

COUNTY OF SAN MATEO

LEASE / CONCESSION AGREEMENT

(No. 5223)

Golden Gate Helicopters, LLC dba Diamond Aviation

San Carlos Airport

San Carlos, California

TENANT: DIAMOND AVIATION

TABLE OF CONTENTS

1.	BASIC LEASE INFORMATION	1
2.	PARTIES	4
3.	TERMS, COVENANTS AND CONDITIONS	4
4.	PREMISES	4
5.	TERM	4
6.	MONTHLY RENTAL	5
	A. Base Rent	5
	B. Concession Fee	5
	C. Utility Charge	6
	D. Payment of Rent	6
	E. Interest on Late Payment.....	7
7.	EXTENSION OPTION	7
8.	RENTAL ADJUSTMENTS	9
9.	GROSS REVENUES	9
10.	ACCOUNTS AND RECORDS	10
11.	LATE CHARGES AND RETURNED CHECK CHARGE	11
12.	USE AND CONCESSION	11
13.	TENANT IMPROVEMENTS	12
14.	USE OF AIRPORT FACILITIES	12
15.	MOTOR VEHICLES/PARKING	13
16.	UTILITIES	13
17.	JANITORIAL SERVICES	13
18.	ASSESSMENTS/TAXES	13
19.	POSSESSORY INTEREST TAX	14
20.	MAINTENANCE AND REPAIRS	14
	A. All Maintenance and Repairs By Tenant.....	14
	B. Structural Repairs By Landlord	14
21.	EARLY TERMINATION	15
22.	DAMAGE OR DESTRUCTION	15
23.	SECURITY DEPOSIT	15
24.	SURRENDER OF PREMISES	16
25.	ENTRY BY LANDLORD	16
26.	RESERVATIONS	16
27.	CONSENT OF PARTIES	17
28.	ALTERATIONS AND ADDITIONS	17
29.	DEFAULT	18
	A. Default by Tenant.....	18
	B. Landlord's Remedies	18
	C. Default by Landlord.....	19

	D. Tenant's Remedies	19
	E. California Law Notice Requirements.....	19
30.	INDEMNIFICATION AND INSURANCE	20
	A. Hold Harmless	20
	B. Fire legal Insurance	20
	C. Fire and Extended Coverage Insurance	20
	D. Liability and Property Damage Insurance	21
	E. Workers' Compensation and Employer's Liability Insurance.....	21
	F. Miscellaneous Insurance Provisions	22
	G. Certificate of Insurance.....	22
	H. Increase in Coverage.....	22
31.	HAZARDOUS MATERIALS ACTIVITY	23
32.	COMPLIANCE WITH AIRPORT RULES AND REGULATIONS AND FAA STANDARD PROVISIONS.....	24
33.	NON-ABROGATION OF UNITED STATES GOVERNMENT RIGHTS	24
34.	HOLDING OVER	24
35.	ASSIGNMENT AND SUBLETTING.....	25
36.	SAN MATEO COUNTY NO SMOKING ORDINANCE.....	25
37.	OPERATION OF RADIO EQUIPMENT	25
38.	CLOSING OF AIRPORT FOR MAINTENANCE AND CONSTRUCTION	25
39.	LAWS, RULES, REGULATIONS AND PERMITS.....	26
40.	PERSONAL PROPERTY.....	26
41.	NOTICES	26
42.	LIENS.....	26
43.	PAYMENT OF PERCENTAGE SHARE OF OPERATING EXPENSES	27
44.	GENERAL PROVISIONS.	27
	A. Compliance With Law	27
	B. Authority of Parties.....	27
	C. Other Terms	28
	D. Waiver	28
	E. Joint Obligation	28
	F. Time.....	28
	G. Successors and Assigns	28
	H. Recordation	28
	I. Quiet Possession	28
	J. Prior Agreements.....	28
	K. Inability to Perform	29
	L. Negation of Partnership.....	29
	M. Sale or Transfer of Premises.....	29
	N. Name	29
	O. Cumulative Remedies	29
	P. Signs and Auctions	29
	Q. Provisions, Covenants and Conditions	29
	R. Captions, Table of Contents	30
	S. Payments in U.S. Money	30

T. Singular and Plural.....	30
U. Choice of Law.....	30
V. Brokers	30
W. Severability	30
X. Venue	30

EXHIBIT A - SITE PLAN OF PREMISES

EXHIBIT B - STANDARD PROVISIONS

EXHIBIT C - SPECIAL REQUIREMENTS/CONDITIONS

EXHIBIT D - MINIMUM JANITORIAL STANDARDS

LEASE / CONCESSION AGREEMENT
(No. 5223)
San Carlos Airport
San Carlos, California
Golden Gate Helicopters, LLC dba Diamond Aviation

This is intended to be a legally binding contract

Read it carefully and consult an attorney.

1. BASIC LEASE INFORMATION

The following is a summary of basic lease information (the "Basic Lease Information"). Each item below shall be deemed to incorporate all of the terms in this Lease pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this Lease, the more specific provision shall control.

Lease Reference Date:	June 1, 2007
Landlord:	County of San Mateo
Tenant (and Concessionaire):	Golden Gate Helicopters, LLC dba Diamond Aviation (and permitted successors and assigns)
Building (Section 4):	San Carlos Airport Administration Building, 620 Airport Drive, San Carlos, California 94070
Premises (Section 4):	Portions of the building commonly known as Suite 1 as shown on the attached Exhibit A (Site Plan of Premises).
Rentable Area of Premises (Section 4):	Approximately 1,600 square feet of gross building area. Non-exclusive use of the building's common areas and parking facilities, subject to the provisions of Exhibit C, Special Requirements/Conditions.

Term (Section 5):	Estimated commencement date: June 26, 2007
	Expiration date: June 30, 2012
	There is one option to renew for an additional five (5) years under the same terms and conditions.
Base Rent (Section 6):	Annual Base Rent: \$43,200 (approx. \$2.25 per sq. ft.)
	Monthly payments: \$3,600 (approx. \$2.25 per sq. ft.)
Rent Adjustment Dates (Section 8):	Each 1st day of July, beginning on July 1, 2008 and each successive year thereafter.
Concession Fee (Section 6)	\$1,000 minimum per month, or 1% of Gross Revenues. \$100 per aircraft sold.
Use and Concession (Section 12):	For the operation of a Fixed Base Operation (FBO) to provide aviation related activities including aircraft flight training and rentals, sales of aviation supplies, aircraft maintenance, air taxi and charter, aircraft sales and related activities.
Tenant Improvements (Section 13):	None
Utilities and Services (Section 16):	Prorated portion paid by tenant.
	Initial Monthly Fee: \$844.34
Security Deposit (Section 23):	None
Notice Address of County (Section 41):	County Manager Attn: Real Property Services 400 County Center Redwood City, California 94063 Fax No.: (650) 363-4832

with a copy to: County of San Mateo
Department of Public Works
Airports Division
Attn: Mark Larson
620 Airport Drive
San Carlos, California 94070
Fax No. 650-593-3762

and to: Office of County Counsel
400 County Center, 6th Floor
Redwood City, California 94063
Fax No.: (650) 363-4034

Key Contact for County: Mark Larson

Telephone/Fax Nos.: Phone: 650-573-3700
Fax: 650-593-3762

Alternate Contact for County: Christopher St. Peter

Telephone/Fax Nos.: Phone: 650-573-3700
Fax: 650-593-3762

Address for Tenant (Section 41): Diamond Aviation
620 Airport Drive #1
San Carlos, CA 94070
Fax No.: 650-593-3325

Key Contact for Tenant: Uche Emetarom

Telephone/Fax Nos.: Phone: 650-591-7611
Fax: 650-593-3325

Alternate Contact for Tenant:

Telephone No.:
Phone: 415-317-3144

Brokers (Section 44 (V)): N/A

Other Noteworthy Provisions:

2. PARTIES

This Lease and Concession Agreement ("Lease"), dated, for reference purposes only, this 1st day of June, 2007 is made by and between the COUNTY OF SAN MATEO, a political subdivision of the State of California ("Landlord" or "County") whose address is:

County of San Mateo
Real Property Division, County Manager's Office
455 County Center, 5th Floor
Redwood City, CA 94063

and GOLDEN GATE HELICTOPERS, LLC dba DIAMOND AVIATION, a California Limited Liability Company ("Tenant") whose address is:

620 Airport Drive #1
San Carlos, CA 94070

Both Parties agree as follows:

3. TERMS, COVENANTS AND CONDITIONS

This Lease is subject to the terms, covenants and conditions herein set forth. Each party covenants, as a material part of the consideration for this Lease, to keep and perform each and all of said terms, covenants and conditions that are to be performed, and that this Lease is made upon the condition of said performance.

4. PREMISES

Landlord does hereby lease to Tenant and Tenant hereby leases from Landlord that certain real property described as San Carlos Airport Administration Building, Suite #1, San Carlos, California, consisting of approximately 1,600 square feet of office space as shown on the attached Exhibit A ("Premises"), which Premises is a portion of the San Carlos Airport Terminal Building ("Building") at the San Carlos Airport ("Property").

5. TERM

The term of this Lease shall commence on the date of delivery of a fully executed Lease and shall expire on the 30th day of June, 2012. There is one option to renew for an additional five years under the same terms and conditions as set forth in Section 7 (Extension Option).

6. MONTHLY RENTAL

A. Base Rent

Tenant agrees to pay to Landlord as rental, without prior notice or demand, for the Premises the sum of \$3,600 ("Base Rent") on or before the first day of the first full calendar month of the term hereof, and a concession fee as hereinafter set forth ("Concession Fee"), and a like sum on or before the first day of each and every successive calendar month thereafter. The Base Rent shall be subject to adjustment as set forth in Section 8 (Rental Adjustments) hereof. The Base Rent, Concession Fee, Utility Charge and other amounts due hereunder are sometimes collectively referred to herein as "Rent."

B. Concession Fee

Tenant shall pay to Landlord for the rights and privileges received from the concessions permitted under this agreement the following fees:

<u>Concession Activity</u>	<u>Minimum Monthly Fee</u>
Aircraft Flight Training School and Aircraft Rental	
Product Sales	
Aircraft Maintenance Services	
Air Taxi/Charter Service	
Total:	\$1,000 per month
Aircraft Sales	\$100 per aircraft sold

Minimum monthly concession fee shall be \$1,000, unless 1% of monthly Gross Revenues for the combined above concession activities exceeds the minimum monthly concession fee. If 1% of monthly Gross Revenues exceeds minimum monthly fees, 1% of Gross Revenues will be the concession fee owed for that month. Concession fee shall be paid monthly on or before the first day of the second calendar month following the month for which the payment is due. (Example: Concession fee based on Gross Revenues for June 2007 shall be due and payable on the first day of August 2007, together with the Base Rent for August 2007.)

