATION FOR THE RENTAL OF AN AIRCRAFT MAINTENANCE HANGAR AND AIRCRAFT PARKING SPACES AT EL MONTE AIRPORT, CITY OF EL MONTE (SUPERVISORIAL DISTRICT 1) (4 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find that this lease is exempt from the provisions of the California Environmental Quality Act, Section 15301.

2. Approve and instruct the Chair to sign the Lease Agreement between the County of Los Angeles and Lightning Aircraft Corporation.

3. Instruct the Director of Public Works to make the necessary arrangements with the County's contract airport manager and operator for the collection of all rents to be paid.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended action is to allow flight training, aircraft maintenance, and other aviation-related services to be performed in a County-owned facility.

## Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we provide Service Excellence (Goal 1) and Fiscal Responsibility (Goal 4). These actions will provide needed aircraft and pilot support services and generate additional revenue to maintain and upgrade the airport to meet current Federal Aviation Administration standards.

## FISCAL IMPACT/FINANCING

There will be no impact to the County General Fund. The initial rental rate will be $4,500 per month, with annual cost-of-living adjustments based on the Consumer Price Index. Our management contractor, American Airports Corporation, will collect the rental payments and distribute 45 percent into the Aviation Enterprise Fund as provided for in the Airport Management Contract Agreement. The airport management contractor will retain the remaining 55 percent to cover ongoing operation and maintenance costs.

## FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This Lease Agreement has been reviewed and approved as to form by County Counsel.

On May 13, 1991, your Board approved Lease Agreement No. 70691 between the County of Los Angeles and Valley Flight Center. Lease Agreement No. 70691 was amended by your Board on November 12, 2002, to include additional office space. Lease Agreement No. 70691 was then assigned to Lightning Aircraft Corporation on November 27, 2002. The new Lease Agreement will supersede all prior Lease Agreements and amendments.

By signing the new Lease Agreement, Lightning Aircraft Corporation will be allowed to lease approximately 8,000 square feet of aircraft hangar space; 3,600 square feet of office space; and 17 designated aircraft tiedown spaces, for a period not to exceed five years, commencing upon your approval and expiring on February 28, 2013. Lightning Aircraft Corporation will have the option to extend this Lease Agreement for an additional five-year period.

The terms of this Lease Agreement were negotiated by our airport management contractor and appear to be fair and reasonable.

## ENVIRONMENTAL DOCUMENTATION

The California Environmental Quality Act requires public agency decision makers to document and consider the environmental implications of their actions. The proposed project is categorically exempt pursuant to Class 1 (r) of the Environmental Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the California Environmental Quality Act guidelines.

## IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of this lease will provide the tenants at El Monte Airport with the convenience of having aircraft maintenance services available on the premises, which will increase the revenue stream and reduce maintenance costs for the County.

## CONCLUSION

Please return three adopted copies of this letter and attachments to the Department of Public Works, Aviation Division. Also, please forward one adopted copy of the letter to the County Assessor, Possessory Interest Division, and one to the Auditor-Controller, General Claims Division.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:DLW
RLS:hz

Attachment

c: County Counsel

# LEASE AGREEMENT

BETWEEN

THE COUNTY OF LOS ANGELES

AND

LIGHTNING AIRCRAFT CORPORATION

FOR PREMISES AT

EL MONTE AIRPORT
4233 N. SANTA ANITA AVENUE
EL MONTE, CA 91731

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COUNTY OF LOS ANGELES
STATE OF CALIFORNIA

## LEASE AGREEMENT

THIS LEASE AGREEMENT ("The Agreement" ) made and entered into this day 4 of MARCH, 2008, by and between the County of Los Angeles (the "County"), a body corporate and politic, and Lightning Aircraft Corporation, a corporation organized and existing under the laws of the State of California, hereinafter referred to as "Lessee",

### RECITALS:

**WHEREAS,** the County of Los Angeles is the owner of El Monte Airport (the "Airport"); and,

**WHEREAS**, County may, at its discretion, use the services of a designated Contract Airport Manager from time to time, hereinafter referred to as "Manager," for the purpose of collecting the rent payments, performing other property management functions, and enforcing the airport rules and regulation; and,

**WHEREAS,** the County and Lessee mutually agree to enter into a Lease for the use and occupancy of certain areas at the Airport;

**WHEREAS,** the County and Lessee mutually agree that, upon the Effective Date of the Agreement, Lease Agreement No. 70691, now in effect between the parties, shall terminate. The Agreement shall also supersede and replace lease agreement dated May 1st, 2007 between parties and any and all prior lease agreements for the buildings, structures, and improvements shown in Exhibit A.

**NOW, THEREFORE,** for, and in consideration of, the respective promises and mutual agreements made by the parties hereto hereinafter set forth, the County hereby grants to the Lessee the right to use and occupy the ground area at the Airport shown on Exhibit A together with all buildings, structures, improvements, additions and permanent installations constructed and installed therein or thereon (hereinafter called the "Leased Premises"), during the term of this Agreement upon the following terms and conditions mutually agreed as follows:

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## SECTION 1
TERM

1.1 The term of this Lease shall be for a five (5)-year period commencing and effective upon the date of approval by the County Board of Supervisors ("Commencement Date"), and expiring on February 28, 2013, hereinafter referred to as "Original Term," unless sooner terminated in accordance with the provisions hereof. The validity of this Lease is contingent upon its approval by the Los Angeles County Board of Supervisors.

1.2 Lessee shall have the right to renew this Lease for an additional period of five (5) years commencing upon the expiration of the Original Term, by the giving of prior written notice of Lessee's intent to renew the Lease to the Director of the Department of Public Works of the County of Los Angeles (the "Director") no later than ninety (90) days prior to the expiration of the lease term, provided that any such renewal shall be upon standard terms, conditions, and provisions then in effect at the Airport. The rental rate at the time of renewal shall be adjusted by the CPI adjustment as contemplated in Section 4.1.1 and shall also be in accordance with Section 4.1.1.2 of this Agreement.

## SECTION 2
LEASED PREMISES

2.1 The Leased Premises shown on Exhibit A, attached hereto and made a part hereof, consists of:

2.1.1 Hangar area consisting of approximately 8,000 square feet.

2.1.2 Office area consisting of approximately 3,600 square feet.

2.1.3 17 designated aircraft tiedowns, as shown on Exhibit A.

## SECTION 3
USE OF LEASED PREMISES

3.1 The Lessee shall continuously occupy and use the Leased Premises for the following purposes and for no other purpose whatsoever:

3.1.1 For flight operations including ground and flight school training and instruction;

3.1.2 For the sale of pilot supplies and accessories;

3.1.3 For new and used aircraft sales and aircraft parts sales;

3.1.4 For aircraft maintenance, to include, but not limited to, the operation of a propeller shop;

3.1.5 For the parking of automobiles and other vehicles operated by officers, employees, invitees and business visitors of the Lessee;

3.1.6 For repair, assembly, and manufacturing of aircraft and aircraft parts;

3.1.7 For its business and operations offices in connection with purposes authorized herein; and,

3.1.8 For any other activities directly related to activities permitted hereunder and other uses that may hereafter by permitted and authorized by Director in writing. Lessee shall not use the Leased Premises, or any portion thereof, for any other purpose other than the Approved Uses in this Section 3 herein, unless Director or Manager approves such use in advance, in writing. Unapproved uses shall constitute a material breach of this Lease and

shall be subject to an immediate default. Lessee also shall not permit use of the Leased Premises for residential use or construction of residential dwellings inside of hangars. The parties acknowledge that non-aeronautical commercial activities are temporary, and may not displace aeronautical uses of airport facilities. Such non-aeronautical uses may be subject to the approval of the Federal Aviation Administration under applicable law and regulations, and written approval of Director, in his/her sole discretion, and are revocable by Director or Manager at any time during this Lease with a 5-day advance notice to Lessee.

3.1.9 County reserves the right to charge standard rates and fees, including fees specified in Section 4.4 hereof, for uses other than these Approved Uses which it may permit. Lessee agrees to pay a non-negotiable rental surcharge for all approved non-aeronautical activities conducted on the Leased Premises, in the minimum amount of 50% of the prevailing base hangar rental rate, or 100% of the prevailing base land rental rate, whichever applies, for the respective space occupied by non-aeronautical use, unless a more appropriate rate is otherwise agreed to by Director and Manager, in their sole discretion. Lessee shall be liable to County for any rates and fees, including surcharges, imposed by County for non-aeronautical uses, from the date of the non-aeronautical occupancy.

## SECTION 4
## RENTS AND FEES

4.1 For Use and Occupancy of the Leased Premises herein granted, the Lessee agrees to pay to the County or Manager beginning on the Commencement Date, and ending February 28, 2009, a monthly rent of $4,500.00. Upon execution of the Lease, Lessee will pay the first month's full rent of $4,500.00.

4.1.1 Effective on February 28, 2009, and on 1) March 1st of each succeeding year of this Agreement; 2) the option renewal date of March 1, 2013; and 3) March 1st of each succeeding option year, the annual rental payable hereunder shall be adjusted by the Consumer Price Index ("Index"), as hereinafter defined, as follows:

4.1.1.1 The previous year's rent shall be adjusted by that percentage increase reported in the Index for that twelve (12) month period taken ninety (90) days prior to the date the annual adjustment is due. The product of the previous year's rent and the Index percentage is the amount payable to County or its Manager. As soon as the adjusted rent for each year is determined, Director or Manager shall give Lessee written notice of the amount of the adjusted rent. If the adjusted rent is not finally determined until after the commencement of the successive year, Lessee shall nevertheless pay County or Manager at the rate of the former year's rent, but only as a credit against the amount of the adjusted rental when finally determined.

4.1.1.2 Notwithstanding anything to the contrary contained in this lease, the rental payable to County or Manager shall never be adjusted to an amount less than the previous year's rent, and the percentage increase shall not exceed 5% in any one year.

4.1.1.3 In the event the rent adjustment process is not completed prior to the beginning of a new lease year, Lessee shall continue to pay at the rate in effect at the beginning of the adjustment period until the adjusted rent is determined. Upon determination of the adjusted rent, Lessee shall pay the adjusted rent for all subsequent months and shall pay to Manager the difference between the amount paid between the beginning of the new lease year and the amount of the rent as

adjusted for that period. In no event shall the Lessee be responsible for any adjusted rent which is more than twenty-four (24) months prior to the date of adjustment or $5,000.00, whichever is less. If determined that Lessee is responsible for any unpaid adjusted rent, Lessee shall have twelve (12) months to pay the difference in equal monthly installments.

4.1.1.4 Any delay or failure of the County or Manager in increasing Rent under Section 4 shall not (a) constitute a waiver of the County's or Manager's right to subsequently increase the Rent and collect such Rent retroactively as contemplated by this Section 4; or (b) in any way waive or impair the continuing obligations of Lessee under this Section 4.

4.2 The term Index as used herein shall mean the Consumer Price Index for all Urban Consumers, All Items, for the Los Angeles-Riverside-Orange County area, as published by the Bureau of Labor Statistics of the United States Department for Labor, 1982-84 base =100. In the event the base year is changed, the CPI shall be converted to the equivalent of the base year 1982-84 =100.

4.2.1 If the described Index is no longer published, another index generally recognized as authoritative shall be substituted as selected by the Chief Officer of the Bureau of Labor Statistics or its successors. If no such government index or computation is offered as a replacement, Director and Lessee shall mutually select a percentage for calculating future annual adjustments.

4.3 The monthly rent shall be paid on the first day of each month in advance at the office of the Airport Manager made payable to American Airports Corporation or at such other office as may be directed in writing by the Director or Manager.

4.4 In addition to all other rents and fees set forth in this Section, and commencing upon the effective date of the Agreement, the Lessee shall pay to the County or Manager the following fees:

4.4.1 Any other standard fees or charges that may be set, or imposed at any time by the County on the operations at the Airport, which charges shall be applicable to all similar users at the Airport. All commercial uses shall be subject to the rates and fees established for each use at the Airport. No tenant shall operate a commercial business on the airport without a permit and payment of the applicable fee.

4.5 Nothing contained in the foregoing shall affect the survival of the obligations of the Lessee as set forth in the Sections of this Agreement covering the survival of the Lessee's obligations.

4.6 Aviation Fuel. County or Manager shall sell to Lessee aviation fuel in non-bulk quantities at a discount of $0.02 per gallon on aviation fuel from County's or Manager's posted retail prices. County or Manager may sell to Lessee aviation fuel in 500 gallons or more in bulk quantities at a discount of $0.10 per gallon. Lessee shall be allowed to resell fuel to the public, provided Lessee complies with all local, state, and federal regulations necessary for such sales.

4.7 Lessee acknowledges that late payment by Lessee to County or Manager of any Agreement fees will cause County or Manager to incur costs not contemplated by this Agreement, the exact amount of such costs being extremely difficult and impracticable to fix. Therefore, if any installment of Agreement fees due from Lessee is not received by the tenth ($10^{th}$) day after the due date, Lessee shall pay to County or Manager an additional sum of Five Percent (5%) of the amount due as an administrative processing charge. The Parties agree that this processing fee represents a fair and reasonable estimate of the costs that County or Manager will incur by reason of late payment by Lessee. Acceptance of any processing fee shall not constitute a waiver of Lessee's default with respect to the overdue amount, or prevent County or Manager from exercising any of the other rights and remedies available to County or Manager. Agreement fees

not paid when due shall bear simple interest from date due until paid, at the rate of One-and-One-Half Percent (1.5%) per month.

## SECTION 5
## SECURITY DEPOSIT

5.1 Lessee must provide a Security Deposit in the amount equal to one months' rent as a deposit to assure Lessee's faithful performance of the terms of this Lease. This sum shall be used and applied as follows:

5.1.1 The sum of $4,500.00 shall be retained by County or Manager as a guarantee to cover delinquent rent or other charges and may be so applied. In the event all or any part of said sum so deposited is applied against any charge due and unpaid, Lessee shall immediately reimburse said deposit upon demand by County or its Manager so that at all times during the life of this Lease said deposit shall be maintained.

5.2 If Lessee fully and faithfully complies with all terms, provisions, covenants and conditions of this Lease, the security deposit shall be returned to Lessee at the expiration of the Lease term, or an accounting given by County or Manager as to the complete or partial use thereof within fourteen (14) days of Lessee's surrender of the Leased Premises.

## SECTION 6
## ACCEPTANCE, CARE, MAINTENANCE IMPROVEMENTS AND REPAIR

6.1 Lessee warrants that it has inspected the Leased Premises and accepts possession of the Leased Premises and any improvements thereon if any "as is" in its present condition, and subject to all limitations imposed upon the use thereof by the rules and regulations of the Federal Aviation Administration and by ordinances of the County, and admits its suitableness and sufficiency for the uses permitted hereunder. Except as may otherwise be provided for herein, the County shall not be required to maintain nor to make any improvements, repairs, or restorations of any kind upon or to the Leased Premises or to any of the improvements presently located thereon. County shall never have any obligation to repair, maintain or restore, during the term of this Lease, any improvements placed upon the Leased Premises by Lessee, its successors and assigns.