Tenant shall, in addition to and concurrent with the concession fee payments set forth in this Section, furnish to County (1) a written report of its concession activities during the month for which the payment is due on a form provided by County or approved by the Airport Manager (If for any reason, concession fee income information is not available by the first day of the second month, Tenant may estimate and provide the income information and make payment based upon historical percentages, so indicating on the reporting form. Tenant shall provide the corrected actual income information and any payment adjustments together with the following month's rent payment.), and (2) a Monthly Report of Aircraft on a form provided by County, reporting each aircraft based on the Airport and owned, operated or under auspices of Tenant, including leaseback aircraft.

Tenant shall also pay Landlord for tiedowns at standard rates charged by County for similar tiedowns, for any County office or storage space used, for automobile parking space, and for any and all other facilities or privileges used for which County makes a charge at standard rates.

C. Utility Charge

In addition to and concurrently with the monthly rent payments set forth in this section, Tenant shall pay an additional \$844.34 per month which shall include Tenant's portion of gas, electricity, garbage removal service, janitorial services and for the cost of paper products for the restrooms in the building as set forth in section 16 (Utilities) and section 17 (Janitorial Services). Said monthly fee shall be based on an annual average and may be adjusted accordingly periodically to reflect actual usage and costs.

Monthly utility fees may be reviewed and adjusted periodically by the Landlord to accurately reflect the Landlord's associated costs. If Landlord's costs exceed the estimated utility costs paid by Tenant, Tenant shall, within thirty (30) days after the receipt of Landlord's expense statement, pay to Landlord (whether or not this Lease has terminated) the difference between the total amount of estimated utility fees paid by Tenant and Landlord's total actual costs. If the total amount paid by Tenant for any such utility cost exceeds Landlord's actual cost, such excess shall be credited against the next installments of utility cost due from Tenant to Landlord hereunder, or refunded to Tenant, at Landlord's option.

D. Payment of Rent

Rent for any period during the term hereof which is for less than one (1) month shall be a prorated portion of the monthly installment herein on a per diem basis, based upon a thirty (30) day month. Said rental shall be paid to Landlord at:

County of San Mateo
Department of Public Works
Airports Division
620 Airport Drive
San Carlos, CA 94070

or to such other person or at such other place as Landlord may from time to time designate in writing.

Landlord shall not be required to invoice Tenant for payment of rent or other fees due hereunder. Tenant shall be responsible for payment of all fees due without prior notice or demand. Any amount due which is not paid shall be subject to late fees as set forth in Section 6E (Interest on Late Payment) and Section 11 (Late Charges and Returned Check Charge).

E. Interest on Late Payment

Any Rent, if not paid within five (5) days following the due date, shall bear interest from the due date until paid at the rate of ten percent (10%) per year or, if a higher rate is legally permissible, at the highest rate an individual is permitted to charge under law (the "Interest Rate"). However, interest shall not be payable on late charges incurred by Tenant as set forth in Section 11 (Late Charges And Returned Check Charge) hereof, nor on any amounts on which late charges are paid by Tenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Tenant.

7. EXTENSION OPTION

Tenant shall have the right to extend the Initial Term of this Lease (the "Extension Option") for one additional term of five years (the "Extended Term"). Such Extension Option shall be on all of the terms and conditions contained in this Lease except that, at Landlord's election, the Base Rent may be adjusted to an amount equal to the Prevailing Market Rate as set forth below. Tenant may exercise the Extension Option, if at all, by giving written notice to Landlord no earlier than two hundred ten (210) and no later than one hundred eighty (180) days prior to expiration of the term to be extended; provided, however, if Tenant is in material default hereunder on the date of giving such notice and fails to cure such default as provided herein, Landlord may reject such exercise by delivering written notice thereof to Tenant promptly after such failure to cure.

At the commencement of the Extended Term, the Base Rent shall be adjusted as set forth in Section 8 (Rental Adjustments) hereof or, at the election of Landlord delivered to Tenant in writing within thirty days of receipt of Tenant's notice, shall be adjusted to the Prevailing Market Rate for space of comparable size and location to the Premises then

being offered for rent in other buildings similar in age, location and quality to the Premises; provided, however, in no event shall the Base Rent be reduced below the Base Rent for the lease year prior to commencement of such Extended Term. As used herein, the term "Prevailing Market Rate" shall mean the base rental for such comparable space, taking into account (i) any additional rental and all other payments and escalations payable hereunder, (ii) location and size of the premises covered by leases of such comparable space, (iii) the duration of the renewal term and the term of such comparable leases, (iv) free rent given under such comparable leases and any other tenant concessions, and (v) tenant improvement allowances and other allowances given under such comparable leases.

If Tenant disputes Landlord's determination of the Prevailing Market Rate, Tenant shall so notify Landlord within fourteen (14) days following Landlord's notice to Tenant of the Prevailing Market Rate and such dispute shall be resolved as follows:

A. Within thirty (30) days following Landlord's notice to Tenant of the Prevailing Market Rate, Landlord and Tenant shall attempt in good faith to meet no less than two (2) times, at a mutually agreeable time and place, to attempt to resolve any such disagreement.

B. If within this thirty (30) day period Landlord and Tenant cannot reach agreement as to the Prevailing Market Rate, they shall each select one appraiser to determine the Prevailing Market Rate. Each such appraiser shall arrive at a determination of the Prevailing Market Rate and submit their conclusions to Landlord and Tenant within thirty (30) days of the expiration of the thirty (30) day consultation period described in (A) above.

C. If only one appraisal is submitted within the requisite time period, it shall be deemed to be the Prevailing Market Rate. If both appraisals are submitted within such time period, and if the two appraisals so submitted differ by less than ten percent (10%) of the higher of the two, then the average of the two shall be the Prevailing Market Rate. If the two appraisals differ by more than ten percent (10%) of the higher of the two, then the two appraisers shall immediately select a third appraiser who will, within thirty (30) days of his or her selection, make a determination of the Prevailing Market Rate and submit such determination to Landlord and Tenant. This third appraisal will then be averaged with the closer of the two previous appraisals and the result shall be the Prevailing Market Rate.

D. All appraisers specified herein shall be members of the American Institute of Real Estate Appraisers (MAI) with not less than five (5) years' experience appraising leases of commercial properties similar to the Premises in the area. Landlord and Tenant shall pay the cost of the appraiser selected by such party and one-half of the cost of the third appraiser plus one-half of any other costs incurred in the arbitration.

8. RENTAL ADJUSTMENTS

Beginning on July 1, 2008, and on the 1st day of July of each year of the term of this lease, including any extended term or holdover period as set forth herein, the Base Rent as set forth in Section 6 (Base Rent) for the following twelve month period shall be adjusted to equal three percent (3%) of the Base Rent for the lease year preceding such Adjustment Date, as follows:

Initial Term	Monthly Base Rent
June 26, 2007 – June 30, 2008	\$3,600.00
July 1, 2008 – June 30, 2009	\$3,708.00
July 1, 2009 – June 30, 2010	\$3,819.24
July 1, 2010 – June 30, 2011	\$3,933.82
July 1, 2011 – June 30, 2012	\$4,051.83

9. GROSS REVENUES

Gross revenues are defined to mean all gross charges, sales, rentals, fees and commissions made or earned, and all gross sums received, bartered, exchanged or earned by Tenant, its assignees, sublessees, licensees, and permittees, whether collected or accrued, for any business, use, or operation, or any combination thereof, originating, transacted or performed, in whole or in part, on the Premises pursuant to this Agreement, including but not limited to flight training and charter activities, rentals, performance of maintenance and repairs, the rendition or supplying of services, and the sale of goods, wares, parts, accessories, engines and merchandise to anyone including employees subject to certain exceptions specifically set forth below ("Gross Revenues").

Gross Revenues shall include, but not be limited to, the total charge to the trainee for aircraft, instructors, overhead and profit, surcharges, and shall include sums received as "flight club dues" or similar charges. In the case of aircraft rental or air taxi/charter, Gross Revenues shall include management fees related to scheduling maintenance, accounts receivable and accounts payable, scheduling cleaning, purchasing of equipment and all other related services.

Gross Revenues include those: (i) originating at the Premises, (ii) made by Tenant or Tenant's sales people or independent commissioned representatives utilizing the Premises as a point of contact, or by Tenant at the home or place of business of an employee or a customer, shall be considered as made and completed therein, even though bookkeeping and payment of the account may be transferred to another place for collection and even though actual filling of the sale or service order and actual delivery of the merchandise may be made from a place other than the Premises. For the purpose of Charter or Scenic flight trips, Gross Revenues shall include and be

limited to trips originating from or coming to the San Carlos Airport, including subsequent legs of the same trip.

Gross Revenues shall not include:

- A. Gratuities paid to service personnel in the form of tips;
- B. Sales tax, income taxes of all kinds and excise taxes applicable thereto, required to be collected by Tenant, its assignees, sub-lessees, licensees or permittees, in connection with the rendition or supplying of services or the sales of goods, wares or merchandise;
- C. Any and all commissions paid for financing or discounts to be paid by Tenant to secure financing for any of the business conducted or sales of any kind or nature by Tenant;
- D. Proceeds from the sale of capital equipment.

10. ACCOUNTS AND RECORDS

In order to make concession fee payments, Tenant shall maintain locally a system of accounts, reports, statements and records satisfactory to Landlord covering the transactions and operations under this agreement, which shall be preserved during the life of this Agreement and for three (3) years thereafter. In addition, Landlord shall have the right to inspect and audit the books and records of Tenant from which the statement of Gross Revenues is prepared at any reasonable time upon request. Expenses of such audit shall be borne by Landlord unless such examination shall disclose an additional amount owing to the Airport of greater than One Thousand (\$1,000.00) for any one year, in which event all costs of audit shall be paid by Tenant.

The Landlord shall have the right to accept and apply on account any amount tendered by Tenant, as in full of all or any portion of additional rental without prejudicing Landlord's right to recover the full correct amount after reduction by the amount so accepted and applied on account. Tenant hereby waives the right to insist upon any condition of any such tender that it be accepted in full, if at all.