6.2 Lessee shall throughout the term of this Agreement assume the entire responsibility, cost and expense, for all repair and maintenance on the Leased Premises and all improvements thereon in a good workmanlike manner, whether such repair or maintenance be ordinary or extraordinary, structural or otherwise. Additionally, Lessee, without limiting the generality hereof, shall:

6.2.1 Keep at all times, in a clean and orderly condition and appearance, the Leased Premises, all improvements thereon and all of the Lessee's fixtures, equipment and personal property which are located on any part of the Leased Premises;

6.2.2 Provide and maintain on the Leased Premises all obstruction lights and similar devices, and safety equipment required by law;

6.2.3 Repair any damage caused by Lessee or its invitees, tenants, or contractors to paving, soils, water or other parts of the Leased Premises caused by any oil, gasoline, grease, lubricants, solvents, flammable liquids, or substances having a corrosive or detrimental effect thereon, and to remediate any release caused by Lessee or any of its invitees, tenants or contractors of any substance that has a harmful effect on human health or the environment as determined by any regulatory agency, or as stated in Section 9 herein;

6.2.4 Take measures to prevent erosion, including but not limited to, the planting and replanting of grasses with respect to all portions of the Leased Premises not paved or built upon, and in particular shall plant, maintain and replant any landscaped areas;

6.2.5 Be responsible for the maintenance and repair of all utility service lines placed on the Leased Premises and used by Lessee exclusively, including, but not limited to, water lines, gas lines, electrical power and telephone conduits and cable lines, sanitary sewers and storm sewers.

6.2.6 Lessee hereby waives any and all claims against County and Manager for compensation for any and all loss or damage sustained by reason of any defect, deficiency, or impairment of any utility system, water supply system, drainage system, heating or gas system, or air conditioning system, electrical apparatus or wire serving the Leased Premises.

6.3 In the event Lessee fails: (a) to commence to maintain, clean, repair, replace, rebuild or repaint, within a period of thirty (30) days after written notice from the Director or Manager to do any maintenance or repair work required to be done under the provisions of this Agreement, other than preventive maintenance; (b) or within a period of ninety (90) days if the said notice specifies that the work to be accomplished by the Lessee involves preventive maintenance only; (c) or to diligently continue to completion any repairs, replacement, rebuilding, painting or repainting as required under this Agreement; then, the Director or Manager may, at their option, and in addition to any other remedies which may be available to them, enter the premises involved, without such entering causing or constituting a cancellation of this Agreement or an interference with the possession of the Leased Premises, and repair, replace, rebuild or paint all or any part of the Leased Premises or the improvements thereon, and do all things reasonably necessary to accomplish the work required, and the cost and expense thereof shall be payable to the County or Manager by Lessee on demand. Provided, however, if, in the opinion of the Director, the Lessee's failure to perform any such maintenance endangers the safety of the public, the employees or property of the County or other tenants at the Airport, and the Director so states same in a notice to Lessee, the Director may, at his/her sole option, in addition to all other remedies which may be available to it, elect to perform such maintenance at any time after the giving of such notice, and Lessee agrees to pay to the County the cost and expense of such performance on demand. Furthermore, should the County, its officers, employees or agents undertake any work hereunder, Lessee hereby waives any claim for damages, consequential or otherwise, as a result therefrom except for claims for damages arising from the County's or Manager's sole gross negligence. The foregoing shall in no way affect or alter the primary obligations of the Lessee as set forth in this Agreement, and shall not impose or be construed to impose upon the County or Manager any obligations to maintain the Leased Premises, unless specifically stated otherwise herein.

6.4 Lessee shall provide detailed plans and specifications to the Aviation Division of the Department of Public Works of the County ("Aviation Division") for any and all major repairs, constructions, alterations, modifications, additions or replacements (hereinafter referred to as "improvements"), undertaken by the Lessee, and shall submit them to and receive the written approval by the Director prior to commencement of any improvement. Upon receipt and proper review by Director of the plans and specifications for the proposed improvements, Director shall advise Lessee of his approval or disapproval of the proposed work, and in the event he disapproves, stating his reasons therefore. The purpose for the foregoing review and/or approval by the Director is solely to ascertain compliance with internal standards of the Aviation Division and shall not relieve or excuse any need to obtain building or other permits, from having to comply with all legal requirements, or relieve the Lessee from its obligation to indemnify the County under Sections 9 and 13 hereof. Absolutely no work shall be commenced on the Leased Premises until building permits and all other agency approvals are obtained by Lessee.

6.5 If Lessee makes any improvements without the Director's approval, then, upon notice to do so, Lessee shall remove the same or, at the option of the Director, cause the same to be changed to the satisfaction of the Director. If Lessee fails to comply with such notice within thirty (30) days or to commence to comply and pursue diligently to completion, Director may effect the removal of, or change to, the improvement, and Lessee shall pay the cost thereof to the County. Lessee expressly agrees in the making of all improvements that, except with the written consent of Director, it will neither give nor grant, nor purport to give or grant any lien upon the Leased Premises or upon any improvements thereupon or which is in the process of construction or repair, nor allow any condition to exist or situation to develop whereby any party would be entitled, as a matter of law, to a lien against said Leased Premises and improvements thereon, and Lessee will discharge any such lien within thirty (30) days after notice of filing thereof. County hereby gives notice to all persons that no lien attaches to any such improvements.

6.6 Lessee agrees that any construction, additions, alterations, repairs or changes in the Leased Premises shall not obligate or impose any other legal requirement on County to extend the term of this Lease.

6.7 In the event of construction, Lessee shall furnish to County a Performance and Surety Bond as specified by County, and Lessee further agrees to furnish County and its Manager a set of "As-Built" Plans and Specifications, and a Master Plan of Electrical Circuitry and Plumbing for any additional construction.

## SECTION 7
## TITLE TO IMPROVEMENTS

7.1 Lessee's improvements, erected or constructed upon the Leased Premises, shall become the property of the County immediately upon completion, free and clear of all claims on the part of the Lessee on account of any repair or improvement work done under the terms hereof by Lessee. The vesting of title in the County at the time specified is a part of the consideration for this Lease. The County shall not be liable to Lessee or Lessee's contractors or sublessees for the value of any improvements constructed or located on the Leased Premises.

## SECTION 8
## STORM WATER

8.1 Notwithstanding any other provisions or terms of the Lease, Lessee acknowledges that the Airport is subject to federal storm water regulations, 40 CFR Part 122, for "vehicle maintenance shops" (including vehicle rehabilitation, mechanical repairs, painting, fueling, and lubrication), equipment cleaning operations and/or deicing operations that occur at the Airport as defined in these regulations and, if applicable, state storm water regulations. Lessee further acknowledges that it is familiar with these storm water regulations; that it conducts or operates "vehicle maintenance" (including vehicle rehabilitation, mechanical repairs, painting, fueling and lubrication), equipment cleaning operations and/or deicing activities as defined in the federal storm water regulations; and that it is aware that there are significant penalties for submitting false information, including fines and imprisonment for knowing violations.

8 .1.1 Notwithstanding any other provisions or terms of the Lease, Lessee acknowledges that it has taken steps necessary to apply for or obtain a storm water discharge permit as required by the applicable regulations for the Airport, including the Leased Premises operated by the Lessee. Lessee acknowledges that the storm water discharge permit issued to the County or its Manager may name the Lessee as co-permittee.

8 .1.2 Notwithstanding any other provisions or terms of this Lease, including the Lessee's right to quiet enjoyment, County, Director, Manager and Lessee acknowledge that close cooperation is necessary to ensure compliance with any storm water discharge permit terms and conditions, as well as to ensure safety and to minimize costs. Lessee

acknowledges that, as discussed more fully below, it may have to undertake to minimize the exposure of storm water (and snow melt) to "significant materials" generated, stored, handled or otherwise used by the Lessee, as defined in the federal storm water regulations, by implementing and maintaining "Best Management Practices."

8 .1.3 Lessee acknowledges that the Airport's storm water discharge permit is incorporated by reference into this Lease and any subsequent renewals.

8.2 Permit Compliance. Director or Manager will provide Lessee with written notice of those storm water discharge permit requirements, that are in the Airport's storm water permit, that Lessee will be obligated to perform from time to time, including, but not limited to: Certification of non-storm water pollution prevention of similar plans; implementation of "good housekeeping" measures or Best Management Practices; and maintenance of necessary records. Such written notice shall include applicable deadlines. Lessee, within seven (7) days of receipt of such written notice, shall notify Director in writing if it disputes any of the storm water discharge permit requirements it is being directed to undertake. If Lessee does not provide such timely notice, it is deemed to assent to undertake such requirements. Lessee warrants that it will not object to written notice from the Director for purposes of delay or avoiding compliance.

8 .2.1 Lessee agrees to undertake, at its sole expense unless otherwise agreed to in writing between Director or Manager and Lessee, those storm water discharge permit requirements for which it has received written notice from the Director or Manager. Lessee warrants that it shall meet any and all deadlines that may be imposed on or agreed to by Director or Manager and Lessee. Lessee acknowledges that time is of the essence.

8 .2.2 Director or Manager agrees to provide Lessee, at its request, with any non-privileged information collected and submitted to any governmental entity pursuant to applicable storm water regulations.

8 .2.3 Lessee agrees that the terms and conditions of the Airport's storm water discharge permit may change from time to time and hereby appoints Director or Manager as its agent to negotiate with the appropriate governmental entity any such permit modifications.

8 .2.4 Director or Manager will give Lessee written notice of any breach by Lessee of the Airport's storm water discharge permit or the provisions of this Section 8. Such a breach is material, and if of a continuing nature, County may seek to terminate this Lease pursuant to Section 22, Termination by County. Lessee agrees to cure promptly any breach.

8 .2.5 Lessee agrees to participate in any organized task force or other work group established to coordinate storm water activities at the Airport.

8 .2.6 Notwithstanding the foregoing, Lessee shall comply with all applicable laws and regulations relating to storm water discharge and the County, Director or Manager's acts, or failure to act, shall not excuse Lessee from having to meet said requirements.

## SECTION 9
## HAZARDOUS WASTE

9.1 The Lessee shall be solely responsible for the proper management, storage, and disposal of hazardous substances and hazardous wastes used, generated, stored, disposed, treated, or caused to be present on the Leased Premises by the activates of the Lessee. Notwithstanding any other provision of the Lease, the Lessee shall not treat or dispose of hazardous wastes on the County's premises. The Lessee shall provide all required notices, including those mandated under right-to-know laws, of the presence or use on the Leased Premises of hazardous

substances, extremely hazardous substance, or hazardous wastes, shall provide all notices to appropriate authorities and to County and Manager of any releases to the environment of hazardous substances, extremely hazardous substances, or hazardous wastes, and shall obtain all permits necessary for the generation, storage, disposal, or treatment of hazardous wastes. The Lessee shall manage used oil and other petroleum products as required by Federal and state law and regulations. The Lessee shall be solely liable for the investigation, corrective action, or remediation of any release to the environment caused by the Lessee, its invitees, employees, agents, or contractors of any hazardous waste, hazardous substance, extremely hazardous substance, oil or other petroleum-based substance.

9.2 For the purposes of this Lease, the terms "hazardous waste" and "hazardous substances" shall be deemed to include:

9.2.1 Hazardous, toxic or radioactive substances as defined in California Health and Safety Code Section 25316 as amended from time to time, or the same or a related defined term in any successor or companion statutes, crude oil or byproducts of crude oil other than that which exists on the property as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8;

9.2.2 Substances which require investigation or remediation under any Federal, State or Local statute, regulation, ordinance, order action, policy or common law;

9.2.3 That which is or becomes defined as hazardous waste, hazardous substances, pollutant or contaminant under any federal, state or local statute, regulation, ordinance or amendment thereto, including, without limitation, the Federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and/or the Resource Conservation and Recovery Act (RCRA);

9.2.4 That which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or likewise hazardous and is or may become regulated by any governmental authority, agency, department, commission, board of instrumentality of the United States, the State of California or any political subdivision thereof;

9.2.5 Substances present on or about the Leased Premises which cause or threaten to cause a nuisance thereupon or to adjacent properties or pose a hazard to the health and safety of persons on or about such property;

9.2.6 Without limitation, substances containing gasoline, diesel fuel or other petroleum hydrocarbon;

9.2.7 Without limitation, substances containing polychlorinated biphenyls (PCBs), asbestos or urea formaldehyde foam insulation.

9.3 Lessee will provide containers and be responsible for the collection and disposal of waste oils and solvents generated by Lessee's or sublessees' activities.

9.4 In the event of spillage, leakage, or escape ("release") of any hazardous substances for any reason, Lessee shall immediately notify Director at 1(800) 675-4357 (HELP), and make necessary repairs and erect necessary restraints and impoundments to prevent discharge into any property, channel, ocean drainage system or underground reservoirs. Lessee shall also promptly remove any and all hazardous substances that may have leaked, spilled or escaped and restore the Leased Premises and all other affected properties and/or facilities to their former condition or equivalent to the Director's satisfaction, or as otherwise required by applicable law.

## SECTION 10
## ADDITIONAL OBLIGATIONS OF LESSEE

10.1 Lessee may store aircraft components, equipment, parts, non-flammable and non-hazardous bulk liquids, scrap lumber, metal, machinery or other materials related to the conduct of its business on the Leased Premises, provided, however, that such storage shall be done only within a fully enclosed area screened from view. No storage may be done on any apron, ramp or taxiway, without prior written approval of the Manager.

10.2 Derelict aircraft, inoperative ground vehicles, unused ramp equipment, scaffolding, hoists and related items not regularly and routinely in use as part of Lessee's business shall not be kept on the Leased Premises unless such materials are maintained within a fully enclosed permanent structure.

10.3 No portable structures except those listed in Exhibit D are allowed to be placed or to remain on the Leased Premises. Portable structures include, but are not limited to, campers, recreational vehicles (RVs), trailers, portable hangars, storage containers, etc.

10.4 Violation of the requirements of these Sections 10.1 and 10.2, and 10.3 shall be cured by Lessee to the satisfaction of the Director or Manager within thirty (30) days of posting of the property or notice to Lessee to remove said stored equipment or materials, or Director or Manager shall have the right to remove said stored equipment or materials at Lessee's expense.

10.5 Lessee shall conduct its operations hereunder in an orderly and proper manner, considering the nature of such operation so as not to unreasonably annoy, disturb, endanger or be offensive to others.

10.6 Further, Lessee shall take all reasonable measures not to produce on the Airport any disturbance that interferes with the operation by the County or the Federal Aviation Administration of air navigational, communication or flight equipment on the Airport.

10.7 Lessee shall control the conduct and demeanor of its officers, agents, employees, invitees and, upon objection from the Director or Manager concerning the conduct or demeanor of any such person, Lessee shall immediately take all lawful steps necessary to remove the cause of the objection.

10.8 Lessee shall comply with all applicable environmental, health and safety laws and requirements and any other federal, state or municipal laws, ordinances, rules, regulations and requirements. Lessee agrees to allow the Director or Manager access to the Leased Premises and records to investigate compliance with all applicable laws if there is reason to suspect negligence or willful non-compliance.

10.9 Lessee shall comply with all written instructions of the Director or Manager and applicable federal, state, and local laws, ordinances, and regulations in disposing of trash, garbage and other refuse. The frequency of removal thereof from the Airport premises shall at all times be subject to the rules, regulations and approval of the Director or Manager. All disposal of trash, garbage, refuse and wastes shall be at regular intervals and at the expense of the Lessee.

10.10 Lessee shall not commit, nor permit to be done, anything, which may result in the commission of a nuisance, waste, or injury on the Leased Premises.