If Landlord's audit or examination shall reveal that Tenant has not paid the proper amount of additional fees, any increase of additional fees resulting from such audit shall be paid by Tenant within fifteen (15) days after Tenant has received a copy of such audit or examination, together with interest on such amount at the Interest Rate set forth in Section 6 [Base Rent] hereof from the date on which such amount was due and payable.

If Tenant fails to prepare and deliver within the time specified any reports, statements or payments required by this Section and Sections 6 and 8 of this Lease, Landlord may elect to treat Tenant's said failure as a substantial breach of this Lease entitling

Landlord to terminate this Lease, but only after Landlord has given Tenant ten (10) days written notice to submit said statement or payment.

11. LATE CHARGES AND RETURNED CHECK CHARGE

Tenant hereby acknowledges that late payment by Tenant to Landlord of rent or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices and accounting charges. Accordingly, if any installment of rent or of a sum due from Tenant is not received by Landlord within ten (10) days after said amount is due, that payment shall be delinquent and Tenant shall pay to Landlord, in addition to interest as set forth in Section 6 hereof, a late charge equal to six percent (6%) of the total balance due at that time or Fifty Dollars (\$50.00), whichever is greater. A late charge shall be applied for each month rent is delinquent. The parties hereby agree that such late charges represent a fair and reasonable estimate of the cost that Landlord will incur by reason of the late payment by Tenant. Acceptance of late charges by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

Tenant agrees to pay Landlord a special handling charge of Fifty Dollars (\$50.00) for any check dishonored by the bank for any reason. This charge shall be added to and become part of Tenant's obligations hereunder, and shall be in addition to any charge for late payment provided for herein. Tenant agrees to pay Landlord immediately upon request any and all charges for dishonored checks.

In the event any two payments are delinquent in a twelve-month period, Landlord may require Tenant to make future payments quarterly in advance for a 24-month probationary period. In calculating advance payments for Concession fee, payment shall be made in the minimum monthly payment amount multiplied by three. Additionally, tenant shall provide a report of concession activities and any additional fees as required by this agreement.

If Tenant fails to make any payments on time during the probationary period, such failure shall constitute a default as defined in Section 29 (Default) of this agreement.

12. USE AND CONCESSION

Tenant shall use the Premises exclusively for the purpose of aviation related activities including aircraft flight training and rentals, sales of aviation supplies, aircraft maintenance, air taxi and charter, aircraft sales and related activities. Tenant shall not use or permit the Premises to be used for any other purpose without the prior consent of Landlord.

The concession shall be limited to: (1) Aircraft Flight Training and Aircraft Rental, which authorizes Tenant to conduct on a non-exclusive basis fixed-wing aircraft flying and ground training instruction under which is designed to prepare students to qualify for FAA pilot's ratings, pilot's refresher training and aircraft solo training, and to conduct counter sales of pilots' supplies and to provide on a non-exclusive basis aircraft for rental to the public, including aircraft rented for flying training or aircraft flight instruction. The operation of a flying club as a part of or adjunct to a flight school shall be considered as a contract aircraft rental activity and shall be subject to payments as prescribed in Section 6 as Concession Fees under this agreement. (2) Product Sales, which authorizes Tenant to provide on a non-exclusive basis, the sale of products and supplies related to aircraft and aviation activities. (3) Aircraft Maintenance Services, which authorizes Tenant to engage in commercial operations to repair, recondition, manufacture and/or replace component parts of engines and aircraft, to conduct aircraft inspections, to perform aircraft painting, doping, and spraying operations, and to sell aircraft parts excluding avionic and radio components. (4) Air Taxi/Charter Service, which authorizes Tenant to provide on a non-exclusive basis air taxi/charter service under FAR Part 135. (5) Aircraft Sales, which authorizes Tenant to conduct on a non-exclusive basis the sale of new and used aircraft at the San Carlos Airport.

Tenant shall not do or permit anything to be done in or about the Premises nor bring or keep anything therein which will in any way increase the existing rate of or affect any fire or other insurance upon the Premises or any of its contents, or cause cancellation of any insurance policy covering the Premises or any part thereof or any of its contents. Tenant shall not use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

13. TENANT IMPROVEMENTS

Not Used

14. USE OF AIRPORT FACILITIES

Landlord shall allow Tenant full use of all facilities on the Airport, which are normally open to and usable by the public, subject to Airport rules and regulations. The right to use Airport facilities shall be non-exclusive and shall allow Tenant to use the runway, taxiways, loading and transient aprons, fueling facilities, parking areas and any other facilities as required, if they are normally furnished to the public. If Landlord normally receives payment for use of the facilities, Tenant shall pay Landlord in accordance with fees charged users of the facilities.

15. MOTOR VEHICLES/PARKING

Tenant shall ensure that its vehicles and those of its agents and customers are parked in areas and locations as approved by the Landlord. Tenant shall have the non-exclusive use of the general parking areas of the Property for the reasonable use of its employees, invitees, and other guests. All such parking shall be subject to the limitation, rules and regulations established from time to time by Landlord. No vehicle offered for sale by Tenant shall be parked or stored in the general parking areas of the Property.

Camper trucks, trailers and/or other temporary living facilities may not be parked overnight in any area of the Property without written authorization from the Landlord. No overnight camping is permitted.

16. UTILITIES

Landlord shall furnish to the Premises reasonable quantities of gas, water, sewer, electricity and heating as required for Tenant's use of the Premises. Such utilities and services shall be furnished to the Premises at all times during the term. Landlord shall not be required to construct new or additional utility installations, including, without limitation, wiring, plumbing, conduits and mains, resulting from Tenant's changed or increased utility requirements.

17. JANITORIAL SERVICES

Landlord shall provide janitorial services sufficient to maintain the Premises and the common areas of the building in a clean and well-maintained condition as set forth in Exhibit D (Minimum Standards for Janitorial Services).

18. ASSESSMENTS/TAXES

Tenant shall pay all federal, state and local taxes that are levied or required with respect to its employees, such as, but not limited to, social security and workers' compensation. As between Tenant and Landlord, Tenant shall be responsible for the payment of all sales or excise taxes on its operation. Tenant shall also be liable for any special assessments levied against the property. Tenant reserves the right to challenge any tax and special assessments.

Tenant shall pay, or cause to be paid, before delinquency, any and all taxes and assessments levied against Tenant's personal property in the Premises.

19. POSSESSORY INTEREST TAX

Tenant recognizes and understands in executing this Lease that its interest in the Premises created herein may be subject to a "possessory interest tax" that the County Assessor may impose on such interest, and any such tax would be the liability of and be paid solely by Tenant in addition to Rent and other charges due hereunder. Tenant agrees to pay promptly when due, any possessory interest tax imposed on its interest in the Premises.

20. MAINTENANCE AND REPAIRS

A. All Maintenance and Repairs By Tenant

Throughout the term of this Lease, Tenant shall, at Tenant's sole expense, maintain the Premises and any improvements (including windows, doors, interior walls and wall coverings, interior lighting, flooring, drop ceiling support and tiles), building systems (including plumbing and electrical systems within the Premises, except as specifically set forth as Landlord's responsibility in Section 20), equipment and other personal property thereon, in good sanitary order, condition and repair, ordinary wear and tear excepted, and in accordance with all applicable laws, rules, ordinances, orders and regulations of (1) federal, state, county, municipal or other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials; (2) the insurance underwriting board or insurance inspection bureau having or claiming jurisdiction; and (3) all insurance companies insuring all or any part of the Premises, or improvements, equipment, and other personal property at the Premises. All repairs and maintenance shall be the sole duty of the Tenant and at the Tenant's sole expense.

Neither offensive or refuse matter, nor any substance constituting an unnecessary, unreasonable or unlawful fire hazard shall ever be permitted to accumulate or remain at the Premises. The Premises shall be kept at all times in an orderly manner to the complete satisfaction of Landlord. Tenant shall be responsible for the costs and coordination of all necessary pest and vermin control services within the Premises.

Tenant shall, upon the expiration or termination of this Lease, surrender the Premises to Landlord in good condition, ordinary wear and tear and damage from causes beyond the reasonable control of Tenant excepted.

B. Structural Repairs By Landlord

Notwithstanding the provisions of Sub-Section A herein above, Landlord shall repair and maintain the common areas, walkways and exterior siding and trim of the building. Landlord shall also repair and maintain the structural portions of the

Premises, specifically the roof, basic plumbing including fixtures, traps, drains and water heaters, electrical systems, the boiler unit above the restrooms, and slab concrete installed or furnished by Landlord, unless such maintenance and repairs are caused in part or in whole by the act, neglect, fault or omission of any duty by Tenant, its agents, servants, employees or invites, in which case Tenant shall pay to Landlord the reasonable cost of such maintenance and repairs. Landlord shall not be liable for any failure to make any such repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after notice of the need of such repairs or maintenance is given to Landlord by Tenant.

21. EARLY TERMINATION

Not used.

22. DAMAGE OR DESTRUCTION

If, during the term of this Lease, any improvements that are a part of the Premises are damaged from any cause, rendering the Premises totally or partially inaccessible or unusable, Landlord at its election, may either terminate this Lease or restore such improvements within a reasonable time and, if so restored, this Lease shall continue in full force and effect. If then existing laws do not permit restoration, either party may terminate this Lease immediately by giving notice to the other party.

In case of damage there shall be an abatement or reduction of rent, except any concession fee (if any), between the date of the damage and the date of completion of restoration, based on the extent to which the damage interferes with Tenant's use of the Premises. If any damage to said improvements is due to the fault or neglect of Tenant, its agents, contractors, employees or invites, there shall not be an abatement or reduction of rent. Additionally, tenant shall be responsible for the cost of any required restoration or repairs.

Landlord shall not be required to restore or replace any panels, decoration, office fixtures, railings, floor covering, partitions, or any other property installed in the Premises by Tenant. Tenant shall not be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises, Tenant's personal property, loss of revenue, or any inconvenience or annoyance occasioned by such damage or restoration.

23. SECURITY DEPOSIT

Not used.

24. SURRENDER OF PREMISES

At the expiration or earlier termination of this Lease, Tenant shall surrender to Landlord possession of the Premises. Tenant shall leave the surrendered Premises in good condition, except as may be specifically provided to the contrary in other provisions of this Lease. All property that Tenant is required to surrender shall become Landlord's property at the expiration or termination of this Lease. All property, including Tenant's personal property, that Tenant is not required to surrender but that Tenant abandons, shall, at Landlord's election, become Landlord's property at the expiration or termination of this Lease.

25. ENTRY BY LANDLORD

Landlord reserves and shall at any and all reasonable times, with the accompaniment by authorized County personnel, have the right to enter the Premises, upon reasonable notice to Tenant, inspect the same, supply any services to be provided by Landlord to Tenant hereunder, to show the Premises to prospective purchasers or tenants, to post notices of non-responsibility, and to alter, improve, repair or restore the Premises as Landlord may deem necessary or desirable, without abatement of rent. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises, excluding Tenant's vaults, cabinets, safes and files, and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency, in order to obtain entry to the Premises without liability to Tenant except for any failure to exercise due care for Tenant's property. Any entry to the Premises obtained by Landlord by any of said means, or otherwise shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into the Premises, or an eviction of Tenant from the Premises or any portion thereof.

26. RESERVATIONS

This Lease shall at all times be subject to such easements or rights-of-way for such sewers, pipe lines, conduits, and for such telephone, telegraph, light, heat or power lines, as shall have been duly established or as may from time to time be reasonably determined by Landlord.

This Lease is subsequent to and subject to all prior exceptions, reservations, grants, easements, leases or licenses of any kind whatsoever as the same appear on record in the office of the County Recorder, County of San Mateo, State of California, or in the official records of said County and of the various departments thereof. Tenant covenants not to disturb the quiet and peaceful enjoyment of any and all parties having any legal right, title, interest or privilege in and to the Premises and that the use of the

Premises by Tenant shall at all times be conducted with proper regard for such rights, titles, interests and privileges.

It is specifically understood and agreed that any and all of the terms and conditions of this Lease are subordinate to all rights of the United States Government to use the Airport in times of war or national emergency.

27. CONSENT OF PARTIES

Whenever the consent, approval or permission of either party is required, that party shall not unreasonably delay or withhold such consent, approval or permission.

28. ALTERATIONS AND ADDITIONS

Tenant shall not make any structural or exterior alterations to the Premises without Landlord's prior written consent. Tenant, at its cost, shall have the right to make, with Landlord's consent, alterations to the interior of the Premises that Tenant requires in order to conduct its business on the Premises. Tenant shall not be required to obtain permission from Landlord to make minor, non-structural alterations to Premises including interior painting, installation of display cases and cabinets, and installation of office equipment. In making any alterations, Tenant shall comply with the following:

A. Tenant shall submit reasonably detailed final plans and specifications and working drawings of the proposed alterations and the name of its contractor at least thirty (30) days before the date it intends to commence the alterations.

B. The alterations shall not be commenced until ten (10) days after Landlord has received notice from Tenant stating the date the installation of the alterations is to commence so that Landlord can post and record an appropriate notice of non-responsibility.

C. The alterations shall be approved by Landlord and all appropriate government agencies, and all applicable permits and authorizations shall be obtained before commencement of the alterations.

D. All alterations shall be completed with due diligence in compliance with the plans and specifications and working drawings and all applicable laws.

E. Any alterations made shall remain on and be surrendered with the Premises on expiration or termination of this Lease, except that Landlord can elect within thirty (30) days before the expiration of the term, or within ten (10) days after termination of the term, to require Tenant to remove any alterations that Tenant has made to the Premises. If Landlord so elects, Tenant at its cost shall restore the Premises to the condition designated by Landlord in its election, before the last day of the term, or within thirty (30) days after notice of election is given, whichever is later.

29. DEFAULT

A. Default by Tenant

The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

- (i) The vacating or abandonment of the Premises by Tenant. (Failure to use or occupy the Premises for fifteen (15) consecutive days shall be deemed a vacation or abandonment.)
- (ii) The failure by Tenant to make any payment of rental, or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of ten (10) days after notice thereof by Landlord to Tenant.
- (iii) The failure by Tenant to observe or perform any of the terms, covenants or conditions of this Lease to be observed or performed by Tenant, other than described in Sub-sections (A (i)) and (A (ii)) hereinabove, where such failure shall continue for a period of thirty (30) days after notice thereof by Landlord to Tenant; provided, however, that if the nature of Tenant's default and breach is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default and breach if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion within ninety (90) days.
- (iv) The making by Tenant of any general assignment or general arrangement for the benefit of creditors; or the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt, or a petition or reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's personal property at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of a Tenant's personal property at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days.

B. Landlord's Remedies

In the event of any such default and breach by Tenant described hereinabove, Landlord may at any time thereafter:

- (i) Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In the

event Tenant shall have abandoned the Premises, Landlord shall have the option to either (1) take possession of the Premises and recover from Tenant the amount specified in this Section, or (2) proceed under the provisions of the following Sub-section (ii).

- (ii) Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.
- (iii) Pursue any other remedy now or hereafter available to Landlord under applicable laws and judicial decisions.

C. Default by Landlord

Landlord shall be in material default and breach of this Lease if it fails or refuses to perform any of the terms, covenants or conditions of this Lease that it is obligated to perform if the failure to perform is not cured within thirty (30) days after written notice of the default and breach has been given by Tenant to Landlord; provided, however, that if the default and breach of Landlord is such that more than thirty (30) days are reasonably required for its cure, then, Landlord shall not be deemed in default and breach if Landlord commences to cure the default within thirty (30) days after the written notice and thereafter diligently prosecuted such cure to completion within ninety (90) days.

D. Tenant's Remedies

In the event of any such material default and breach by Landlord described hereinabove, Tenant may at any time thereafter: (a) Terminate this Lease with a written notice to Landlord and vacate the Premises on the date of termination; and/or (b) Pursue any other remedy now or hereafter available to Tenant under the applicable laws and judicial decisions.

E. California Law Notice Requirements

The notice requirements set forth in this Section modifies and supersedes the notice requirements of the unlawful detainer statutes of California.

F. Airport Regulations

Landlord shall apply the provisions of Section 29 prior to enforcing any remedies as provided by the Airport Regulations.

30. INDEMNIFICATION AND INSURANCE

A. Hold Harmless

Tenant shall at all times relieve, indemnify, protect and hold harmless, Landlord, its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description, brought for, or on account of injuries to or death of any person, including Tenant, or damage to property of any kind whatsoever and to whomever belonging, that may in whole or in part arise from, or be caused by:

- (i) The operation, maintenance, use, or occupation of the Premises and defects on the property in which the Landlord has no control;
- (ii) The acts or omissions of Tenant, its officers, agents, employees, servants, invitees or permittees; or
- (iii) The failure of Tenant, its officers, agents, employees, servants, invitees or permittees, to observe or abide by any of the terms, covenants and conditions of this Lease or any applicable federal, state, county or municipal law, rule, or regulation.
- (iv) Any other loss or cost, including but not limited to, the concurrent active or passive negligence of County, its officers, agents, employees, or servants resulting from the performance of any work required of Tenant or payments made pursuant to this Agreement, provided that this shall not apply to injuries or damage for which the County has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Tenant to relieve, indemnify, protect and hold harmless, as set forth hereinabove, shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

B. Fire legal Insurance

Tenant at its sole cost shall maintain fire legal insurance on the Premises with a limit of at least One Hundred Thousand Dollars (\$100,000); with water damage and debris clean up provisions to be included. The insurance policy shall provide that any proceeds shall be made payable to Landlord.

C. Fire and Extended Coverage Insurance

Tenant at its cost shall maintain on the improvements that are a part of the Premises a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of at least the replacement value of the improvements, which are a part of the Premises. The insurance policy shall be issued in the names of Landlord and Tenant as their interests appear. The insurance policy shall provide that any proceeds shall be payable to Landlord.

Tenant shall secure, and shall maintain at all times during the term of this Lease, insurance against damage or destruction by fire, windstorm, riot or civil commotion

on Tenant's improvements at the Premises, if any, in the full amount of their replacement value, with such provision in the policies issued to cover the same, or in riders attached thereto, as shall provide for payment for losses thereunder sustained by Tenant; the proceeds of said policies to be held in trust by any reputable bank or trust company. Landlord shall release all proceeds from insurance policy.

D. Liability and Property Damage Insurance

Tenant at its cost shall maintain Comprehensive Liability insurance for the following coverages with the following limits insuring against all liability of Tenant and its authorized representatives arising out of and in connection with Tenant's use or occupancy of the Premises:

- (i) Airport Premises Liability with a minimum limit of \$1,000,000 Combined Single Limit (CSL) each occurrence; and
- (ii) For Tenants who operate aircraft, Aircraft Liability with a minimum limit of \$1,000,000 CSL each occurrence with a minimum sub-limit \$100,000 each person. The policy shall include coverage for Owned, Non-Owned or Leased aircraft;
- (iii) For Tenants who operate vehicles on the airport, Commercial Automobile Liability for all Owned, Non-Owned and Hired automobiles with a minimum limit of \$1,000,000 each accident;
- (iv) For Tenants who take control of customers aircraft, Hangarkeepers' Liability with a minimum limit of \$100,000 each aircraft and \$300,000 each occurrence;
- (v) For Tenants who provide repair or maintenance services, fuel service, or sales, Products and Completed Operations Liability with a minimum limit of \$1,000,000 CSL each occurrence;
- (vi) All Comprehensive Liability insurance shall insure performance by Tenant of the Hold Harmless Sub-section of this Lease;
- (vii) Landlord shall be named as "additionally insured";
- (viii) All required insurance shall contain a Separation of Insureds or Severability of Interests provision; and
- (ix) The policy shall not be cancelled or non-renewed unless the Landlord has received 30 days prior written notice. (Ten days prior notice in the event of cancellation for nonpayment of premium is acceptable). Written notice shall be sent to: County of San Mateo, Attn: Airport Manager, 620 Airport Drive, San Carlos, CA 94070.

E. Workers' Compensation and Employer's Liability Insurance

During the entire term of this Lease, Tenant shall have in effect Workers' Compensation coverage providing full statutory benefits and employer's liability in the minimum amount of \$1,000,000. In executing this Lease, Tenant makes the following certification:

I am aware of the provisions of Section 3700 of the California Labor Code, which require every employer (1) to be insured against liability for Workers' Compensation or (2) to undertake self-insurance in accordance with the provisions of the Code. I will comply with such provisions.