10.11 Lessee shall not do, nor permit to be done, anything which may interfere with the effectiveness or accessibility of the drainage system, sewerage system, fire protection system, sprinkler system, alarm system and fire hydrants and hoses, if any, installed or located on the Leased Premises.

10.12 Lessee shall take measures to insure security in compliance with Federal Air Regulations and the Airport Security Plan.

10.13 Lessee shall not do, nor permit to be done, any act or thing upon the Leased Premises, which may constitute a hazardous condition so as to increase the risks attendant upon the operations permitted by the Agreement.

10.14 Lessee shall use only a working supply of flammable liquids within any covered or enclosed portion of the Leased Premises. The term "working supply", as used in this Section 10.14, shall mean the amount consumed by Lessee during any normal workday. Any other supplies of such liquids shall be kept and stored in safety containers of a type approved by the Underwriters Laboratories.

10.15 Except for services permitted under Section 3 hereof to be performed by Lessee or Lessee's subcontractors, Lessee shall provide prompt written notice to Director or Manager of any person, firm or corporation performing aircraft maintenance work, flight instruction of any sort, air taxi, aircraft charter or aircraft leasing of any sort on the Leased Premises for commercial purposes without a valid permit from the Director or Manager.

10.16 In connection with the conduct of Lessee's business, the Lessee shall maintain, in accordance with generally accepted accounting principles, consistently applied during the term hereof, Lessee's records and books of account, recording all transactions at, through or in any way connected with the Airport. Such records and books of account shall be kept at all times at the Lessee's place of business at the Airport.

10.17 Lessee shall permit in ordinary business hours during the term hereof and for one year thereafter the examination and audit by employees or representatives of the County or Manager of such records and books of account. If such inspection is made by said representatives and it is determined as a result thereof that Lessee has underpaid County or Manager by more than five percent (5%) of the amount to which it is entitled under Section 4.4 hereof, Lessee shall reimburse County or Manager for its costs of making such inspection of said books and records, and this obligation or reimbursement shall be in addition to all other obligations of Lessee hereunder. Termination of this Agreement for fraud shall not serve to nullify such obligations.

10.18 It is the intent of the Parties hereto that noise, including, but not limited to, noise caused by aircraft engine operation, shall be held to a minimum. To this end, Lessee will conduct its operations in such a manner as to keep the noise produced by aircraft engines and component parts thereof, or any other noise, to a minimum by the use of such methods or devices as are practicable, considering the extent and type of the operations of the Lessee, but in no event less than those devices or procedures that are required by federal, state or local law. In addition, Lessee shall use its best efforts to minimize prop or jet blast interference to aircraft operating on or to buildings, structures and roadways now located on, or which, in the future, may be located on areas adjacent to the Leased Premises.

## SECTION 11
## INGRESS AND EGRESS

11.1 The Lessee shall have the right of ingress and egress to and from the Leased Premises and the public landing areas at the Airport by means of roadways and connecting taxiways, to be used in common with others having rights of passage thereon, except when the Airport is closed to the public.

11.2 The use of any such roadway or taxiway shall be subject to the Rules and Regulations of the Airport which are now in effect or which may hereafter be promulgated. County may, at any time, temporarily or permanently, close or consent to or request the closing of, any such roadway or taxiway and any other way at, in or near the Leased Premises presently or hereafter used as

such, so long as a reasonable means of ingress and egress as provided above remains available to the Lessee. The Lessee hereby releases and discharges the County and Manager, their officers, employees and agents and their respective successors and assigns, of and from any and all claims, demands, or causes of action which the Lessee may now or at any time hereafter have against any of the foregoing, arising or alleged to arise out of the closing of any street, roadway or other area, provided that a reasonable means of access to the Leased Premises remains available to the Lessee whether within the Leased Premises or outside the Leased Premises at the Airport unless otherwise mandated by safety considerations or lawful exercise of police power. The Lessee shall not do or permit anything to be done which will interfere with the free access and passage of others to space adjacent to the Leased Premises or in any streets or roadways near the Leased Premises.

## SECTION 12
## INSURANCE, DAMAGE OR DESTRUCTION

12.1 To safeguard the interests of the County and Manager, the Lessee, at its sole cost and expense, shall procure and maintain, throughout the term of this Lease, insurance protection for "all risk" coverage on the structure and improvements of which the Leased Premises is a part, to the extent of one hundred percent (100%) of the actual replacement cost thereof, with insurance companies licensed to do business in the State of California. If said insurance company becomes financially incapable of performing under the terms of said policy, the Lessee shall promptly obtain a new policy issued by a financially responsible carrier and shall submit such new policy as previously provided.

12.1.1 The above stated property insurance shall name the County and Manager as Additional Insureds, provide thirty (30) days' written notice of cancellation or material change, by registered mail to the Office of the Airport Manager, and have a deductible amount not to exceed one thousand dollars ($1,000.00) per occurrence.

12.1.2 The Lessee shall provide a copy of the above stated property insurance policy to the Office of the Airport Manager at least seven (7) days prior to the inception of the Lease Agreement. Upon the failure of the Lessee to maintain such insurance as above provided, the County, at its option, may take out such insurance and charge the cost thereof to Lessee with the next installment of the monthly fee due hereunder or may declare a default hereunder pursuant to Section 22 herein.

12.2 In the event any improvements, insurable or uninsurable, on the Leased Premises are damaged or destroyed (except damage or destruction caused by Lessee as set forth in Section 12.6 hereof) to the extent they are unusable by Lessee for the purposes for which they were used prior to such damage, or same are destroyed, Lessee shall promptly repair, rebuild, or replace the damaged or destroyed portion of the Leased Premises as they were immediately prior to such casualty, except for requirements of construction codes, which shall be as of the time of repair or replacement.

12.3 In the event of damage or destruction to any of the improvements upon the Leased Premises, the County shall have no obligation to repair or rebuild the improvements or any fixtures, equipment or other personal property installed by Lessee pursuant to this Agreement. Upon the failure of Lessee to repair or rebuild the County may, as agent of the Lessee, repair or rebuild such damage or destruction at the expense of Lessee which expense shall be due and payable on demand.

12.4 Upon completion of all the work, the Lessee shall certify in writing that such rebuilding and repairs have been completed, that all costs in connection therewith have been paid by the Lessee and said costs are fair and reasonable and said certification shall also include an itemization of costs.

If the insurance proceeds are not sufficient the Lessee agrees to bear and pay the deficiency. Nothing herein contained shall be deemed to release the Lessee from any of its repair, maintenance or rebuilding obligations under this Lease.

12.5 Lessee shall, at its expense, repair and replace any and all fixtures, equipment and other personal property necessary to properly and adequately continue its airport business on the Airport, but in no event shall Lessee be obligated to provide equipment and fixtures in excess of those existing prior to such damage or destruction. During such period of repair or reconstruction, but not to exceed a period of 6 (six) months, the rentals provided for elsewhere herein shall be proportionately abated during the period from the date of such damage, destruction or loss until the same is repaired, replaced, restored or rebuilt, provided, Lessee does not use said damaged Leased Premises or the location thereof for any purposes other than the repair or rebuilding of same. Such abatement shall not exceed the actual time required for arranging for and the doing of such work. The proportional amount of reduction of rentals will be directly related to the percent of Airport business adversely affected. Lessee agrees that such work will be promptly commenced and prosecuted to completion with due diligence; subject to delays beyond Lessee's control.

12.6 In the event the improvements on the Leased Premises are damaged or destroyed by fire or other cause by reason of any negligent act or omission of the Lessee or its employees, this Lease Agreement shall continue in full force and effect, notwithstanding the provisions of Sections 12.2, 12.3, 12.4 and 12.5 hereof, and the Lessee shall repair or rebuild the improvements so damaged or destroyed, at Lessee's own cost and expense, in a good workmanlike manner to the same standards existing at the time of the casualty, subject to applicable building codes existing at the time of repair or rebuilding.

## SECTION 13
## LIABILITIES AND INDEMNITIES

13.1 Lessee agrees to indemnify, defend, release, save and hold harmless the County and Manager, and their officials, employees, officers, districts and agents (collectively, "Indemnified Parties" or singularly, "Indemnified Party") from and against all claims, actual damages (including, without limitation, special and consequential damages), injuries, costs, response costs, losses, demands, debts, liens, liabilities, causes of action, suits, legal and administrative proceedings, interest, fines, incremental increases in subsequent fine levels solely due to the activities covered by this Indemnification, charges, penalties and expenses (including, without limitation, reasonable attorneys', engineers', consultants' and expert witness' fees and costs incurred in defending against any of the foregoing or in enforcing this indemnity) of any kind whatsoever paid, incurred or suffered by any Indemnified Party, directly or indirectly arising from, or attributable to, the activity of Lessee, unless the result of County's or Manager's sole active negligence.

13.2 In addition to Lessee's undertaking, as stated in this Section 13, and as a means of further protecting the County, Manager, and their respective officers, agents, servants, contractors and employees, Lessee shall, at all times, during the term of this Agreement obtain and maintain in effect Public Liability and Automotive Liability Insurance coverage as set forth in Exhibit B attached hereto and made a part hereof. In this connection, Lessee agrees to require its contractors doing work on the Airport, and Lessee's tenants and sublessees, to carry adequate insurance coverage, and if Lessee so desires, it may accomplish same by an endorsement to Lessee's policies to include such persons or parties as additional named insureds. The County reserves the right to increase the minimum liability insurance set forth in Exhibit B when, in the County's Risk Manager's opinion, the risks attendant to Lessee's operations hereunder have increased.

13.3 The Lessee represents that it is the owner of or fully authorized to use any and all services, processes, machines, articles, marks, names or slogans used by it in its operations under or in anywise connected with this Agreement. The Lessee agrees to save and hold the County,

Manager, their officers, employees, agents contractors and representatives free and harmless of and from any loss, liability, expense, suit or claim for damages in connection with any actual or alleged infringement of any patent, trademark or copyright or arising from any alleged or actual unfair competition or other similar claim arising out of the operations of the Lessee under or in anywise connected with this Agreement.

13.4 The Lessee represents and warrants that no broker has been concerned on its behalf in the negotiation of this Agreement and that there is no such broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify, defend, save and hold harmless the County and Manager 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 of the Lessee.

13.5 If, for any reason, Lessee shall neglect or fail to insure, or cause to insure and keep insured, those policies shown on Exhibit B required by this Lease, or to pay the premiums therefore, County or Manager may, at their option, procure or renew such insurance and pay the premiums thereon. Any amount paid for said insurance by County or Manager shall become immediately due and payable by Lessee to County or Manager. The premiums paid by County or Manager shall accrue simple interest at a rate of one-and-one-half percent (1.5%) per month until paid in full by the Lessee.

## SECTION 14
## RULES AND REGULATIONS

14.1 From time to time, County may adopt and enforce rules and regulations with respect to the occupancy and use of the Airport. Lessee agrees to observe and obey any and all rules and regulations and all other Federal, state and municipal rules, regulations and laws and to require its officers, agents, employees, contractors, suppliers, tenants, sublessees, and invitees to observe and obey the same. Director or Manager reserves the right to deny access to the Airport and its facilities to any person, firm or corporation that fails or refuses to obey and comply with such rules, regulations or laws. Lessee hereby acknowledges receipt of a current copy of such County Rules and Regulations, attached as Exhibit C.

## SECTION 15
## SIGNS

15.1 Lessee shall have the right to install and maintain one or more signs on the Leased Premises identifying it and its operations, provided, however, the subject matter, type, design, number, location and elevation of such signs, and whether lighted or unlighted, shall be subject to and in accordance with the written approval of the Director or Manager, and said approval shall not be unreasonably withheld. No sign will be approved that may be confusing to aircraft pilots or automobile drivers or other traffic or which fails to conform to the architectural scheme of the Airport or meet the requirements of the County.

## SECTION 16
## ASSIGNMENT AND SUBLEASE

16.1 Lessee covenants and agrees that it will not sell, convey, transfer, mortgage, pledge or assign this Agreement or any part thereof, or any rights created thereby, without the prior written consent of the Director, whose consent shall not be unreasonably withheld.

16.2 Any attempted assignment or transfer of this Agreement, or any rights of Lessee hereunder, without the consent of the Director, shall entitle the County at its option to forthwith cancel this Agreement.

16.3 Any assignment of this Agreement, approved and ratified by the Director, shall be on the condition that the assignee accepts and agrees, in writing, to all of the terms, conditions and provisions of this Agreement, and agrees to accept and discharge all of the covenants and obligations of Lessee hereunder, including but not limited to the payment of all sums due and to become due by Lessee under the terms hereof.

16.4 Subject to all of the terms and provisions hereof, Lessee may, with the prior written consent of the Director, which said approval shall not be unreasonably withheld or delayed, sublet a portion or portions of the Leased Premises to a person, partnership, firm or corporation engaged in a business that is, in the opinion of the Director, compatible with Lessee's authorized Airport business, but in no event shall the Lessee sublet all, or any portion, of the Leased Premises to a fixed base operator or other commercial operator.

16.5 No consent by the Director to assignment or subleasing by Lessee of portions of the Leased Premises shall, in any way, relieve Lessee of any of its obligations to the County set forth or arising from this Lease, and a termination of Lessee's rights hereunder shall ipso facto terminate all subleases.

16.6 Any assignment or sublease shall require Lessee to provide to Director and Manager the following: Tenant name, address, phone/fax number, email address, plane type, tail number, proposed use, and financial statement.

16.7 No consent to subleasing by the Lessee to a person, corporation or partnership conducting any business for profit derived from activities at the Airport shall be granted by the Director without a duly executed Permit Agreement between the Director or Manager and the sublessee.

16.8 If the Lessee assigns, sells, conveys, transfers, mortgages, or pledges this Agreement or sublets any portion of the Leased Premises in violation of the foregoing provisions of this Section 16, or if the Leased Premises are occupied by anyone other than Lessee, County or Manager may collect from any assignee, sublessee or anyone who claims a right to this Agreement or who occupies the Leased Premises any charges or fees payable by it and may apply the net amount collected to the rents herein reserved; and no such collection shall be deemed a waiver by County of the agreements contained in this Section 16 nor of acceptance by County of any assignee, claimant or occupant, nor as a release of the Lessee by County from the further performance by the Lessee of the agreements contained herein.

16.9 For the purposes of this Section 16, any assignment of stock by merger, consolidation or liquidation, or any change in the ownership of or power to vote a majority of the outstanding voting stock of Lessee from owners of such stock or those controlling the power to vote such stock on the date of this Agreement, shall be considered an assignment.

## SECTION 17
## CONDEMNATION

17.1 In the event that the Leased Premises or any material part thereof shall be condemned and taken by authority of eminent domain for any purpose during the term of this Lease, rentals for that portion of the Leased Premises so taken shall be abated from the date that Lessee physically no longer occupies the Leased Premises; provided, however, if the remaining portion of the Leased Premises is insufficient for Lessee's operations authorized hereunder, Lessee may terminate this Agreement and all of its rights and unaccrued obligations hereunder effective as of the date it vacated the condemned portion (or effective as of any date thereafter and within ninety (90) days of the date of such vacation of the Leased Premises) by giving Director thirty (30) days' written notice of such termination. In such event, Lessee may be entitled to receive compensation as permitted by law.