F. Miscellaneous Insurance Provisions

Tenant shall pay the premiums for maintaining the insurance required hereinabove. All the insurance required under this Lease shall:

- (i) Be issued by insurance companies authorized to do business in the State of California, with a financial rating of at least an AV status as rated in the most recent edition of Best's Insurance Reports. Coverage provided by State Fund Insurance shall satisfy this requirement.
- (ii) Be issued as a primary policy.
- (iii) Contain an endorsement requiring thirty (30) days' notice from the insurance company to both parties before cancellation or change in the coverage, scope, or amount of any policy.
- (iv) Landlord shall be named as "additionally insured" on each policy.

G. Certificate of Insurance

A certificate of insurance, together with evidence of payment of premium, shall be deposited with Landlord at the commencement of this Lease, and on renewal of the policy not less than twenty (20) days before expiration of each policy.

In the event Tenant fails to deliver the certificate of insurance verifying insurance coverage as required in this Section, Landlord shall have the option, after a ten (10) day notice to Tenant requesting a certificate, either (a) to terminate this Lease immediately thereafter with a notice to Tenant, or (b) to take out all or part of the required insurance and pay the premium thereon on behalf of Tenant. If Landlord opts to take out the insurance on behalf of Tenant, the cost of the premium paid by Landlord shall be deemed additional rent due and payable by Tenant with the next regular rent payment.

H. Increase in Coverage

Landlord reserves the right to require at any time that the required public liability and property damage insurance minimum coverage be increased in accordance with standard County of San Mateo Risk Management practice in effect at the time the increase is required. Tenant shall be given at thirty (30) days' notice of the required increase.

31. HAZARDOUS MATERIALS ACTIVITY

Tenant may not store, handle or generate hazardous materials/waste/underground tanks on the property unless Tenant has completed and filed a San Mateo County Hazardous Materials Release Response Plan and Inventory ("Business Plan") with the San Mateo County Environmental Health Department.

Hazardous material means any material that, because of its quantity, concentration, or physical or chemical characteristics, poses a significant present or potential hazard to human health and safety or to the environment if released into the work place or the environment. Hazardous materials include, but are not limited to, hazardous substances, hazardous waste, and any material which a handler or the administering agency has a reasonable basis for believing that it would be injurious to the health and safety of persons or harmful to the environment if released into the work place or the environment. Examples of such hazardous materials are, but are not limited to: waste oil, solvents, gasoline and compressed gases.

If Tenant does store, handle or generate hazardous materials/waste, or operate an underground storage tank, Tenant must do so in compliance with all state and federal regulations regarding hazardous materials, including but not limited to, California Health and Safety Code, Chapters 6.5, Sections 25100-25249, California Code of Regulations Title 26 and Code of Federal Regulations Section 40 Parts 240-281. Tenant shall be in default hereunder in the event of Tenant's failure to (1) file the Business Plan, (2) follow the Business Plan, and (3) comply with applicable State and Federal statutes regarding the handling of hazardous materials/waste/underground tanks. In addition, Landlord may exercise any rights applicable under State and Federal law, in regards to requiring Tenant to be responsible for disposal or removal of the hazardous materials/waste/underground tanks in a safe manner.

Subject to Section 21 herein, Landlord shall have the right to inspect the Premises to ensure Tenant's compliance, and charge inspection fees, in accordance with applicable State and Federal statutes.

If Tenant does not intend to and will not store, handle hazardous materials/underground tanks or general hazardous waste, then Tenant must complete and file a "Hazardous Materials Negative Response Form" to that effect with the San Mateo County Environmental Health Department. If, at any time during the term of this Agreement, Tenant commences activity that would involve the handling, storage or generation of hazardous materials/waste/underground tanks, Tenant must follow the directives set forth above.

32. COMPLIANCE WITH AIRPORT RULES AND REGULATIONS AND FAA STANDARD PROVISIONS

Tenant agrees to comply with all San Mateo County Airport ordinances, rules and regulations, and at all times to cooperate with County in its operation and management of said airport. Tenant shall notify all users of its facilities of all applicable rules and regulations.

Tenant shall comply with the standard provisions for all leases of airport land promulgated by the Federal Aviation Administration, as set forth in the attached Exhibit B, and as those provisions may be revised from time to time.

Tenant shall comply with Standards for Fixed Base Operators adopted from time to time by the Board of Supervisors affecting all operators on County Airports holding concessions similar to Tenant's. The standards currently in effect are set forth in County of San Mateo, Airport Business Operating Standards dated May 1994. Tenant recognizes that it has full responsibility for meeting these Standards.

Tenant shall notify all users of its facilities and pilots of aircraft as to all applicable rules and regulations and require users and pilots to comply with them.

33. NON-ABROGATION OF UNITED STATES GOVERNMENT RIGHTS

The provisions of this Agreement in no way abrogate any rights vested in the United States of America relative to the airport as such rights exist between the United States of America and the County of San Mateo.

34. HOLDING OVER

If Tenant holds over after the expiration or earlier termination of the term hereof without the express written consent of Landlord, Tenant shall become a tenant at sufferance only, at the monthly rental rate of one hundred fifty per cent (150%) of the rent in effect upon the date of such expiration and otherwise upon the terms, covenants and conditions herein specified, so far as applicable. Acceptance by Landlord of monthly payments after such expiration or earlier termination shall not constitute a holdover hereunder or result in a renewal. The foregoing provisions of this paragraph are in addition to and do not affect Landlord's right of re-entry or any other rights of Landlord hereunder or as otherwise provided by law.

35. ASSIGNMENT AND SUBLETTING

Tenant shall not, either voluntarily or by operation of law, assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest therein, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the employees, agents, servants and invitees of Tenant excepted) to occupy or use the Premises, or any portion thereof, without the written consent of Landlord first had and obtained, which consent shall not be unreasonably withheld, and a consent to one assignment, subletting, occupation or use by any other person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Any such assignment or subletting without such consent shall be voidable, and shall, at the option of Landlord, constitute a default under this Lease.

If Tenant is a corporation, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of at least 51 percent of the value of the assets of Tenant, shall be deemed a voluntary assignment. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least 10% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors. This paragraph shall not apply to corporations the stock of which is traded through an exchange or over the counter.

36. SAN MATEO COUNTY NO SMOKING ORDINANCE

Tenant is aware that on April 18, 2006, the County of San Mateo modified its Ordinance Code, adopting Section 4.96.040, which prohibits smoking in all County facilities whether owned or leased. Tenant understands that said Ordinance authorizes County to enforce the provisions contained therein and Tenant agrees to enforce the provisions of said ordinance on the Premises.

37. OPERATION OF RADIO EQUIPMENT

Tenant shall not operate any radio equipment at the airport transmitting electronic signals, which might interfere with operations of the Airport Control Tower, UNICOM, County Radios or other electronic transmissions essential to the operation of the airport.

38. CLOSING OF AIRPORT FOR MAINTENANCE AND CONSTRUCTION

Landlord may from time to time be required to close the runway, taxiways, roads, parking lots, buildings and other facilities for purposes of necessary maintenance, repair or new construction. Tenant shall not be entitled to any compensation or damages from

Landlord for loss of the use of the whole or any part of the Premises, Airport facilities, loss of revenue, or any inconvenience or annoyance as a result of such maintenance or construction.

39. LAWS, RULES, REGULATIONS AND PERMITS

Tenant shall construct any improvements, use, maintain and occupy the Premises in compliance with all applicable laws, rules, and regulations. These include, but are not limited to the Americans With Disabilities Act of 1990 and Title 24 of the California Code of Regulations and all other applicable federal, state, local and administrative laws, rules, regulations, orders and requirements intended to provide equal accessibility for persons with disabilities (collectively, "Disabilities Laws"), any applicable City, County, State or Federal ordinances, rules, policies, laws and regulations. Tenant is responsible for ascertaining the need for and obtaining all required permits, licenses, etc., for all of its activities on the Premises. The cost for all permits, licenses, etc., shall be borne solely by Tenant.

40. PERSONAL PROPERTY

Tenant's personal property shall include equipment, furniture, merchandise, and movable property placed in the Premises by Tenant, including trade fixtures. Trade fixtures include any property installed in or on the Premises by Tenant for purposes of trade, manufacture, ornament, or related use.

41. NOTICES

Any notice, demand, request, consent, approval, waiver, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid mail, and if given by mail shall be deemed sufficiently given when sent by registered or certified mail. Any notice, demand, request, consent, approval, waiver, or communication that either party desires or is required to give by mail to the other party shall be addressed to the other party at the address set forth in Section 1 [Basic Lease Information] of this Lease. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated within 48 hours from the time of mailing if mailed as provided in this Section.

42. LIENS

Tenant shall keep the Premises, free from any liens arising out of the work performed, materials furnished or obligations incurred by Tenant.

43. PAYMENT OF PERCENTAGE SHARE OF OPERATING EXPENSES

Not used.

44. GENERAL PROVISIONS.

A. Compliance With Law

Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Premises. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant.

B. Authority of Parties

- (i) Corporate Authority. If either party hereto is a corporation, each party executing this Lease on behalf of the corporation represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with a duly adopted Resolution of the Board of Directors of the corporation or in accordance with the By-Laws of the corporation, and that this Lease is binding upon the corporation in accordance with its terms.
- (ii) Partnership. If either party hereto is a partnership or other unincorporated association, each party executing this Lease on behalf of the partnership or other association represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of the partnership or association, in accordance with the partnership agreement or the agreement of said association.
- (iii) Authorized Lease Representative of the County of San Mateo. The County Manager, or the designee of the County Manager, shall be the only authorized agent of the County of San Mateo for purposes of giving any notices or exercising any rights, options, privileges or obligations of the County of San Mateo under this Lease. This Lease shall not be valid unless executed by the President of the Board of Supervisors of the County of San Mateo pursuant to a Resolution adopted in accordance with the California Government Code.

C. Other Terms

Clauses, plats, exhibits and riders, if any, initialed and dated by Landlord and Tenant and endorsed on or affixed to this Lease are a part hereof.

D. Waiver

The waiver by either party of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of the Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of the acceptance of such rent.

E. Joint Obligation

"Party" shall mean Landlord or Tenant; and if there be more than one Tenant or Landlord, the obligations hereunder imposed upon Tenants or Landlords shall be joint and several.

F. Time

Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

G. Successors and Assigns

The terms, covenants and conditions herein contained, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

H. Recordation

Neither Landlord nor Tenant shall record this Lease.

I. Quiet Possession

Upon Tenant paying the rent and other fees or charges reserved hereunder and observing and performing all of the terms, covenants and conditions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire term hereof, subject to all the provisions of this Lease.

J. Prior Agreements

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in

writing signed by the parties hereto or their respective successors in interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

K. Inability to Perform

This Lease and the obligations of Tenant hereunder shall not be affected or impaired because Landlord is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause beyond the reasonable control of Landlord.

L. Negation of Partnership

Landlord shall not become or be deemed a partner or a joint venturer with Tenant by reasons of the provisions of this Lease.

M. Sale or Transfer of Premises

In the event of any sale or transfer of the Premises by Landlord, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale or transfer; and the purchaser or transferee, at such sale or transfer or any subsequent sale or transfer of the Premises shall be deemed, without any further agreement between the parties or their successors in interest or between the parties or their successors in interest or between the parties and any such purchaser or transferee, to have assumed and agreed to carry out any and all of the covenants and obligations and agreed to carry out any and all of the covenants and obligations of Landlord under this lease.

N. Name

Tenant shall not use the name of the Premises or of the development, building or facility in which the Premises may be situated for any purpose other than as an address of the business to be conducted by Tenant in the Premises.

O. Cumulative Remedies

No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

P. Signs and Auctions

Tenant shall not place any sign upon the Premises or conduct any auction thereon without Landlord's prior written consent.

Q. Provisions, Covenants and Conditions

All provisions herein, whether covenants or conditions, on the part of either party shall be deemed to be both covenants and conditions.

R. Captions, Table of Contents

The captions and the Table of Contents of this Lease (if any) shall have no effect on the interpretation of this Lease.

S. Payments in U.S. Money

Rent and all sums payable under this Lease must be paid in lawful money of the United States of America.

T. Singular and Plural

When required by the context of this Lease, the singular shall include the plural.

U. Choice of Law

This Lease shall be construed, interpreted and governed in accordance with the laws of the State of California.

V. Brokers

Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the lease contemplated herein except as identified in the Basic Lease Information, whose commission, if any is due, shall be paid pursuant to a separate written agreement between such broker and the party through which such broker contracted. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Claims incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Lease.

W. Severability

If any provision of this Lease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Lease shall be valid and be enforceable to the fullest extent permitted by law.

X. Venue

The Venue for any court action to interpret or enforce this agreement or to litigate any claim arising out of this agreement shall be had in State Court of the County of San Mateo.

TENANT

**GOLDEN GATE HELICOPTERS, LLC
dba DIAMOND AVIATION**

By _____
Uche Emetarom

Title: _____

LANDLORD

COUNTY OF SAN MATEO

By _____
Rose Jacobs Gibson
President, Board of Supervisors

Resolution No. _____

ATTEST: _____
Clerk of said Board

EXHIBIT A
SITE PLAN OF PREMISES

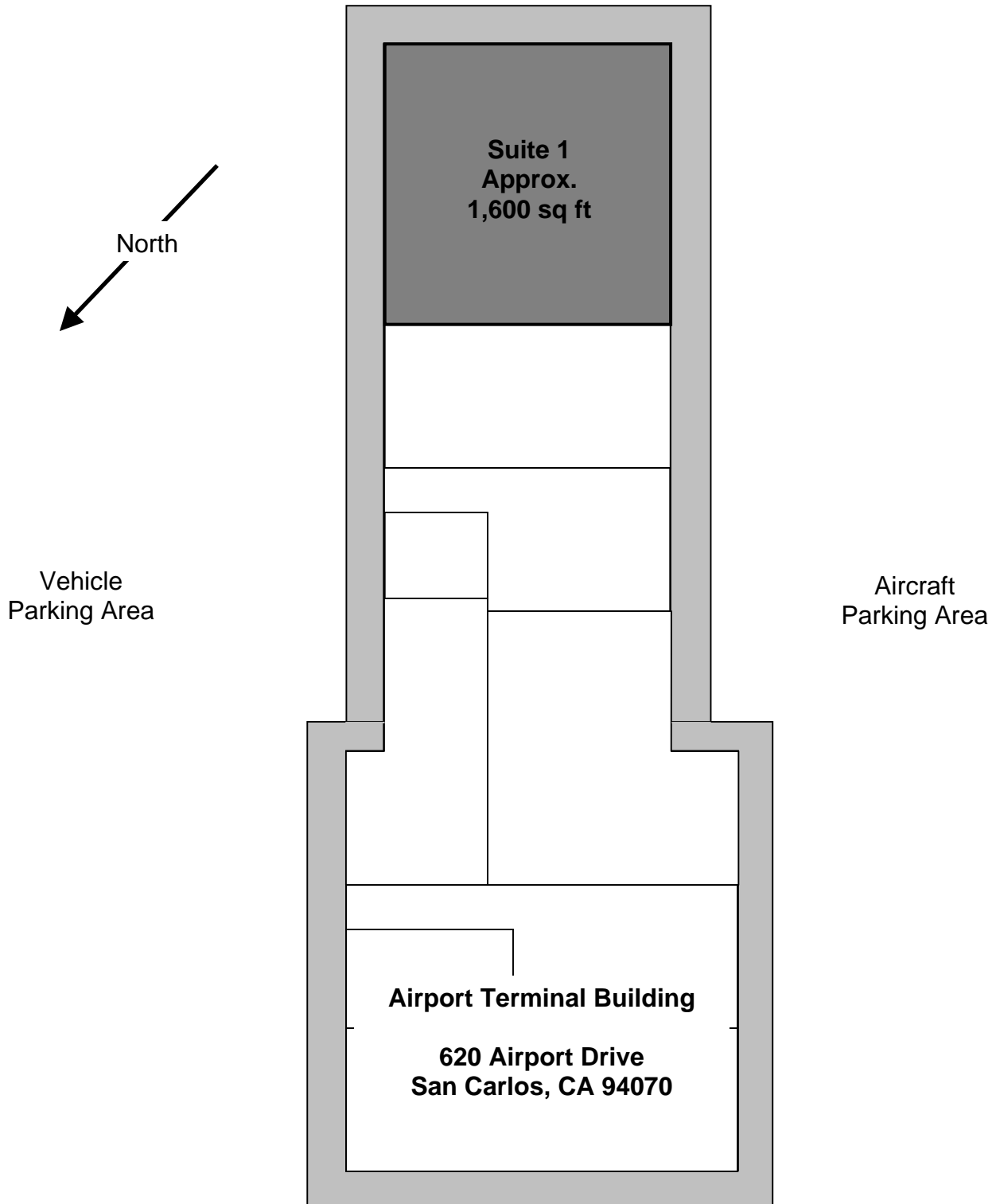


EXHIBIT B
STANDARD PROVISIONS FOR ALL LEASES,
USE, AND OTHER AGREEMENTS AND PERMITS
SAN MATEO COUNTY AIRPORTS

1. Tenant for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree "as a covenant running with the land" that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this lease, agreement or permit for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Tenant shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
2. Tenant 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, sex, sexual orientation, color, national origin, religion, age or disability shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under the lands and 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 subject to discrimination, (3) that Tenant shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, CFR, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
3. In the event of breach of any of the above nondiscrimination covenants, Landlord may terminate the lease, agreement or permit and re-enter and repossess the land and the facilities thereon and hold them as if the lease, agreement or permit had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed, including expiration of appeal rights.
4. Tenant shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users and shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided that Tenant may make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

5. Non-compliance with Provision 4 above shall constitute a material breach of the lease, agreement or permit. In the event of such non-compliance, Landlord may terminate this lease, agreement or permit and the estate hereby created without liability thereof; or, at the election of Landlord or the United States either or both of these governments may judicially enforce the provision.
6. Landlord may further develop or improve the landing area of the airport as it sees fit, regardless of the desires or view of Tenant and without interference or hindrance.
7. Landlord may, but shall not be obligated to Tenant to, maintain and keep in repair the landing area of the airport and all publicly owned facilities of the airport. Landlord also may direct and control the activities of Tenant in this regard.
8. The lease, agreement or permit shall be subordinate to the provisions and requirements of any existing or future agreement between County and the United States relative to the development, operation or maintenance of the airport.
9. There is hereby reserved to Landlord, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the premises covered by the lease, agreement or permit. This public right of flight shall include the right to cause in this airspace any noise inherent in the operation of any aircraft used for navigation of flight through the airspace or to land at, take off from or operate on the San Carlos or Half Moon Bay Airport, as the case may be.
10. Tenant shall comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations if future construction of a building is planned for the premises covered by the lease, agreement or permit or in the event of any planned modification or alteration of any present or future building or structure on the premises.
11. Tenant, by accepting this lease, agreement or permit, expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on any land leased that would be in conflict with the provisions of Part 77 of the Federal Aviation regulations. If these covenants are breached, County may enter upon the land and remove the offending structure or object and cut the offending tree, all of which shall be at Tenant's expense.
12. Tenant, by accepting this lease, agreement or permit, agrees for itself, its successors and assigns that it will not make use of the premises covered by the lease, agreement or permit in any manner which might interfere with the landing and taking off of aircraft from the airport or otherwise constitute a hazard. If this covenant is breached, County may enter upon the premises and cause the abatement of such interference at Tenant's expense.

13. Nothing contained in the lease, agreement or permit shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958 (49 U.S.C. 1349A).
14. The lease, agreement or permit and all its provisions shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of the airport or the exclusive or non-exclusive use of the airport by the United States during the time of war or national emergency.
15. Tenant will conduct its programs and operate its facilities in accordance with the requirements of the Americans with Disabilities Act of 1992 and will assure that no qualified disabled person shall, solely by reason of his or her disability be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination, including discrimination in employment. Tenant will conduct its programs and operate its facilities in compliance with all the requirements imposed by or pursuant to **49 CFR Part 27**.
16. Tenant shall insert the above provisions in any lease, agreement, contract, permit, etc., by which it grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the premises covered by the lease, agreement or permit, including any subleases, and hereby assures that the above provisions will be included in any agreement, contract, permit or further sub-lease granted or entered into by any sub-lessee of the Tenant.

EXHIBIT C
SPECIAL REQUIREMENTS/CONDITIONS
TO AIRPORTS LEASE / CONCESSION AGREEMENT WITH
DIAMOND AVIATION

In the event of any conflict between any provision of the Lease and this Exhibit C, the Lease provision shall prevail.