## SECTION 18
## NON-DISCRIMINATION

18.1 The Lessee, for it, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the Leased Premises for a purpose for which a United States Government program or activity is extended, 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, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

18.2 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 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 the Leased Premises; (2) that 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, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (3) that the Lessee shall use the Leased 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, 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.

18.3 In this connection, the County reserves the right to take whatever action it might be entitled by law to take in order to enforce this provision. This provision is to be considered as a covenant on the part of the Lessee, a breach of which, continuing after notice by Director to cease and desist, will constitute a material breach of this Agreement and will entitle the County, at its option, to exercise its right of termination as provided for herein, or take any action that it deems necessary to enforce compliance herewith.

18.4 The Lessee shall include the foregoing provisions in every agreement or concession pursuant to which any person or persons, other than the Lessee, operates any facility at the Leased Premises providing service to the public and shall include thereon a provision granting the County, a right to take such action as the United States may direct to enforce such covenant.

18.5 The Lessee shall indemnify, defend, release, save and hold harmless County, Manager, and their officers, agents, servants and employees from any and all claims and demands of third persons including the United States of America resulting from the Lessee's noncompliance with any of the provisions of this Section 18 and the Lessee shall reimburse County or Manager for any loss or expense incurred by reason of such noncompliance.

## SECTION 19
## GOVERNMENTAL REQUIREMENTS

19.1 The Lessee shall procure all licenses, certificates, permits or other authorization from all governmental authorities, if any, having jurisdiction over the Lessee's operations at the Leased Premises which may be necessary for the Lessee's operations thereat.

19.2 The Lessee shall pay all taxes, license, certification, permit and examination fees and excise taxes which may be assessed, levied, exacted or imposed on the Leased Premises or operation hereunder or on the gross receipts or income to Lessee there from, including any possessory right which Lessee may have in or to premises covered hereby or improvements thereon by reason of its possessory rights, use or occupancy thereof, and shall make all applications, reports

and returns required in connection therewith. Lessee shall be solely responsible for the payment of such taxes, assessments, fees or charges. In the event any such taxes or assessments described in this Section 19 are charged to Manager, Manager shall notify Lessee in writing of the amount due and Lessee shall pay Manager said amount within thirty (30) days of such notice. In the event of failure to pay said taxes before delinquency and/or pay Manager the required amount within thirty (30) days, County or Manager may elect to treat such failure as a material breach of this Lease by Lessee.

## SECTION 20
## RIGHTS OF ENTRY RESERVED

20.1 County and Manager, by their officers, employees, agents, representatives and contractors, shall have the right at all reasonable times to enter upon the Leased Premises for any and all purposes, provided, such action by the County or Manager, their officers, employees, agents, representatives and contractors does not unreasonably interfere with the Lessee's use, occupancy, or security requirements of the Leased Premises.

20.2 Without limiting the generality of the foregoing, the County, by its officers, employees, agents, representatives, contractors and furnishers of utilities and other services, shall have the right, at its own cost and expense, whether for its own benefit, or for the benefit of others than the Lessee at the Airport, to maintain existing and future utility, mechanical, electrical and other systems and to enter upon the Leased Premises at all reasonable times to make such repairs, replacements or alterations thereto, as may, in the opinion of the County, be deemed necessary or advisable, and from time to time to construct or install over, in or under the Leased Premises such systems or parts thereof and in connection with such maintenance use the Leased Premises for access to other parts of the Airport otherwise not conveniently accessible, provided, however, that in the exercise of such right of access, repair, alteration or new construction, the County shall not unreasonably interfere with the actual use and occupancy of the Leased Premises by the Lessee. It is specifically understood and agreed that the reservation of the aforesaid right by the County shall not impose or be construed to impose upon the County any obligation to repair, replace or alter any utility service lines now or hereafter located on the Leased Premises for the purpose of providing utility services only to the Leased Premises.

20.3 In the event that any personal property of Lessee shall obstruct the access of the County, its officers, employees, agents or contractors, or the utility company furnishing utility service to any of the existing utility, mechanical, electrical and other systems, and thus shall interfere with the inspection, maintenance or repair of any such system, Lessee shall move such property, as directed by Director, Manager or said utility company, in order that access may be had to the system or part thereof for inspection, maintenance or repair. If Lessee shall fail to so move such property after direction from Director, Manager or said utility company to do so, Director, Manager or the utility company may move it, and the Lessee hereby agrees to pay the cost of such moving upon demand, and further Lessee hereby waives any claim for damages as a result therefrom, except for claims for damages arising from the County's or Manager's sole negligence.

20.4 At any reasonable time, and from time to time during the ordinary business hours, County, by its officers, agents, contractors and employees, whether or not accompanied by a prospective lessee, occupier or user of the Leased Premises, shall have the right to enter thereon for the purpose of exhibiting and viewing all parts of the same, subject to Lessee's reasonable security requirements.

20.5 Exercise of any or all of the foregoing rights, by the County, or others under right of the County, shall not be, nor be construed to be, an eviction of Lessee, nor be made the grounds for any abatement of rental nor any claim or demand for damages, consequential or otherwise.

## SECTION 21
## ADDITIONAL RENTS AND CHARGES

21.1 Except as provided in Section 6.3 (b), in the event Lessee fails within thirty (30) days after receipt of written notice from Director or Manager to perform or commence to perform any obligation required herein to be performed by Lessee, Director or Manager may enter the Leased Premises (without such entering causing or constituting a cancellation of this Agreement or an interference with the possession of such Leased Premises by Lessee) and do all things reasonably necessary to perform such obligation, charging to Lessee the cost and expense thereof, and Lessee agrees to pay to County or Manager upon demand such charge in addition to other amounts payable by Lessee hereunder. Provided, however, that if Lessee's failure to perform any such obligation endangers the safety of the public or employees or property of the County, or other tenants of the Airport, and Director or Manager so states in its notice to Lessee, the County or Manager may perform such obligation of Lessee at any time after the giving of such notice, and charge to the Lessee the reasonable cost and expense thereof which Lessee shall pay upon demand.

21.2 If County or Manager elects to pay any sum or sums or incur any obligation or expense by reason of the failure, neglect or refusal of Lessee to perform or fulfill any one or more of the conditions, covenants or agreements contained in this Agreement, or as the result of any act or omission of Lessee contrary to said conditions, covenants or agreements, Lessee hereby agrees to pay the sum or sums so paid or expense so incurred by County or Manager as the result of such failure, neglect or refusal of Lessee, including interest, not to exceed the greater of fifteen percent (15%) per annum or the rate which is four percent (4%) per annum above the prime rate as published by the *Wall Street Journal*, together with all costs, damages and penalties. In such event, the total of such amounts may be added to any installment of rent thereafter due hereunder, and each and every part of the same shall be and become additional rent recoverable by the County or Manager in the same manner and with like remedies as if it were originally a part of the rent provided for in this Agreement.

## SECTION 22
## TERMINATION BY COUNTY

22.1 In the event of a default on the part of Lessee in the payment of rents, or any other charges required by this Agreement to be paid to the County or Manager, the Director or Manager shall give written notice to Lessee of such default, and demand the cancellation of this Agreement, or the correction thereof. If, within thirty (30) days after the date Director or Manager gives such notice, Lessee has not corrected said default, and paid the delinquent amount in full, this Agreement and all rights and privileges granted hereby in and to the Leased Premises shall terminate, with the County's approval.

22.1.1 Payment by Tenant; Non-Waiver. County's or Manager's acceptance of rent (including, without limitation, through any "lockbox") following an Event of Default shall not waive County's or Manager's rights regarding such Event of Default. No waiver by County or Manager of any violation or breach of any of the terms contained herein shall waive County's or Manager's rights regarding any future violation of such terms. County's or Manager's acceptance of any partial payment of rent shall not waive County's or Manager's rights with regard to the remaining portion of the rent that is due, regardless of any endorsement or other statement on any instrument delivered in payment of rent or any writing delivered in connection therewith; accordingly, County's or Manager's acceptance of a partial payment of rent shall not constitute an accord and satisfaction of the full amount of the rent that is due.

22.2 This Agreement, together with all rights and privileges granted in and to the Leased Premises, shall terminate automatically, upon the happening of any one or more of the following events:

22.2.1 The filing of Lessee of a voluntary petition in bankruptcy, or any assignment for benefit of creditors of all or any part of Lessee's assets; or,

22.2.2 Any institution of proceedings in bankruptcy against Lessee; provided, however, that the Lessee may defeat such termination if the petition is dismissed within thirty (30) days after the institution thereof; or,

22.2.3 The filing of a petition requesting a court to take jurisdiction of Lessee or its assets under the provisions of any Federal reorganization act; or

22.2.4 The filing of a request for the appointment of a receiver or trustee of Lessee's assets by a court of competent jurisdiction, or the request for the appointment of a receiver or trustee of Lessee's assets by a voluntary agreement with Lessee's creditors; or,

22.2.5 The abandonment by Lessee of the conduct of its authorized Airport business at the Airport, and in this connection suspension of operations for a period of fifteen (15) days will be considered abandonment in the absence of a satisfactory explanation which is accepted in writing by the Director, unless said abandonment is necessitated by the occurrence of a natural disaster which renders the premises unfit for occupation or its intended purpose.

22.3 Upon the default by Lessee in the performance of any covenant or conditions required to be performed by Lessee, and the failure of Lessee to remedy such default for a period of thirty (30) days after receipt of written notice from the Director or Manager to remedy the same (except as otherwise provided in Section 6.3 (b) above) and, except default in the timely payment of any money due the County or Manager, the County shall have the right to cancel this Agreement for such cause.

22.4 Upon the default of Lessee, and the giving of notice by the Director or Manager to cancel this Agreement as provided for elsewhere herein, said notice of cancellation shall be final; provided however, that should the Director or Manager determine that Lessee is diligently remedying such default to completion, said notice of cancellation shall be held in abeyance. If, however, the Director or Manager determines that such default is no longer being diligently remedied to conclusion, the Director or Manager shall so advise Lessee in writing, and said notice of cancellation shall no longer be held in abeyance for any reason and shall become final without further notice to Lessee. The determination of the Director or Manager in this regard shall in all events be conclusive and binding upon Lessee.

22.5 Upon the cancellation or termination of this Agreement for any reason, all rights of the Lessee, tenants and any other persons in possession shall terminate, including all rights or alleged rights of creditors, trustees, assigns, and all others similarly so situated as to the Leased Premises. Upon said cancellation or termination of this Agreement for any reason, the Leased Premises, except for such personal property which may be removed from said Leased Premises as provided for elsewhere herein, shall be free of all encumbrances and all claims of Lessee, its tenants, creditors, trustees, assigns and all others, and the County shall have immediate right of possession to the Leased Premises.

22.6 Failure by the County, Director or Manager to take any authorized action upon default by Lessee of any of the terms, covenants or conditions required to be performed, kept and observed by Lessee shall not be construed to be, nor act as, a waiver of said default nor of any subsequent default of any of the terms, covenants and conditions contained herein to be performed, kept and observed by Lessee. Acceptance of rentals by the County or Manager under the terms hereof, for any period or periods after a default by Lessee of any the terms, covenants and conditions herein required to be performed, kept and observed by Lessee shall not be deemed a waiver or

estoppel of any right on the part of the Director or Manager to cancel this Agreement for any subsequent failure by Lessee to so perform, keep or observe any of said terms, covenants or conditions.

22.7 If Lessee becomes delinquent in lease payments or any other unpaid amount owed County or Manager, Lessee hereby grants to County or Manager a lien against Lessee's aircraft and all personal property, which Lessee may, from time to time, store in or upon the Leased Premises. This lien shall exist and continue to exist for all unpaid amounts which Lessee may owe County or Manager, from time to time, and the assertion of the lien shall not relieve Lessee from the obligation to pay the monthly fees as herein provided. In the event Lessee does not fully and immediately discharge all unpaid amounts, County or Manager is hereby granted and shall have the right to take and recover possession of Lessee's aircraft and satisfy its lien in accordance with §§ 1208.61 through 1208.70, inclusive, of the Code of Civil Procedure of the State of California, or any successor sections. County or Manager may also take and recover possession of any personal action, and exercise its lien against the same and, in addition thereto, recover all costs and expenses including attorneys' fees in connection with the repossession of said personal property and assertion of its lien.

## SECTION 23
## TERMINATION BY LESSEE

23.1 Providing that Lessee is not in default in payment to County or Manager of any amounts due County or Manager hereunder this Agreement, Lessee may cancel this Agreement and thereby terminate all of its rights and unaccrued obligations hereunder, by giving County and Manager written notice upon or after the happening of the following events:

23.1.1 Issuance by a court of competent jurisdiction of an injunction which in any way substantially prevents or restrains the use of the Leased Premises, or any part thereof necessary to Lessee's business operations on the Airport, and which injunction remains in force for a period of at least thirty (30) days after the party against whom the injunction has been issued has exhausted or abandoned all appeals or one hundred twenty (120) days whichever is shorter, if such injunction is not necessitated by or issued as a result of an act or omission of Lessee; or,

23.1.2 The assumption by the United States Government, or any authorized agency thereof, of the operation, control or use of the Airport and its facilities, or any substantial part thereof, in such a manner as substantially to restrict Lessee from operating its authorized Airport business for a continuous period of at least ninety (90) days.

## SECTION 24
## SURRENDER AND RIGHT OF RE-ENTRY

24.1 Upon the cancellation or termination of this Agreement pursuant to any terms hereof, Lessee agrees peaceably to surrender up the Leased Premises to the County or Manager in the same condition as they are at the time of the commencement of the term hereof, and as they may hereafter be repaired and improved by Lessee; save and except, (a) such normal wear and tear thereof as could not have been prevented by ordinary and usual repairs and maintenance, (b) obsolescence in spite of repair, and (c) damage to or destruction of the leasehold improvements for which insurance proceeds are received by the County. Upon such cancellation or termination, County or Manager may re-enter and repossess the Leased Premises together with all improvements and additions thereto, or pursue any remedy permitted by law for the enforcement of any of the provisions of this Agreement, at County's election. Furthermore, upon such cancellation or termination, and for a reasonable time thereafter (not exceeding thirty (30) days after such cancellation or termination, and for which period Lessee will pay to the County or Manager current lease rentals), or during the term of this Agreement, if Lessee is not in default in rentals or any other charges or obligations due the County or Manager, Lessee shall have the

right to remove its personal property, fixtures and trade equipment which it may have on the Leased Premises, provided the removal thereof does not impair, limit or destroy the utility of said Leased Premises or building for the purpose for which they were constructed or improved, and provided, further, that Lessee repairs all damages that might be occasioned by such removal, and restores the building and site to the condition above required.

## SECTION 25
## SERVICES TO LESSEE

25.1 County covenants and agrees that during the term of this Agreement it will operate the Airport as such for the use and benefit of the public provided, however, that the County may prohibit or limit any given type, kind, or class of aeronautical use of the Airport if such action is necessary for the safe operation of the Airport or necessary to serve the civil aviation needs of the public. The County further agrees to use its best efforts to maintain the runways and taxiways in good repair. County agrees to keep in good repair hard-surfaced public roads for access to the Leased Premises.

25.2 Lessee will contract with the furnishers of all utilities for the furnishing of such services to the Leased Premises and shall pay for all water, gas, electricity, sanitary sewer service, other utilities, telephone, burglary and fire protection services furnished to the Leased Premises.