1. SAFETY

Safety shall be paramount at all times. Tenant shall ensure that its agents, employees and customers safely coordinate all movements and activities on the airport to the satisfaction of the County. Tenant shall ensure that its operations and activities comply with local, state and federal requirements and are in accordance with safe and acceptable practices and procedures.

2. LICENSES AND CERTIFICATIONS

Tenant shall obtain all required licenses, certifications and authorizations from all appropriate agencies for work performed and activities conducted under this permit.

3. TRAINING

Tenant shall properly educate and train all agents, employees and customers regarding airport safety and operating procedures prior to allowing access onto the airfield.

4. COMPLIANCE WITH NOISE ABATEMENT

Tenant shall to comply with all airport noise abatement procedures. Tenant shall comply with all reasonable requests from the airport manager to address noise issues related to its flight operations including, but not limited to: flight procedures, flight routes, take-off and landing routes, engine break-in procedures and hours of operation.

5. PARKING

Tenant shall ensure that its vehicles and those of its agents and customers are parked in areas and locations as approved by the County and are in compliance with Airport Parking Policies.

Parking lots are provided for the general use of all airport users. Tenant shall not control or restrict the use of the parking lot adjacent its facility to other airport tenants or users.

Camper trucks, trailers and/or other temporary living facilities may not be parked overnight in any area of the Airports without written authorization from the County. No overnight camping is permitted.

6. STORAGE OF EQUIPMENT, VEHICLES AND MATERIALS

Unless otherwise authorized herein, Tenant shall not store equipment, vehicles, boats, materials, pallets, boxes, etc. on the airport other than in designated storage areas or buildings as approved by the County. Tenant shall keep all walkways and staircases free of clutter, trash or any other personal items or equipment.

7. REPAIRS

Tenant shall repair, at its own expense, any and all damage to the property of the County or to the property of others on the Airport, and damage which has been caused by Tenant, its agents or customers who may be on the Airport for any purpose connected with the Tenant's business.

8. STORMWATER COMPLIANCE

The County has obtained a National Pollutant Discharge Elimination System ("NPDES") Permit from the Regional Water Quality Control Board, San Francisco Bay Region ("RWQCB"), regarding stormwater discharge from the Airport, which includes stormwater discharge and runoff from the Airport. Without limitation of any other obligation of Tenant hereunder, Tenant shall comply with all laws, rules, regulations, requirements, administrative orders and/or programs imposed upon Tenant or County by the RWQCB or any other governmental entity, regarding runoff and stormwater discharge on the Airport. Tenant shall pay any cost that County incurs to take any compliance action on the Airport as a result of Tenant's failure to comply with such laws, regulations, requirements, administrative orders and/or programs. Tenant shall also pay, to the extent caused by Tenant's business on the Airport, County's costs to take any compliance action imposed upon County by the RWQCB or any other governmental entity.

9. DISCHARGE OF CONTAMINANTS

Tenant, its agents and customers shall at no time discharge any hazardous material or substance onto the Airport. Waste oil and other contaminants shall be properly disposed of and at no time shall the Tenant use the waste oil tanks the County has provided for the non-commercial use of airport tenants.

10. SECURITY/ACCESS

Airport security shall be maintained at all times. Tenant shall take all reasonable steps to restrict unauthorized access onto airport property, including controlling thoroughfare access through the Premises. All access and security procedures shall be coordinated with and approved by the County. Tenant shall ensure that all gates it uses remain closed and locked at all times and that any mechanical problems with the gates are promptly reported to the County. Access codes shall only be provided with discretion to persons wishing to enter airport property. First-time visitors should be directed to the airport office for instructions and to receive access codes. Tenant shall monitor and report any misuse of airport security codes immediately.

11. SIGNAGE AND WINDOWS

No permanent banners or signs of any kind may be installed or displayed outside on the airport without the written approval of the County. All signage shall comply with applicable Local and County requirements. Signs and banners installed without the written approval of the County will be removed and disposed of at Tenant's sole cost and expense.

Tenant shall be limited to one exterior sign. The total sum of the surface area of this sign shall not exceed 60 square feet. All signage shall be mounted securely to the parapet above the Tenant's portion of the premises on the airside of the building and no portion of the signage shall exceed the existing dimensions of the parapet. Appropriate signage may also be added to the entry and exit doors. All draft styles, materials, size, proposed locations and installation methods of all new and replacement signage on parapets and doors shall be approved in advance by the Airport Manager and conform to all requirements herein. Any signage placed in locations other than the parapets or doors must be approved by the Airport Manager prior to installation or construction.

Tenant shall keep all exterior and shared interior windows free of any signs, advertisements, posters, fliers, stickers and/or other articles which are unrelated to the business or operation of the business that would otherwise prevent a clear and unobstructed view through the window. Articles placed on windows must be confined to one 24 inch by 24 inch area on one exterior and/or interior window. Landlord reserves the right to remove any object found to be in non-compliance within 24 hours after delivery of written notification to the tenant. Tenant, at its sole cost and expense, shall have the right to install neutral colored curtains, blinds or shades, or other window coverings with Landlord's prior written approval.

12. HOUSEKEEPING

Tenant shall collect and remove from the airport all debris, trash, garbage, or other rubbish generated by Tenant, its agents or customers who may be on the Airport for any purpose connected with the Tenant's operation. Tenant shall ensure that tiedowns and other areas where business is conducted are kept as clean and orderly as is reasonably possible at all times. Equipment, parts and materials shall be removed from the area or replaced on the aircraft when not being worked on.

Tenant shall regularly dispose of pallets, crates and other shipping supplies at its facility. Tenant shall not dump waste or refuse on airport property or in facilities leased by another Tenant or vendor.

13. TRASH AND RECYCLING REMOVAL

Tenant shall dispose of recyclable materials in County provided recycling receptacles or, if Tenant has set-up its own recycling program, through Tenant's own receptacles. Tenant shall not dispose of trash or place other non-recyclable materials in the recycling receptacles. To the extent possible, Tenant shall not dispose of recyclable materials in dumpsters or other trash receptacles.

Dumpsters and other trash and recycling receptacles may not block or obstruct in any way hangars or taxiways.

14. AIRCRAFT WASHING

Tenant shall not wash aircraft at any location other than the airport washrack. Use of the washrack under this permit shall be limited to those aircraft for which maintenance has been performed. Washing or cleaning any automobile, boat, trailer, or any other type of vehicle at the washrack or on airport property is prohibited.

All engine and equipment washing must be performed at airport washracks only. Tenant may wash engines and equipment on the Premises if done in a manner compliant with all Airport Stormwater Compliance regulations, including the recovery of 100% of the cleansers and runoff material.

15. OPERATIONS

The County shall approve all operations and activities. Tenant shall take all reasonable steps to ensure that its operations and activities create minimal impact and inconvenience to the airport and other airport users. Tenant shall not block or obstruct taxiways, roads or access routes at any time.

Run-ups and "high-speed-idles" are allowed only in designated run-up areas or as approved by the Airport Manager. Run-ups are strictly prohibited in all other areas including maintenance areas, aircraft parking areas and taxiways.

16. TIE-DOWNS

Tenant shall obtain and pay for aircraft tiedowns, independent of this agreement. The cost of aircraft tiedowns shall be in addition to the fees set forth in the Agreement and shall be at the rate established and periodically amended by the County Board of Supervisors. Location of the tiedown(s) selected by the Tenant shall be approved by the County. Tenant acknowledges that tiedowns may be relocated or eliminated periodically as a result of airport construction and expansion. Tenant agrees to relocate its aircraft to alternate tiedown locations at any time at the request of the airport manager.

Changes to the number or location of aircraft tiedown(s) shall be permitted on no more than two occasions during any 12-month period. The term for tiedowns rented by the Landlord shall be for a minimum of 90 days. Tenant shall provide 30-days advance written notice for the cancellation of any tiedown space(s) under this agreement. Tenant shall ensure that cancelled tiedowns are vacant on the date they revert to the County and shall be responsible for the removal of any aircraft remaining on the tiedown(s) and payment of daily transient fees until the tiedown is vacated.

Aircraft shall be parked on their assigned tiedown space or leased apron areas at all times. Aircraft owned, operated or under the control or auspices of Tenant shall at no

time be parked so as to obstruct any taxiway, hangar, tiedown or thoroughfare, including access roads and vehicle gates. In the event Tenant fails to immediately move or relocate aircraft blocking any of the aforesaid areas, the County shall have the right to move or relocate the aircraft or hire to have the aircraft moved or relocated and bill Tenant for all expenses related to such action. Additionally, Tenant shall be assessed the daily transient parking fee for any aircraft owned, operated or under the control or auspices of Tenant parked so as to obstruct any taxiway, hangar, tiedown or thoroughfare, including access roads and vehicle gates at any time. Failure to pay these fees within 30-days shall constitute default by Tenant and may result in the termination of the agreement by Landlord.

No equipment or items of any kind other than the aircraft assigned to the tiedown shall be stored at tiedown locations. Changes, additions or improvements to tiedown areas, parking areas or environs shall be done so at the Tenant's sole expense and only after obtaining the prior and specific written consent of the County.

It is the Tenant's sole responsibility for ensuring that aircraft under its control are securely tied down.