25.3 Lessee will also contract with the furnishers of all other utilities and services they may require for the furnishing of such services to the Leased Premises and shall pay for all other utilities and services.

## SECTION 26
## SURVIVAL OF THE OBLIGATIONS OF THE LESSEE

26.1 In the event that the Agreement shall have been terminated in accordance with a notice of termination as provided in Section 22 hereof, all the obligations of the Lessee under this Agreement shall survive such termination, re-entry, regaining or resumption of possession and shall remain in full force and effect for the full term of this Agreement, and the amount or amounts of damages or deficiency shall become due and payable to County or Manager to the same extent, at the same time or times, and in the same manner as if no termination, re-entry, regaining or resumption of possession had taken place. County or Manager may maintain separate actions each month to recover the damage or deficiency then due or at its option and at any time may sue to recover the full deficiency less the proper discount, for the entire unexpired term of the Agreement.

26.2 The amount of damages for the period of time subsequent to termination (or re-entry, regaining or resumption of possession) on account of the Lessee's rental obligations, shall be the sum of the following:

26.2.1 The amount of the total of all installments thereof payable prior to the effective date of termination except that the credit to be allowed for the installment payable on the first (1st) day of the month in which the termination is effective shall be prorated for the part of the month the Agreement remains in effect on the basis of the total days in the month;

26.2.2 An amount equal to all expenses incurred by County or Manager in connection with regaining possession, restoring the Leased Premises, acquiring a new lease for the Leased Premises, legal expenses (including but not limited to attorney's fees), putting the Leased Premises in order, maintenance and brokerage fees.

26.2.3 An amount equal to any deficiency for the remaining term of the Lease, computed in accordance with the provisions of Section 26.2.1.

## SECTION 27
## USE SUBSEQUENT TO CANCELLATION OR TERMINATION

27.1 The County, upon termination or cancellation pursuant to Section 22 hereof, may occupy the Leased Premises or may enter into an agreement with another lessee and shall have the right to permit any person, firm or corporation to enter upon the Leased Premises and use the same. Such use may be of part only of the Leased Premises or of the entire Leased Premises, together with other premises, and for a period of time the same as or different from the balance of the term hereunder remaining, and on terms and conditions the same as or different from those set forth in this Agreement.

27.2 County shall also, upon said termination or cancellation, or upon re-entry, regaining or resumption of possession, have the right to repair and to make structural or other changes in the Leased Premises, including changes which alter its character and the suitability thereof for the purpose of the Lessee under this Agreement, without affecting, altering of diminishing the obligations of the Lessee hereunder, provided, that any structural changes shall not be at Lessee's expense.

27.3 In the event either of use by others or of any actual use and occupancy by County, there shall be credited to the account of the Lessee against its survived obligations hereunder any net amount remaining after deducting from the amount actually received from any lessee, licensee, permittee or other occupier in connection with the use of the said Leased Premises or portion thereof during the balance of the term of use and occupancy as the same is originally stated in this Agreement, or from the market value of the occupancy of such portion of the Leased Premises as County may itself during such period actually use and occupy, all expenses, costs and disbursements incurred or paid by County in connection therewith. No such use and occupancy shall be or be construed to be an acceptance of a surrender of the Leased Premises, nor shall such use and occupancy constitute a waiver of any rights of County hereunder. County will use its best efforts to minimize damages to Lessee under this Section 27.

## SECTION 28
## LIMITATION OF RIGHTS AND PRIVILEGES GRANTED

28.1 Except the exclusive right of Lessee to possession of the Leased Premises, no exclusive rights at the Airport are granted by this Agreement and no greater rights or privileges with respect to the use of the Leased Premises or any part thereof are granted or intended to be granted to the Lessee by this Agreement, or by any provision thereof, than the rights and privileges expressly and specifically granted hereby.

## SECTION 29
## NOTICES

29.1 All notices, consents and approvals required or desired to be given by the parties hereto shall be sent in writing, and shall be deemed sufficiently given when same is deposited in the United States Mail, sufficient postage prepaid, registered or certified mail, return receipt requested, addressed to the recipient at the address set forth below:

To County: Chief, Aviation Division
Los Angeles County Dept. of Public Works
P.O. Box 1460
Alhambra, CA 91802-1460

To Manager: Airport Manager
El Monte Airport
4233 N. Santa Anita Avenue
El Monte, CA 91731

With copy to: President
American Airports Corporation
2425 Olympic Boulevard, Suite 650E
Santa Monica, CA 90404

and

To Lessee: Mr. Larry Buchanan, President
Lightning Aircraft Corporation
1719 Caffrey Lane
West Covina, CA 91791
(626) 444-7739
(626) 444-8465 FAX

29.2 Such addresses shall be subject to change from time to time to such other addresses as may have been specified in written notice given by the intended recipient to sender.

## SECTION 30
## HOLDING OVER

30.1 No holding over by Lessee, after the termination of this Lease, shall operate to extend or renew this Lease for any further term whatsoever, but Lessee will, by such holding over, become the tenant-at-will of County after written notice by Director or Manager to vacate such premises; and continued occupancy thereof by Lessee shall constitute Lessee a trespasser.

30.2 Any holding over by Lessee beyond the thirty (30)-day period permitted for removal of fixtures, without the written consent of the Director or Manager, shall make the Lessee liable to the County or Manager for damages equal to double the rentals provided for herein and which were in effect at the termination of the Lease.

30.3 All insurance coverage that Lessee is required under the provisions hereof to maintain in effect shall continue in effect for so long as Lessee or any of Lessee's sublessees or tenants occupies the Leased Premises or any part thereof.

## SECTION 31
## INVALID PROVISIONS

31.1 The invalidity of any provisions, articles, paragraphs, portions, or clauses of this Agreement shall have no effect upon the validity of any other part or portion hereof, so long as the remainder shall constitute an enforceable Agreement.

## SECTION 32
## MISCELLANEOUS PROVISIONS

32.1 Remedies to be Nonexclusive.
All remedies provided in this Agreement shall be deemed cumulative and additional and not in lieu of, or exclusive of, each other, or of any other remedy available to the County, or Lessee, at law or in equity, and the exercise of any remedy, or the existence herein of other remedies or indemnities shall not prevent the exercise of any other remedy.

32.2 Non-Waiver of Rights.
The failure by either party to exercise any right, or rights accruing to it by virtue of the breach of any covenant, condition or agreement herein by the other party shall not operate as a waiver of the exercise of such right or rights in the event of any subsequent breach by such other party, nor shall other party be relieved thereby from its obligations under the terms hereof.

32.3 Force Majeure.
Neither party shall be deemed in violation of this Agreement if it is prevented from performing any of its obligations hereunder by reason of labor disputes, inability to procure materials, acts of God, acts of war, acts of the public enemy, acts of superior governmental authority or other circumstances for which it is not responsible or which is not in its control provided, however, that this section shall not excuse Lessee from paying the rentals herein specified.

32.4 Non-liability of Individuals.
No director, officer, official, agent or employee of either party hereto shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or of any supplement, modification or amendment to this Agreement because of any breach thereof, or because of his or their execution or attempted execution of the same.

32.5 Quiet Enjoyment.
The County covenants that as long as Lessee is not in default of any provision of this Agreement, Lessee shall and may peaceably and quietly have, hold and enjoy the Leased Premises exclusively to it during the term hereof unless sooner canceled as provided in this Agreement.

General Provisions.

32.6 Lessee shall not use, or permit the use of, the Leased Premises, or any part thereof, for any purpose or use other than those authorized by this Agreement.

32.7 This Agreement shall be performable and enforceable in Los Angeles County, California, and shall be construed in accordance with the laws of the State of California.

32.8 This Agreement is made for the sole and exclusive benefit of the County, Manager and Lessee, their successors and assigns, and is not made for the benefit of any Third Party.

32.9 In the event of any ambiguity in any of the terms of this Agreement, it shall not be construed for or against any party hereto on the basis that such party did or did not author the same.

32.10 All covenants, stipulations and agreements in this Agreement shall extend to and bind each party hereto, its legal representatives, successors and assigns.

32.11 The titles of the several articles of this Agreement are inserted herein for convenience only, and are not intended and shall not be construed to affect in any manner the terms and provisions hereof, or the interpretation or construction thereof.

32.12 Opportunity for Counsel.
The Parties have read and understand the contents of this Lease, have had the opportunity to have the counsel of their choice to review this Lease, and have been advised of such opportunity.

32.13 Authority.
The persons signing this Agreement hereby warrant that they have full authority to sign this Agreement on behalf of the respective parties.

32.14 Nothing herein contained shall create or be construed to creating a co-partnership between the County or Manager and the Lessee or to constitute the Lessee an agent of County or Manager. The County, Manager and the Lessee each expressly disclaim the existence of such a relationship between them.

32.15 County Lobbyist Ordinance.
Each County lobbyist, as defined in Los Angeles County Code Section 2.160.010, retained by Lessee, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of any County lobbyist, retained by Lessee, to fully comply with the County Lobbyist Ordinance shall constitute a Material Breach of this Agreement upon which County may immediately terminate or suspend this Agreement.

## SECTION 33
## SUBORDINATION CLAUSES

33.1 This Agreement is subject and subordinate to the following:

33.1.1 County reserves the right to develop and improve the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance by or on behalf of Lessee, provided, Lessee is not deprived of the use of or access to the Leased Premises.

33.1.2 County reserves the right to take any action it considers necessary to protect the aerial approaches to the Airport against obstruction, together with the right to prevent Lessee from erecting or permitting to be erected any building or other structure on the Airport which, in the opinion of the County, would limit the usefulness of the Airport or constitute a hazard to aircraft.

33.1.3 This Agreement is and shall be subordinate to the provisions of existing and future agreements between County 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 obtaining or expenditure of Federal funds for the benefit of the Airport.

33.1.4 During the time of war or national emergency, County shall have the right to lease all or any part of the landing area or of the Airport to the United States for military or naval use, and if any such lease is executed, the provisions of this Agreement insofar as they may be inconsistent with the provisions of such lease to the Government, shall be suspended, but such suspension shall not extend the term of this Agreement. Abatement of rentals shall be determined by the County in proportion to the degree of interference with Lessee's use of the Leased Premises.

33.1.5 Except to the extent required for the performance of any obligations of Lessee hereunder, nothing contained in this Agreement shall grant to the Lessee any rights whatsoever in the airspace above the Leased Premises other than those rights where subject to Federal Aviation Administration rules, regulations and orders currently or subsequently effective.

## SECTION 34
## ENTIRE AGREEMENT

34.1 This entire Lease Agreement inclusive of the Recitals, Sections 1 to 34, inclusive, and Exhibit A, Exhibit B, Exhibit C and Exhibit D.

34.2 Integration Clause.
The Parties acknowledge and agree that this Agreement contains the entire agreement and understanding of the Parties concerning the subject matter hereof and supersedes and replaces all prior negotiations, proposed agreements and ancillary agreements, written or oral. The Parties further agree that no party has executed this Agreement in reliance upon any promise, representation or warranty not contained in this Agreement.

IN WITNESS WHEREOF, THE PARTIES hereto have caused this Agreement to be executed by their respective officers, duly authorized by LIGHTNING AIRCRAFT CORPORATION on March 4, 2008 and by the COUNTY OF LOS ANGELES on MARCH 4, 2008

**COUNTY OF LOS ANGELES**

By _____
Chair, Board of Supervisors

ATTEST:

SACHI A. HAMAI
Executive Officer of the
Board of Supervisors of
the County of Los Angeles

By _____
Deputy

I hereby certify that pursuant to Section 25103 of the Government Code, delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Directors

By _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By _____
Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

26 MAR 4 2008

SACHI A. HAMAI
EXECUTIVE OFFICER

AGREED:

**LIGHTNING AIRCRAFT CORPORATION**

By _____
Larry Buchanan

Its: President

76490

## ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of LOS ANGELES } SS.

On JAN. 23, 2008 (DATE) before me, EVELYN J. ZAMORA (NOTARY),
personally appeared LARRY R. BUCHANAN (SIGNER(S))

☐ personally known to me - OR - ☑ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signatures(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

EVELYN J. ZAMORA
Comm. # 1501435
NOTARY PUBLIC - CALIFORNIA
Los Angeles County
My Comm. Expires July 18, 2008

WITNESS my hand and official seal.

NOTARY'S SIGNATURE

### OPTIONAL INFORMATION

The information below is not required by law. However, it could prevent fraudulent attachment of this acknowledgment to an unauthorized document.

**CAPACITY CLAIMED BY SIGNER (PRINCIPAL)**

☐ INDIVIDUAL
☐ CORPORATE OFFICER

TITLE(S)

☐ PARTNER(S)
☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER:

**DESCRIPTION OF ATTACHED DOCUMENT**

LEASE AGREEMENT
TITLE OR TYPE OF DOCUMENT

35 PAGES
NUMBER OF PAGES

JAN. 22, 2008
DATE OF DOCUMENT

OTHER

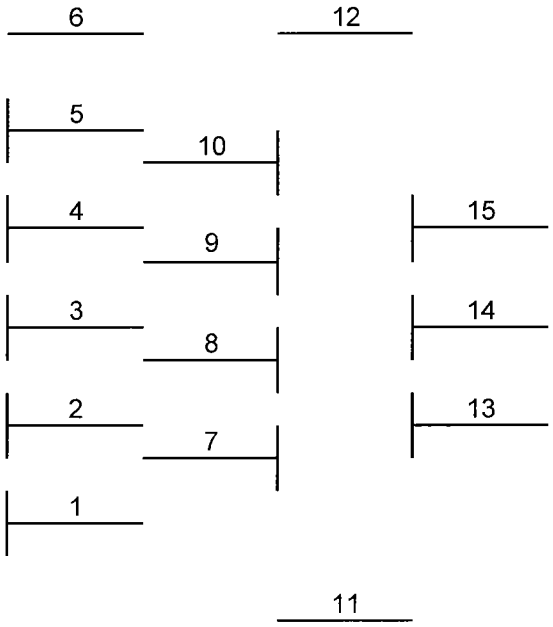
**SIGNER IS REPRESENTING:**
NAME OF PERSON(S) OR ENTITY(IES)

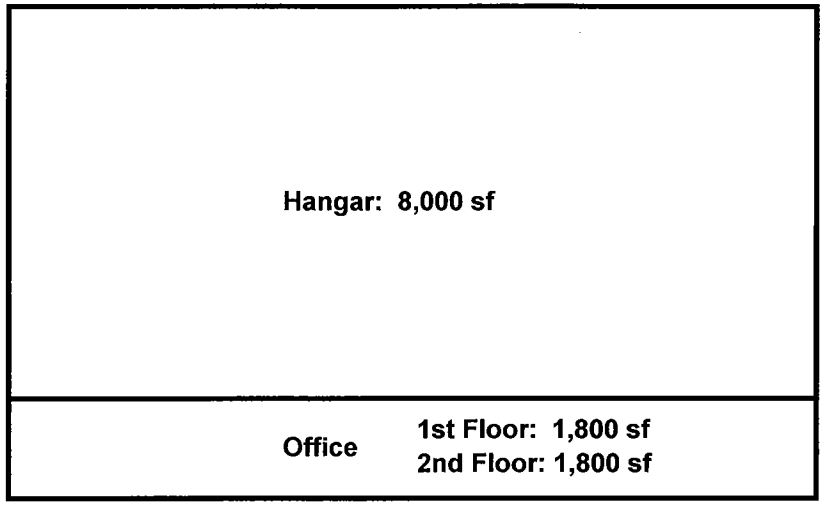
RIGHT THUMBPRINT OF SIGNER

Top of thumbprint here

EXHIBIT A

## LIGHTNING AIRCRAFT LEASEHOLD
## EL MONTE AIRPORT, FBO # 8 & 10




**Note:**
Lease also provides for 2 additional Tie-downs on the nearby County Tie-down Area, for a total of 17 Tie-down spaces.

**EXHIBIT B**
**Insurance**

The Lessee in its own name as insured and, at its sole cost and expense, shall secure, and maintain in continuous effect during the Term of this Agreement, insurance policies issued by an insurance carrier licensed to do business in the State of California providing for:

1. Workers Compensation - Coverage shall be provided for all employees. Coverage shall be for statutory limits in compliance with applicable state and federal laws. The policy must include employers liability with a minimum limit of $100,000 (one-hundred thousand dollars) each accident/$500,000 (five-hundred thousand dollars) disease policy limit/$100,000 (one-hundred thousand dollars) disease each employee.

2. Comprehensive General Liability with a minimum single limit of $1,000,000 (one million dollars) per occurrence for bodily injury and property damage with the following coverages:

   (a) Broad form contractual liability
   (b) Premises and Operations
   (c) Hangarkeepers Liability

3. Comprehensive Automobile Liability with a minimum single limit of $1,000,000 (one million dollars) per occurrence for bodily injury and property damage with coverage in the following areas:

   (a) Owned vehicles
   (b) Non-owned vehicles
   (c) Hired vehicles

4. Rental interruption insurance in the amount equal to 6 (six) months rent.

The Lessee shall provide County and Manager with the Policies and Certificates indicating proof of the foregoing insurance coverages. Such certificates shall name "The County of Los Angeles" and "American Airports Corporation" as additional insured and provide that the carrier issuing the certificate shall notify County thirty (30) days in advance of any cancellation or material change in the terms or coverage of such insurance policies. Any such notice shall be in writing and shall be served by certified mail, return receipt requested on the Airport Manager, El Monte Airport, 4233 N. Santa Anita Ave., El Monte, CA 91731. Furthermore, insurance coverages shall contain a cross-liability or severability of interest clause, and a waiver of subrogation in favor of American Airports Corporation and the County of Los Angeles. In no event shall the limits of said policies be considered as limiting the liability of Lessee under this Lease. The failure of the Lessee to obtain or maintain such insurance coverage shall not relieve the Lessee from any liability arising from this Agreement nor shall any such liability be limited to the liability insurance coverage provided for herein.

# EXHIBIT C

**Airport Rules and Regulations**

LOS ANGELES COUNTY CODE

## TITLE 19

## AIRPORTS AND HARBORS

The provisions codified in this title reflect changes made by all County ordinances up to and including Ordinance 12264, passed November 18, 1980.

# Title 19

# AIRPORTS AND HARBORS

**Chapters:**

19.04 Airports
19.08 Airport Hazards
19.12 Harbors

## Chapter 19.04

## AIRPORTS[1]

Parts:

1. General Provisions
2. Definitions
3. Rules and Regulations
4. Aircraft Operations and Facilities
5. Motor Vehicle Regulations
6. Fire regulations

### Part 1

### GENERAL PROVISIONS

Sections:

19.04.010 Title for citation.
19.04.020 Purpose of chapter provisions.
19.04.030 Applicability of provisions.
19.04.040 Regulations imposed by county - Ejection of violators authorized when.
19.04.050 Provisions supplement state and federal regulations.
19.04.060 Exceptions and variances - Conditions.
19.04.070 Compliance with regulations.
19.04.080 Liability limitations.
19.04.090 Enforcement authority.
19.04.100 Violation - Penalty.
19.04.110 Severability.

**19.04.010 Title for citation.** The ordinance codified in this chapter shall be known as, and may be cited as the "airport ordinance." (Ord. 9979 Art. 1 § 2, 1970.)

**19.04.020 Purpose of chapter provisions.** The purpose of this chapter is to provide minimum standards to safeguard life, limb, property and public welfare by regulating and controlling the various activities on airports and STOLports owned or operated or both by the County of Los Angeles. (Ord. 9979 Art. 1 § 1, 1970.)

**19.04.030 Applicability of provisions.** The provisions of this chapter shall apply to any person, firm or corporation using such county airports or any navigation facility or portion thereof or space therein, provided that in no case shall the public be deprived of its rightful, equal and uniform use of the landing area or air navigation facilities. (Ord. 9979 Art. 1 § 3, 1970.)

**19.04.040 Regulations imposed by county - Ejection of violators authorized when.** The regulations in this chapter and the regulations imposed pursuant to Section 19.04.560 are imposed by the county of Los Angeles as operator of and in charge of all of the county airports as conditions upon the privilege of being present upon or using any county airport. Every person who violates any such conditions is a trespasser ab initio and may be excluded from the airport upon which the violation of such condition occurs. (Ord. 9979 Art. 1 § 4, 1970.)

**19.04.050 Provisions supplement state and federal regulations.** The rules and regulations codified in this chapter are a supplement to any local laws or ordinances, including state and federal laws, that may be in effect, and in no manner will these rules be construed to reduce or limit the authority of said laws or regulations. (Ord. 9979 Art. 1 § 10, 1970.)

**19.04.060 Exceptions and variances - Conditions.** If the director of aviation finds that any provision of this ordinance or any regulation adopted pursuant to Section 19.04.560 would, if enforced, cause unnecessary hardship or practical difficulties inconsistent with economic feasibility, or would do manifest injustice, or impose a burden upon any person disproportionate to any benefit to the general public or to the airport, he may grant for a limited time, to be specified in such exception or variance, an exception or variance to such provision or regulation, but only to the extent that such exception or variance does not violate any other Ordinance, or any state or federal statute or regulation. (Ord. 9979 Art. 1 § 8, 1970.)

**19.04.070 Compliance with regulations.** A person shall not enter, be or remain on any airport unless he complies with all of the regulations set forth in this chapter applicable to such airport, and with all other applicable ordinances, rules and regulations. (Ord. 9979 Art. 1 § 5, 1970.)

**19.04.080 Liability limitations.** A person exercising any of the privileges authorized by this chapter does so at his own risk without liability on the part of the county, or Los Angeles County Flood Control District, for any injury to person or property resulting therefrom. (Ord. 9979 Art. 1 § 11, 1970.)

**19.04.090 Enforcement authority.** The director shall enforce the provisions of this chapter. (Ord. 9979 Art. 1 § 6, 1970.)

**19.04.100 Violation - Penalty.** Any person within the unincorporated territory of the county of Los Angeles who violates any provision of this chapter, the conditions of any permit issued pursuant thereto, or any rule or regulation relating to airports, is guilty of a misdemeanor. Upon conviction thereof, he shall be punishable by a fine of not less than $5.00 nor more than $200.00, or by imprisonment in the County Jail for not less than five days nor more than six months, or by both such fine and imprisonment. Every day during any portion of which any violation of such provision of this chapter or of such regulation is committed, continued or permitted shall constitute such violation a separate offense. (Ord. 9979 Art. 1 § 7, 1970.)

**19.04.110 Severability.** If any provision or clause of the ordinance codified in this chapter, or application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are declared to be severable. (Ord. 9979 Art. 1 § 9, 1970.)

## Part 2

## DEFINITIONS

Sections:

19.04.120 Aerobatic.
19.04.130 Aircraft.
19.04.140 Airport.
19.04.150 Air traffic.
19.04.160 Apron.
19.04.170 Board.
19.04.180 Commercial operator.
19.04.190 Commercial vehicle.
19.04.200 County.
19.04.210 Deputy.
19.04.220 Director.
19.04.230 Driveway.
19.04.240 FAA
19.04.250 Flying club (commercial).
19.04.260 Flying club (nonprofit).
19.04.270 Loading ramp.
19.04.280 Loading zone.
19.04.290 Manager.
19.04.300 Motor vehicle.
19.04.310 Operator.
19.04.320 Parking area and aircraft parking area.
19.04.330 Parking rent.
19.04.340 Passenger ramp.
19.04.350 Pedestrian.
19.04.360 Person.
19.04.370 Pilot's association.
19.04.380 Propeller blast.
19.04.390 Section.
19.04.400 Shall and may.
19.04.410 Traffic.
19.04.420 Vehicle.

**19.04.120 Aerobatic.** "Aerobatic" means maneuvers intentionally performed by an aircraft involving an abnormal attitude as defined in FAA Regulations. (Ord. 9979 Art. 2 § 28, 1970.)

**19.04.130 Aircraft.** "Aircraft" means any contrivance, now known or hereafter invented, for use or designed for navigation of or flight in the air. (Ord. 9979 Art. 2 § 25, 1970.)

**19.04.140 Airport.** "Airport" means any airport and/or STOLport owned or operated, or both, by the county of Los Angeles, California. (Ord. 9979 Art. 2 § 19, 1970.)

**19.04.150 Air traffic.** "Air traffic" means aircraft in operation anywhere in the airspace and on that part of the airport normally used for the movement of aircraft. (Ord. 9979 Art. 2 § 26, 1970.)

**19.04.160** **Apron.** "Apron" means that area normally used for the parking, tying down and fueling of aircraft and the movement of aircraft between main taxiways and hangars or aircraft parking space. (Ord. 9979 Art. 2 § 29, 1970.)

**19.04.170** **Board.** "Board" means the board of supervisors of the county of Los Angeles. (Ord. 9979 Art. 2 § 13, 1970.)

**19.04.180** **Commercial operator.** "Commercial operator" means one who provides services on any airport as an airport tenant, lessee, licensee or permittee. (Ord. 9979 Art. 2 § 20, 1970.)

**19.04.190** **Commercial vehicle.** "Commercial vehicle" means a vehicle used or maintained for the transportation of persons or property for hire, compensation or profit. (Ord. 9979 Art. 2 § 38, 1970.)

**19.04.200** **County.** "County" means the county of Los Angeles. (Ord. 9979 Art. 2 § 12, 1970.)

**19.04.210** **Deputy.** "Deputy" means chief, aviation division; assistant chief, aviation division; head airport manager or airport manager. (Ord. 9979 Art. 2 § 17, 1970.)

**19.04.220** **Director.** "Director" means the director of aviation of the county of Los Angeles, or other person authorized by him to act in his behalf. (Ord. 9979 Art. 2 § 16, 1970.)

**19.04.230** **Driveway.** "Driveway" means any street or roadway, either improved or unimproved, within the boundaries of the airport set aside or designated for use by vehicles. (Ord. 9979 Art. 2 § 39, 1970.)

**19.04.240** **FAA.** "FAA" means the Federal Aviation Administration of the United States. (Ord. 9979 Art. 2 § 42, 1970.)

**19.04.250** **Flying club (commercial).** "Flying club (commercial)" means any person or groups of persons owning or operating an aircraft from any airports that do not meet the requirements of a private plane owner, a nonprofit flying club, or if a fee is derived from the operation of the aircraft, shall be deemed a commercial operator, and shall be required to meet all requirements and pay all fees as prescribed. The director shall have the sole discretion to determine whether a flying club is nonprofit or commercial. (Ord. 9979 Art. 2 § 23, 1970.)

**19.04.260** **Flying club (nonprofit).** "Flying club (nonprofit)" means any group of persons joining together equally or proportionately in aircraft ownership in a nonprofit venture for the personal pleasure and use of participating members only. (Ord. 9979 Art. 2 § 22, 1970.)

**19.04.270** **Loading ramp.** "Loading ramp" means that space reserved for the loading and unloading of aircraft. (Ord. 9979 Art. 2 § 33, 1970.)

**19.04.280** **Loading zone.** "Loading zone" means that space reserved for the exclusive use of vehicles during the loading or unloading of passengers or materials. (Ord. 9979 Art. 2 § 32, 1970.)

**19.04.290** **Manager.** "Manager" means any person appointed by the director of aviation or his authorized representative to serve in managerial capacity at any Los Angeles County airport. (Ord. 9979 Art. 2 § 18, 1970.)

**19.04.300** **Motor vehicle.** "Motor vehicle" means a vehicle which is self-propelled. (Ord. 9979 Art. 2 § 37, 1970.)

**19.04.310** **Operator.** "Operator" means the pilot or owner of an aircraft, or any person who has rented or otherwise has the authorized use of such aircraft for the purpose of operation by him or his agent. (Ord. 9979 Art. 2 § 21, 1970.)

**19.04.320** **Parking area and aircraft parking area.** "Parking area" means and includes any portion of the airport which is set aside for the parking of vehicles. "Aircraft parking area" means the area set aside for the parking of aircraft. (Ord. 9979 Art. 2 § 31, 1970.)

**19.04.330** **Parking rent.** "Parking rent" means and denotes the privilege of parking rented to a person for the parking or tethering of his aircraft or vehicle. It does not denote any form of implied liability such as "hangar keeper's liability" or liability similar thereto. (Ord. 9979 Art. 2 § 30, 1970.)

**19.04.340** **Passenger ramp.** "Passenger ramp" means equipment used to aid the loading and unloading of aircraft passengers. (Ord. 9979 Art. 2 § 34, 1970.)

**19.04.350** **Pedestrian.** "Pedestrian" means any person afoot. (Ord. 9979 Art. 2 § 41, 1970.)

**19.04.360** **Person.** "Person" means any individual, firm, copartnership, corporation, company, association, joint stock association or political body, and includes any trustee, receiver, assignee or similar representative thereof (Ord. 9979 Art. 2 § 35, 1970.)

**19.04.370** **Pilot's association.** "Pilot's association" means any nonprofit organized group of pilots, and others, for the purpose of promoting and bettering aviation and for social activities. (Ord. 9979 Art. 2 § 24, 1970.)

**19.04.380** **Propeller blast.** "Propeller blast" means the resultant air movement created by the propeller, rotor or jet exhaust from any aircraft. (Ord. 9979 Art. 2 § 27, 1970.)

**19.04.390** **Section.** "Section" means a section of this chapter. (Ord. 9979 Art. 2 § 15, 1970.)

**19.04.400** **Shall and may.** "Shall" is mandatory and "may" is permissive. (Ord. 9979 Art. 2 § 14, 1970.)

**19.04.410** **Traffic.** "Traffic" means pedestrians and vehicles, either singly or together, while using any driveway. (Ord. 9979 Art. 2 § 40, 1970.)

**19.04.420** **Vehicle.** "Vehicle" means a device in, upon or by which any person or property is or may be propelled, moved or drawn upon a highway. (Ord. 9979 Art. 2 § 36, 1970.)

## Part 3

## RULES AND REGULATIONS

Sections:

19.04.430 Entry on airport property constitutes agreement to comply with regulations.
19.04.440 Experimental aircraft and motor vehicles.
19.04.450 Areas closed to the public - Entry restrictions.
19.04.460 Roads and walks - Use restrictions.
19.04.470 Landing areas - Pedestrian restrictions.
19.04.480 Animals - Control required.
19.04.490 Apron of airport - Activities restricted.
19.04.500 Sanitation of premises - Comfort stations.
19.04.510 Injuring airport property - Payment of costs.

19.04.520 Commercial operations - Requirements generally.
19.04.530 Advertisements - Approval for posting or distribution.
19.04.540 Lost articles.
19.04.550 Gambling prohibited.

19.04.430 **Entry on airport property constitutes agreement to comply with regulations.** Any permission granted by the board of supervisors of the County of Los Angeles, or director thereof, directly or indirectly, expressly or by implication, to enter upon or use the airport or any part thereof (including aircraft operators, crew members and passengers, spectators, sightseers, pleasure and commercial vehicles, officers and employees of airlines, lessees and other persons occupying space at such airport, persons doing business with any airport, its lessees, sublessees and permittees, and all other persons whosoever whether or not of the type indicated) is conditioned upon compliance with this chapter, and rules and regulations of Los Angeles County airports; and entry upon or into the airport by any person shall be deemed to constitute an agreement by such person to comply with said ordinance, rules and regulations. (Ord. 9979 Art. 3 § 43, 1970.)

**19.04.440 Experimental aircraft and motor vehicles.** Demonstrations or testing of experimental aircraft or motor vehicles shall not be conducted on an airport without the express approval of the director. (Ord. 9979 Art. 3 § 52, 1970.)

**19.04.450 Areas closed to the public - Entry restrictions.** Persons shall not enter any restricted area posted as "closed" to the public except persons authorized by the director. (Ord. 9979 Art. 3 § 47, 1970.)

**19.04.460 Roads and walks - Use restrictions.**

A. All persons wishing to travel on any airport must do so only on roads, walks or places provided for this class of traffic.

B. All persons shall use the roads or walks or places in such a manner as not to hinder or obstruct their proper use. (Ord. 9979 Art. 3 § 46, 1970.)

**19.04.470 Landing areas - Pedestrian restrictions.** A person shall not enter, be or remain upon any landing area of any airport unless the director or airport manager finds that his presence will not endanger anyone or interfere with any operations of the airport and has given him permission to so enter, be or remain. (Ord. 9979 Art. 3 § 48, 1970.)

**19.04.480 Animals - Control required.** Dogs and other animals may be permitted on an airport only if on a leash or confined in such a manner as to be under control. (Ord. 9979 Art. 3 § 51, 1970.)

**19.04.490 Apron of airport - Activities restricted.**

A. Persons on the apron shall be careful to keep clear of moving aircraft or turning propellers.

B. No one shall use, climb upon, sit in, push or otherwise touch property of others parked or based on the airport.

C. Children under 14 years of age must be accompanied by adults when in any area except the terminal building. (Ord. 9979 Art. 3 § 49, 1970.)

**19.04.500 Sanitation of premises - Comfort stations.**

A. Garbage, papers and refuse, or other material, shall be placed in receptacles provided for that purpose.

B. Comfort stations are for the convenience of the public and all persons shall use them only in a clean and sanitary manner. (Ord. 9979 Art. 3 § 54, 1970.)

**19.04.510 Injuring airport property - Payment of costs.**

A. Persons shall not:

1. Destroy, injure, deface or disturb any property;
2. Abandon any personal property on the airport;
3. Alter in any way, unless approved in advance in writing by the director, any building, structure, fixtures or equipment; or
4. Hoist any objects in any manner from any building or structure except as approved by the director.

B. Any and all airport property destroyed, injured or damaged, by accident or otherwise, shall be paid for by the party or parties responsible. (Ord. 9979 Art. 3 § 50, 1970.)

**19.04.520 Commercial operations - Requirements generally.** All persons wishing to use an airport, or any portion thereof, for any revenue-producing activity such as, but not limited to, commercial photography, air shows, air charters, flight instruction, sales of equipment, supplies or aircraft, and maintenance or repair of aircraft, or for any consideration of any nature whatsoever, must secure an appropriate permit, license or lease for such activity from the director and pay the rates and charges prescribed for such use. An approved performance bond may also be required. (See Section 19.04.580.) (Ord. 9979 Art. 3 § 44, 1970.)

**19.04.530 Advertisements - Approval for posting or distribution.** All persons wishing to post, distribute or display signs, advertisements, circulars, printed or written matter at any airport must obtain the approval of the director and post such notices in a manner prescribed by the director. (Ord. 9979 Art. 3 § 45, 1970.)

**19.04.540 Lost articles.** Any person finding lost articles shall deposit them at the airport office. (Ord. 9979 Art. 3 § 55, 1970.)

**19.04.550 Gambling prohibited.** Persons shall not conduct gambling in any form, or operate gambling devices anywhere on an airport. (Ord. 9979 Art. 3 § 53, 1970.)

## Part 4

## AIRCRAFT OPERATIONS AND FACILITIES

Sections:

19.04.560 Director powers and duties.
19.04.570 Hours of operation.
19.04.580 Commercial operations - Permit procedures and fees.
19.04,590 Airport fees - Payment required.
19.04.600 Airport fees - Penalties for failure to pay.
19.04.610 Insurance requirements for commercial operators.
19.04.620 Aircraft - Storage license and registration requirements.

19.04.630 Instructors, mechanics and other personnel - Registration.
19.04.640 Visiting pilots - Registration.
19.04.650 Flying clubs.
19.04.660 Tenants and lessees - Posting of information.
19.04.670 Traffic rules - Passengers, aircraft and equipment.
19.04.680 Aircraft - Engine operation restrictions.
19.04.690 Brakes and blocking devices for aircraft and equipment.
19.04.700 Aircraft - Taxiing restrictions.
19.04.710 Loading gates - Use restrictions.
19.04.720 Freight and cargo handling.
19.04.730 Aircraft - Parking and storage specifications.
19.04.740 Intoxicating liquor, narcotics or drugs - Restrictions.
19.04.750 Aircraft - Unnecessary noise prohibited.
19.04.760 Aircraft operation - Traffic pattern.
19.04.770 Aircraft operation - Takeoffs and landings.
19.04.780 Aircraft operation - Formation takeoffs and landings.
19.04.790 Unattended aircraft.
19.04.800 Helicopter operations.
19.04.810 Gliders - Towing restrictions.
19.04.820 Aircraft - Agricultural activities prohibited.
19.04.830 Model aircraft - Operation prohibited.
19.04.840 Parachute jumping prohibited - Exception.
19.04.850 Aircraft - Maintenance and repair activities.
19.04.860 Aircraft - Washing facilities.
19.04.870 Aircraft - Fuel and oil.
19.04.880 Accident report requirements.
19.04.890 Damaged or disabled aircraft - Removal requirements.
19.04.900 Aircraft impound area - Placement conditions.

**19.04.560 Director powers and duties.**

A. The director shall recommend to the board for approval and adoption and the board may adopt rates and charges and such additional regulations regarding each airport operation as may be necessary, provided such regulations are not conflicting with anything contained in this chapter.

B. The director shall be responsible for notifying the appropriate authorities of all flight operations being conducted in an illegal or hazardous manner within an airport flight pattern or control zone.

C. The manager shall have the authority to take such steps as may be necessary for the handling, policing and protection of the public at the airport.

D. The manager may, in his absence, appoint the assistant airport manager, or an airport serviceman, to act as his agent for the county in matters not affecting policy. (Ord. 9979 Art. 4 § 56, 1970.)

**19.04.570 Hours of operation.** The airport will be in operation for such hours as designated by the director, subject to such restrictions as are necessary in the interest or safety. (Ord. 9979 Art. 4 § 57, 1970.)

**19.04.580 Commercial operations - Permit procedures and fees.** A written permit issued by the county of Los Angeles is required of all persons prior to commencing commercial operations from or upon an airport.

A. Application. To obtain a permit, the applicant shall first file an application in writing with the director on a form furnished by the director.

B. Duration. Permits may be issued for the following duration:

1. Temporary, from one to 30 days, as shown on permit;
2. Month-to-month;
3. Semi-annual;
4. Annual.

C. Permit Fees. An appropriate fee, set by the board, shall be paid upon the issuance of a permit to operate any commercial activity on or off an airport.

D. Permits. The permit will indicate the type of activity, dates covered, principals involved and the fee paid, as well as any special conditions or requirements.

E. Special Requirements. Because of the nature of each activity, there may be additional or special requirements for a permit, such as insurance, equipment, inspections, approved performance bonds, or whatever the director may require for the protection of the public and the county of Los Angeles. (Ord. 9979 Art. 4 § 58, 1970.)

**19.04.590 Airport fees - Payment required.** Persons shall not operate an aircraft or use a landing area, passenger ramp, apron area or aircraft parking and storage area except upon payment of such fees and charges as established by the board. (Ord. 9979 Art. 4 § 59, 1970.)

**19.04.600 Airport fees - Penalties for failure to pay.** Any aircraft owner, agent or pilot in charge failing to pay any fee charged against aircraft owned or controlled by him shall be subject to:

A. Having said aircraft held until such fees are paid;

B. Any other penalties which may be imposed by law. (Ord. 9979 Art. 4 § 60, 1970.)

**19.04.610 Insurance requirements for commercial operators.**

A. All commercial operators on any airport shall obtain public liability and property damage insurance together with product liability coverage, with a hold-harmless endorsement in favor of the county of Los Angeles, its officers and employees, in amounts set by the director from a company or companies which are licensed to do business in California and which are satisfactory to the director.

B. All commercial operators shall obtain insurance which shall be extended to cover persons who rent aircraft from a commercial operator against claims for property damage or liability to passengers or third parties. (Ord. 9979 Art. 4 § 87, 1970.)

**19.04.620 Aircraft - Storage license and registration requirements.** All persons wishing to store aircraft on an airport must make application and complete an aircraft storage license. Each commercial operator shall submit a list of aircraft based in this area, including his own, to the airport manager, stating the owner's name, address, telephone number, aircraft make, model and registration number. On the first day of each month, a report of newly based or departed aircraft shall be submitted. (Ord. 10294 § 1, 1971: Ord. 9979 Art. 4 § 62, 1970.)

**19.04.630 Instructors, mechanics and other personnel - Registration.** All flight instructors, charter pilots, ground-school instructors and aircraft and engine mechanics shall be registered with the manager's office prior to operating from any airport, and shall have such required licenses, permits or certificates verified. (Ord. 9979 Art. 4 § 61, 1970.)

**19.04.640 Visiting pilots - Registration.** All visiting pilots who land at an airport shall register on arrival. (Ord. 9979 Art. 4 § 63, 1970.)

**19.04.650 Flying clubs.**

A. Profit-making clubs are considered to be commercial operators and shall not base at any airport without a lease.

B. All nonprofit flying clubs shall be registered and file a copy of their organizational papers with the airport office.

C. All flying clubs shall carry insurance in an amount and type set by the director. Members of flying clubs shall each have reasonable and proportionate ownership in the club's airplanes and equipment.

D. No club shall solicit for the purpose of instruction any person on the premises of a commercial operator without the written permission of said operator on file with the director.

E. The director shall have the sole discretion to determine whether a flying club is nonprofit or commercial. (Ord. 9979 Art. 4 § 64, 1970.)

**19.04.660 Tenants and lessees - Posting of information.** All lessees and tenants shall maintain bulletin boards in conspicuous places for the purpose of posting the information of their personnel and customers, airport regulations and charges. Each tenant shall post on his bulletin board Workmen's Compensation notices, lists of physicians and the names of liability insurance carriers. (Ord. 9979 Art. 4 § 86, 1970.)

**19.04.670 Traffic rules - Passengers, aircraft and equipment.**

A. Persons shall not board or disembark from any aircraft on the landing or takeoff area.

B. Aircraft shall not be permitted to stop on or remain on any part of the landing or takeoff area. Engine operation when loading or unloading passengers is prohibited except in cases where FAA regulations permit.

C. Persons or equipment are not allowed on runways or taxiways except when authorized by the director. (Ord. 9979 Art. 4 § 69, 1970.)

**19.04.680 Aircraft - Engine operation restrictions.**

A. Aircraft engines shall not be started or run unless a qualified operator is at the control and effective brakes are on and locked or wheels blocked.

B. Aircraft engines shall not be operated in a manner or position that hangars, buildings, or other facilities, property or persons may be damaged or injured by such operation. (Ord. 9979 Art. 4 § 74, 1970.)

**19.04.690 Brakes and blocking devices for aircraft and equipment.** Aircraft, passenger ramps, baggage trucks and other such portable equipment shall be equipped with brakes. In alternative cases, suitable blocking devices shall be securely set when equipment is not in use. (Ord. 9979 Art. 4 § 76, 1970.)

**19.04.700 Aircraft - Taxiing restrictions.**

A. Pilots shall taxi their aircraft at a safe speed on taxiways, displaying extreme caution at all times.

B. Aircraft shall not taxi onto the runways without first stopping to observe traffic and to wait for approaching aircraft to pass or land.

C. Aircraft shall not be taxied into or out of hangars or push-in tiedown spots.

D. Helicopters shall not air-taxi unless permitted by the director. (Ord. 9979 Art. 4 § 75, 1970.)

**19.04.710 Loading gates - Use restrictions.**

A. The loading gate in front of the administration building or such other designated areas will be used only for the immediate loading or unloading of passengers, baggage, freight or cargo.

B. Aircraft at the loading gate shall move out of the area as soon as loaded or unloaded.

C. If an aircraft is delayed because of late passengers, equipment trouble, or for any other reason, the aircraft shall be moved to an area designated by the director. (Ord. 9979 Art. 4 § 71, 1970.)

**19.04.720 Freight and cargo handling.** The handling of freight and cargo will be done only in areas designated by the director. (Ord. 9979 Art. 4 § 72, 1970.)

**19.04.730 Aircraft - Parking and storage specifications.**

A. Aircraft shall be stored and repairs made only in areas designated for that purpose by the director.

B. Privately owned aircraft shall be parked only in the aircraft parking area or in a hangar.

C. Flying school and rental aircraft shall be parked and operated from an area assigned them by the director.

D. Visiting aircraft shall be parked in the aircraft parking area in positions assigned them by the director.

E. At the direction of the director, the operator, owner or pilot of any aircraft on the airport shall move the aircraft from the place where it is parked or stored to any other place designated on the airport. If the operator refuses to comply with the director, the director shall order the aircraft moved or towed to such designated place at the operator's expense and without liability for damage to the county, its officers, employees or agents, that may result from such moving.

F. Open parking spaces for aircraft shall not be used for toolboxes, ladders, storage lockers or other tools or equipment.

G. Hangar entrances shall be kept clear at all times. (Ord. 9979 Art. 4 § 70, 1970.)

**19.04.740 Intoxicating liquor, narcotics or drugs - Restrictions.** No person who is under the influence of, or in possession of, Intoxicating liquor, narcotics or any dangerous drug (as now or hereafter listed in Section 4211 of the Business and Professions Code) shall board or operate any aircraft or motor vehicle upon an airport. (Ord. 9979 Art. 4 § 82, 1970.)

**19.04.750 Aircraft - Unnecessary noise prohibited.** Aircraft shall be operated in a manner while on the ground or in flight so as to create the least amount of noise commensurate with safe operation. (Ord. 9979 Art. 4 § 66, 1970.)

**19.04.760 Aircraft operation - Traffic pattern.**

A. Unless otherwise authorized, all aircraft entering the landing pattern shall do so in compliance with the published flight pattern. Pilots shall maintain a proper interval, as provided in the FAA air traffic control manual, to avoid crowding of the runways on landing.

B. The director, unless superseded by other authority, by appropriate notice and clearances shall designate the traffic pattern altitude at each airport. (Ord. 9979 Art. 4 § 65, 1970.)

**19.04.770 Aircraft operation - Take-offs and landings.**

A. Pilots shall make an engine check at least 100 feet clear of the runway and visually check for landing traffic before entering the takeoff position.

B. Before taxiing an aircraft into position on the runway for takeoff, the final approach shall be clear.

C. All takeoffs and landings of aircraft shall be made on the runway only.

D. All initial takeoffs of aircraft shall be made from the end of the runway.

E. No aircraft shall land or take off in such a manner as to clear any public street at an altitude of less than 50 feet.

F. No 180-degree turns or turn-backs shall be made on the landing runway.

G. Aircraft landing at the airport shall make the landing runway available to others by leaving the line of traffic as promptly as possible.

H. The director may delay or restrict any flight or other operations at the airport, and may refuse takeoff clearance to any aircraft when necessary in the interest of safety.

I. The director, by appropriate notices, may restrict, regulate or entirely suspend student training, touch-and-go landings, practice takeoffs and landings, or simulated forced landings when required in the interest of safety. (Ord. 9979 Art. 4 § 68, 1970.)

**19.04.780 Aircraft operation - Formation takeoffs and landings.** Formation takeoffs or landings shall not be permitted. (Ord. 9979 Art. 4 § 67, 1970.)

**19.04.790 Unattended aircraft.** Aircraft shall not be left unattended unless properly tied down. Owners of such aircraft shall be held responsible for any damage resulting from failure to comply with this rule. (Ord. 9979 Art. 4 § 73, 1970.)

**19.04.800 Helicopter operations.** Helicopters shall land and take off from designated areas only. (Ord. 9979 Art. 4 § 77, 1970.)

**19.04.810 Gliders - Towing restrictions.** A person shall not tow or pull a glider by airplane, motor vehicle or any other method where such towing or pulling is for the purpose of taking off unless approved by the director. (Ord. 9979 Art. 4 § 78, 1970.)

**19.04.820 Aircraft - Agricultural activities prohibited.** No dusting, spraying of insecticide, or other flights of an agricultural nature shall be allowed from an airport. (Ord. 9979 Art. 4 § 84, 1970.)

**19.04.830 Model aircraft - Operation prohibited.** No person shall fly or cause or permit the flying of model aircraft or any similar device on any airport. (Ord. 9979 Art. 4 § 88, 1970.)

**19.04.840 Parachute jumping prohibited - Exception.** Parachute jumping within the confines of airport boundaries, flight patterns, approach zones or 45-degree entry legs, is prohibited unless prior approval is obtained from the FAA and the Division of Aeronautics of the state of California. (Ord. 9979 Art. 4 § 79, 1970.)

**19.04.850 Aircraft - Maintenance and repair activities.**

A. Aircraft may be maintained and repaired on county-owned airports in designated maintenance and repair areas and buildings, in leased areas and buildings, in tee hangars and tiedown spaces rented under aircraft storage license agreements, and in buildings or areas approved or assigned by the airport manager, subject to compliance with terms and conditions included in applicable leases or license agreements.

B. Aircraft maintenance and repair performed in the areas and buildings is authorized subject to compliance with appropriate Federal Aviation Regulations, government agencies as provided in Section 19.04.050 of this chapter, Building and Fire Codes, and airport regulations. Maintenance performed by commercial operators not otherwise authorized by lease license agreement or contract is permitted subject to compliance with Sections 19.04.520 and 19.04.580 of this chapter. (Ord. 10294 § 2, 1971: Ord. 9979 Art. 4 § 85, 1970.)

**19.04.860 Aircraft - Washing facilities.** Aircraft shall be washed only in areas provided for that purpose, or in any other area so designated by the director. Arrangements for the use of these facilities shall be made in advance. (Ord. 9979 Art. 4 § 83, 1970.)

**19.04.870 Aircraft - Fuel and oil.** The county of Los Angeles shall be the distributor for fuel and oil products on all airports. (Ord. 9979 Art. 4 § 89, 1970.)

**19.04.880 Accident report requirements.** Witnesses of and participants involved in aircraft, vehicular or pedestrian accidents occurring on or within airport boundaries shall make a full report to the director as soon after the accident as practicable, and submit such information together with their names and addresses to complete required accident reports. (Ord. 9979 Art. 4 § 80, 1970.)

**19.04.890 Damaged or disabled aircraft - Removal requirements.** The operator shall be responsible for the prompt removal of damaged or disabled aircraft or parts thereof unless required or directed to delay such action pending an investigation of the accident. In the event it shall become necessary for Los Angeles County airport personnel to move or have moved such disabled aircraft, or parts thereof, such removal shall be at the operator's expense, without liability to the county, its officers, employees or agents for damage which may result. (Ord. 9979 Art. 4 § 81, 1970.)

**19.04.900 Aircraft impound area - Placement conditions.** The director may establish an impound area on each airport to lock aircraft in place, and place therein any aircraft in possession of the county for which payment is owing to the county, and not paid on demand, for repairs, labor, supplies, materials or for storage of safekeeping; also for reasonable charges for the use of any landing aid and reasonable landing fee. The moving of such aircraft shall in no way obligate the county for any damages done. A $ 10.00 charge for moving shall be added to the account. (Ord. 9979 Art. 4 § 90, 1970.)

## Part 5

## MOTOR VEHICLE REGULATIONS[3]

Sections:

19.04.910 Operation regulations applicable.
19.04.920 Flight operations area restrictions.
19.04.930 Clearance of fire gate and entrance areas.
19.04.940 Loading areas.
19.04.950 Speed limits.
19.04.960 Crossing runways - Procedures.
19.04.970 Yield right-of-way to aircraft.
19.04.980 Parking restrictions.
19.04.990 Repairs and cleaning restricted.
19.04.1000 Bicycles and certain other vehicles prohibited - Exceptions.

**19.04.910 Operation regulations applicable.** Motor vehicles shall be operated on an airport in strict accordance with the motor vehicle laws of the state of California and local jurisdictions. In addition thereto, the following regulations set forth in this Part 5 pertaining to operation of motor vehicles on airports shall apply. (Ord. 9979 Art. 5 § 91, 1970.)

**19.04.920 Flight operations area restrictions.**

A. Motor vehicles shall not be permitted on the airport flight operations area except by prior approval of the director.

B. All motor vehicles in daily use on the flight operations area shall be painted as set forth in the Federal Aviation Administration Regulations (FARs) or subsequent FARs.

C. Other motor vehicles having occasion to enter the flight operations area shall display a flag above the vehicle. This flag shall be not less than three feet square, consisting of a checkered pattern of orange and white squares of not less than one foot on a side with the orange squares appearing at the corners and in the center of the flag. (Ord. 9979 Art. 5 § 92, 1970.)

**19.04.930 Clearance of fire gate and entrance areas.** All fire gates and entrances shall be kept clear of motor vehicles at all times. (Ord. 9979 Art. 5 § 99, 1970.)

**19.04.940 Loading areas.** All motor vehicles shall load and unload only at locations designated by the director. (Ord. 9979 Art. 5 § 97, 1970.)

**19.04.950 Speed limits.** Motor vehicles shall be operated on established streets and roadways in strict compliance with speed limits posted on traffic signs, and in any event shall not be in excess of 25 miles per hour, and shall at all times be operated in a proper and safe manner. On passenger loading ramps

and in areas immediately adjacent to hangars, speed shall not exceed 10 miles per hour. (Ord. 9979 Art. 5 § 93, 1970.)

**19.04.960 Crossing runways - Procedures.** The operator of a motor vehicle authorized to enter taxiways or runways shall exercise caution so as to keep clear of aircraft and shall follow the directions of the control tower, if any. (Ord. 9979 Art. 5 § 94, 1970.)

**19.04.970 Yield right-of-way to aircraft.** Motor vehicular traffic shall yield the right-of-way to aircraft. (Ord. 9979 Art. 5 § 95, 1970.)

**19.04.980 Parking restrictions.** Motor vehicles shall not be parked on an airport other than in the manner and at locations designated by the director. (Ord. 9979 Art. 5 § 98, 1970.)

**19.04.990 Repairs and cleaning restricted.** No person shall clean or make any repairs to motor vehicles anywhere on an airport, except those minor repairs necessary to remove such motor vehicles from an airport. (Ord. 9979 Art. 5 § 100, 1970.)

**19.04.1000 Bicycles and certain other vehicles prohibited - Exceptions.** Bicycles, and other two- or three-wheel vehicles are strictly prohibited except when used in the conduct of business, such as transportation to an airport, or if approved by the director. (Ord. 9979 Art. 5 § 96, 1970.)

## Part 6

## FIRE REGULATIONS[5]

Sections:

19.04.1010 Fire equipment requirements.
19.04.1020 Smoking and open-flame operations.
19.04.1030 Flammable materials - Use restrictions.
19.04.1040 Cleanliness of premises and equipment.
19.04.1050 Flammable rags and waste.
19.04.1060 Operations involving fire hazards.

**19.04.1010 Fire equipment requirements.**

A. Adequate and readily accessible fire extinguishers shall be provided by lessees, and maintained in proper working order. Each fire extinguisher shall carry a suitable tab showing date of most recent inspection.

B. Use of any fire equipment, no matter how trivial, shall be reported to the director immediately after use. (Ord. 9979 Art. 6 § 101, 1970.)

**19.04.1020 Smoking and open-flame operations.**

A. Smoking or lighting of open flames shall be prohibited in the following locations:

1. Places with posted "no smoking" signs;
2. On ramps or aprons;
3. Within 50 feet of fuel trucks or fuel-loading stations.

B. Persons shall not be permitted to conduct any open-flame operations in any building, or part thereof, except those specifically rented for repair-shop purposes, unless specifically authorized by the director.

C. Open flames, unprotected lightbulbs, blowtorches, heaters, welding, or other causes of fire or sources of sparks shall not be permitted within a distance of 100 feet while any fuel filling or draining operations are being conducted, or at any distance where ignition of fuel vapor is possible. (Ord. 9979 Art. 6 § 102, 1970.)

**19.04.1030 Flammable materials - Use restrictions.**

A. No person shall keep, store, use or discard any flammable liquids, gases, signal flares or other similar material in hangars or in any building on any airport; however, such materials may be kept in aircraft in the proper receptacles installed in the aircraft for such purpose, or in rooms or areas specifically approved for such storage by the director.

B. No cylinder or flask of compressed flammable gas shall be kept or stored except at such place as may be designated by the director.

C. No gasoline shall be stored aboveground or brought upon the premises of an airport except by persons duly authorized by the director.

D. Extreme caution shall be observed in handling paints, thinners and other flammable substances.

E. The process of fabric preparation or painting shall not be carried on in any hangar or building other than those specifically approved for the purpose.

F. No aircraft shall be fueled or drained while in a hangar or other enclosed place. Fueling shall be done in such a manner and with such equipment that adequate connections for the grounding at a point of zero electrical potential shall be continuously maintained during such times.

G. No person shall use flammable volatile liquids in cleaning operations unless such cleaning operations are conducted in open air and 50 feet or more away from any other airplane, equipment or building.

H. Aircraft or aircraft engines shall not be cleaned or degreased unless such operations are done in maintenance areas property equipped to handle such works, or in a space designated for such purpose by the director. (Ord. 9979 Art. 6 § 103, 1970.)

**19.04.1040 Cleanliness of premises and equipment.**

A. Hangars and building space shall be kept clean inside and out.

B. Hangar floors, gasoline pits and trucks shall be kept clean and free of excess gasoline, grease and other flammable liquids, solids or gases.

C. Floors shall be kept clean and free of oil, and no volatile or flammable solvent shall be used for cleaning floors. (Ord. 9979 Art. 6 § 104, 1970.)

**19.04.1050 Flammable rags and waste.**

A. Lessees of hangars or other airport areas shall provide suitable metal receptacles for the storage of oily waste, rags and other rubbish. All such waste or rubbish shall be removed by the lessee at frequent

intervals. In garages, shops or other buildings operated or maintained by the airport, the above and other rules prescribed by the director shall be observed by employees on the airport engaged in operation or maintenance of such garages, shops or other buildings.

B. Boxes, crates, rubbish, paper or other litter shall not be permitted to accumulate in or about any hangar, and all oil, paint, varnish cans, bottles or other containers shall be removed from the hangar immediately upon being emptied.

C. Any spilled gasoline in enclosures shall be wiped up immediately. The cleaning rags shall be disposed of promptly and the space ventilated. (Ord. 9979 Art. 6 § 105, 1970.)

**19.04.1060 Operations involving fire hazards.** When any operation involving fire hazard not specifically covered by any regulation contained in this chapter constitutes an unsafe practice, in the opinion of the director, the operator shall cease such operation immediately upon notice. (Ord. 9979 Art. 6 § 106, 1970.)

## Chapter 19.08

## AIRPORT HAZARDS

Sections:

19.08.010 Definitions.
19.08.020 Board of supervisors findings.
19.08.030 High-tension electrical lines prohibited where.
19.08.040 Exceptions to chapter applicability.
19.08.050 Violation - Penalty.
19.08.060 Severability.

**19.08.010 Definitions. As used in this chapter:**

A. "Airport" means any area of land or water which is used or intended for use for the landing and taking-off of aircraft.

B. "Person" means any individual, firm, copartnership, joint adventure, association, social club, fraternal organization, corporation, estate, trust, business trust, receiver, syndicate, this and any other county, city and county, municipality, district or other political subdivision, or any other group or combination acting as a unit. (Ord. 6703 §§ 2 and 3, 1955.)

**19.08.020 Board of supervisors findings.** The board of supervisors finds that high-tension wires carrying in excess of 66,000 volts in close proximity to airports present an extreme hazard to human life because of the possibility of contact with such wires by planes due to engine failure or other difficulties. (Ord. 6703 § 1, 1955.)

**19.08.030 High-tension electrical lines prohibited where.** A person shall not construct, establish or maintain any high-tension line carrying more than 66,000 volts of electricity within 2,000 feet of the outer boundaries of any airport unless all parts of such wire or wires are not more than 65 feet above the highest portion of such outer boundaries of the airport. (Ord. 6703 § 4, 1955.)

**19.08.040 Exceptions to chapter applicability.** This chapter does not apply to any high-tension line existing on June 14, 1955, the day that the ordinance codified in this chapter was adopted, unless the voltage in such line is subsequently increased or such line is raised or its position changed so as to bring it nearer to the outer boundaries of any airport. (Ord. 6703 § 5, 1955.)

**19.08.050 Violation - Penalty.** Violation of this chapter is punishable by a fine of not more than $500.00 or by imprisonment in the County Jail for a period of not more than six months, or by both such fine and imprisonment. Each day during any portion of which any violation of any provision of this chapter is committed, continued or permitted is a separate offense. (Ord. 6703 § 7, 1955.)

**19.08.060 Severability.** If any portion of the ordinance codified in this chapter or the application thereof to any person or circumstance is held invalid, the remainder of such ordinance and the application of such provision to other persons or circumstances shall not be affected thereby. (Ord. 6703 § 6, 1955.)

1 *For statutory provisions on county airports, see Gov. Code § 26020 et seq. and § 50470 et. seq. For county Aero Museum, see Ch. 2.90 of this code. For interference with airport operation, see Ch. 13.14.*

## EXHIBIT D
## APPROVED PORTABLE STRUCTURES

1. Five (5) storage containers converted to shop space to be used in connection with the propeller shop operation which shall be stored inside the hangar.