Initial _____

EXHIBIT D

MINIMUM STANDARDS FOR JANITORIAL SERVICES

BASIC SERVICES

FREQUENCY

Spot clean light switches, walls, doors, doorframes, and vertical surfaces	7 x/week
Spot clean desks and counter tops, free of papers and debris	7 x/week
Spot clean all other visible horizontal surfaces	7 x/week
Dispose of waste and install new liners, if necessary	7 x/week
Empty and clean all ash trays and sand urns	7 x/week
Dust office furniture	1 x/week

CARPETS

FREQUENCY

Vacuum all traffic areas	7 x/week
Vacuum corners, edges and non-traffic areas	1 x/week

HARD SURFACE FLOORS

FREQUENCY

Sweep or vacuum all traffic areas	7 x/week
Spot mop all areas	7 x/week
Sweep corners, edges and non-traffic areas	1 x/week

SECURITY AND COMMUNICATION

Make sure all windows and doors are locked	7 x/week
Disarm/arm security system	7 x/week

SERVICE SCHEDULE

7 Days, between 22:00 and 07:00

COUNTY OF SAN MATEO

LEASE / CONCESSION AGREEMENT

(No. 5320)

Golden Gate Helicopters, GP

San Carlos Airport

San Carlos, California

TENANT: GOLDEN GATE HELICOPTERS

TABLE OF CONTENTS

1.	BASIC LEASE INFORMATION	1
2.	PARTIES	4
3.	TERMS, COVENANTS AND CONDITIONS	4
4.	PREMISES	4
5.	TERM	4
6.	MONTHLY RENTAL	5
	A. Base Rent	5
	B. Concession Fee	5
	C. Utility Charge	6
	D. Payment of Rent	7
	E. Interest on Late Payment.....	7
7.	EXTENSION OPTION	7
8.	RENTAL ADJUSTMENTS	9
9.	GROSS REVENUES	9
10.	ACCOUNTS AND RECORDS	10
11.	LATE CHARGES AND RETURNED CHECK CHARGE	11
12.	USE AND CONCESSION	12
13.	TENANT IMPROVEMENTS	12
14.	USE OF AIRPORT FACILITIES	12
15.	MOTOR VEHICLES/PARKING	13
16.	UTILITIES	13
17.	JANITORIAL SERVICES	13
18.	ASSESSMENTS/TAXES	13
19.	POSSESSORY INTEREST TAX	14
20.	MAINTENANCE AND REPAIRS	14
	A. All Maintenance and Repairs By Tenant.....	14
	B. Structural Repairs By Landlord	15
21.	EARLY TERMINATION	15
22.	DAMAGE OR DESTRUCTION	15
23.	SECURITY DEPOSIT	16
24.	SURRENDER OF PREMISES	16
25.	ENTRY BY LANDLORD	16
26.	RESERVATIONS	16
27.	CONSENT OF PARTIES	17
28.	ALTERATIONS AND ADDITIONS	17
29.	DEFAULT	18
	A. Default by Tenant.....	18
	B. Landlord's Remedies	19
	C. Default by Landlord.....	19

	D. Tenant's Remedies	19
	E. California Law Notice Requirements.....	20
30.	INDEMNIFICATION AND INSURANCE	20
	A. Hold Harmless	20
	B. Fire legal Insurance	20
	C. Fire and Extended Coverage Insurance	21
	D. Liability and Property Damage Insurance	21
	E. Workers' Compensation and Employer's Liability Insurance.....	22
	F. Miscellaneous Insurance Provisions	22
	G. Certificate of Insurance.....	22
	H. Increase in Coverage.....	23
31.	HAZARDOUS MATERIALS ACTIVITY	23
32.	COMPLIANCE WITH AIRPORT RULES AND REGULATIONS AND FAA STANDARD PROVISIONS.....	24
33.	NON-ABROGATION OF UNITED STATES GOVERNMENT RIGHTS	24
34.	HOLDING OVER	24
35.	ASSIGNMENT AND SUBLETTING.....	25
36.	SAN MATEO COUNTY NO SMOKING ORDINANCE.....	25
37.	OPERATION OF RADIO EQUIPMENT	25
38.	CLOSING OF AIRPORT FOR MAINTENANCE AND CONSTRUCTION	25
39.	LAWS, RULES, REGULATIONS AND PERMITS.....	26
40.	PERSONAL PROPERTY.....	26
41.	NOTICES	26
42.	LIENS.....	26
43.	PAYMENT OF PERCENTAGE SHARE OF OPERATING EXPENSES	27
44.	GENERAL PROVISIONS.	27
	A. Compliance With Law	27
	B. Authority of Parties.....	27
	C. Other Terms	28
	D. Waiver	28
	E. Joint Obligation	28
	F. Time.....	28
	G. Successors and Assigns	28
	H. Recordation	28
	I. Quiet Possession	28
	J. Prior Agreements.....	28
	K. Inability to Perform	29
	L. Negation of Partnership.....	29
	M. Sale or Transfer of Premises.....	29
	N. Name	29
	O. Cumulative Remedies	29
	P. Signs and Auctions	29
	Q. Provisions, Covenants and Conditions	29
	R. Captions, Table of Contents	30
	S. Payments in U.S. Money	30

T. Singular and Plural.....	30
U. Choice of Law.....	30
V. Brokers	30
W. Severability	30
X. Venue	30

EXHIBIT A - SITE PLAN OF PREMISES

EXHIBIT B - STANDARD PROVISIONS

EXHIBIT C - SPECIAL REQUIREMENTS/CONDITIONS

EXHIBIT D - MINIMUM JANITORIAL STANDARDS

LEASE / CONCESSION AGREEMENT

(No. 5320)

San Carlos Airport
San Carlos, California
Golden Gate Helicopters, GP

This is intended to be a legally binding contract

Read it carefully and consult an attorney.

1. BASIC LEASE INFORMATION

The following is a summary of basic lease information (the "Basic Lease Information"). Each item below shall be deemed to incorporate all of the terms in this Lease pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this Lease, the more specific provision shall control.

Lease Reference Date:	June 1, 2007
Landlord:	County of San Mateo
Tenant (and Concessionaire):	Golden Gate Helicopters, GP (and permitted successors and assigns)
Building (Section 4):	San Carlos Airport Administration Building, 620 Airport Drive, San Carlos, California 94070
Premises (Section 4):	Portions of the building commonly known as Suite 5 as shown on the attached Exhibit A (Site Plan of Premises).
Rentable Area of Premises (Section 4):	Approximately 800 square feet of gross building area. Non-exclusive use of the building's common areas and parking facilities, subject to the provisions of Exhibit C, Special Requirements/Conditions.

Term (Section 5):	<p>Estimated commencement date: June 26, 2007</p> <p>Expiration date: June 30, 2012</p> <p>There is one option to renew for an additional five (5) years under the same terms and conditions.</p>
Base Rent (Section 6):	<p>Annual Base Rent: \$21,600 (approx. \$2.25 per sq. ft.)</p> <p>Monthly payments: \$1,800 (approx. \$2.25 per sq. ft.)</p>
Rent Adjustment Dates (Section 8):	Each 1st day of July, beginning on July 1, 2008 and each successive year thereafter.
Concession Fee (Section 6):	\$1,000 minimum per month, or 1% of Gross Revenues. \$100 per aircraft sold.
Use and Concession (Section 12):	For the operation of a Fixed Base Operation (FBO) to provide aviation related activities including aircraft flight training and rentals, sales of aviation supplies, aircraft maintenance, air taxi and charter, aircraft sales and related activities.
Tenant Improvements (Section 13):	None
Utilities and Services (Section 16):	Prorated portion paid by tenant.
	<p>Initial Monthly Fee: \$422.17</p>
Security Deposit (Section 23):	None
Notice Address of County (Section 41):	<p>County Manager Attn: Real Property Services 400 County Center Redwood City, California 94063 Fax No.: (650) 363-4832</p>

with a copy to: County of San Mateo
Department of Public Works
Airports Division
Attn: Mark Larson
620 Airport Drive
San Carlos, California 94070
Fax No. 650-593-3762

and to: Office of County Counsel
400 County Center, 6th Floor
Redwood City, California 94063
Fax No.: (650) 363-4034

Key Contact for County: Mark Larson

Telephone/Fax Nos.: Phone: 650-573-3700
Fax: 650-593-3762

Alternate Contact for County: Christopher St. Peter

Telephone/Fax Nos.: Phone: 650-573-3700
Fax: 650-593-3762

Address for Tenant (Section 41): Golden Gate Helicopters
620 Airport Drive #5
San Carlos, CA 94070
Fax No.: 650-590-7133

Key Contact for Tenant: Laurie Pitman

Telephone/Fax Nos.: Phone: 650-591-0354
Fax: 650-590-7133

Alternate Contact for Tenant:

Telephone No.: Phone: 415-317-3144

Brokers (Section 44 (V)): N/A

Other Noteworthy Provisions: N/A

2. PARTIES

This Lease and Concession Agreement ("Lease"), dated, for reference purposes only, this 1st day of June, 2007 is made by and between the COUNTY OF SAN MATEO, a political subdivision of the State of California ("Landlord" or "County") whose address is:

County of San Mateo
Real Property Division, County Manager's Office
455 County Center, 5th Floor
Redwood City, CA 94063

and GOLDEN GATE HELICTOPERS, GP, a California General Partnership ("Tenant") whose address is:

620 Airport Drive #5
San Carlos, CA 94070

Both Parties agree as follows:

3. TERMS, COVENANTS AND CONDITIONS

This Lease is subject to the terms, covenants and conditions herein set forth. Each party covenants, as a material part of the consideration for this Lease, to keep and perform each and all of said terms, covenants and conditions that are to be performed, and that this Lease is made upon the condition of said performance.

4. PREMISES

Landlord does hereby lease to Tenant and Tenant hereby leases from Landlord that certain real property described as San Carlos Airport Administration Building, Suite #5, San Carlos, California, consisting of approximately 800 square feet of office space as shown on the attached Exhibit A ("Premises"), which Premises is a portion of the San Carlos Airport Terminal Building ("Building") at the San Carlos Airport ("Property").

5. TERM

The term of this Lease shall commence on the date of delivery of a fully executed Lease and shall expire on the 30th day of June, 2012. There is one option to renew for an additional five years under the same terms and conditions as set forth in Section 7 (Extension Option).

6. MONTHLY RENTAL

A. Base Rent

Tenant agrees to pay to Landlord as rental, without prior notice or demand, for the Premises the sum of \$1,800 ("Base Rent") on or before the first day of the first full calendar month of the term hereof, and a concession fee as hereinafter set forth ("Concession Fee"), and a like sum on or before the first day of each and every successive calendar month thereafter. The Base Rent shall be subject to adjustment as set forth in Section 8 (Rental Adjustments) hereof. The Base Rent, Concession Fee, Utility Charge and other amounts due hereunder are sometimes collectively referred to herein as "Rent."

B. Concession Fee

Tenant shall pay to Landlord for the rights and privileges received from the concessions permitted under this agreement the following fees:

<u>Concession Activity</u>	<u>Minimum Monthly Fee</u>
Aircraft Flight Training School and Aircraft Rental	
Product Sales	
Aircraft Maintenance Services	
Air Taxi/Charter Service	
Total:	\$1,000 per month
Aircraft Sales	\$100 per aircraft sold

Minimum monthly concession fee shall be \$1,000, unless 1% of monthly Gross Revenues for the combined above concession activities exceeds the minimum monthly concession fee. If 1% of monthly Gross Revenues exceeds minimum monthly fees, 1% of Gross Revenues will be the concession fee owed for that month. Concession fee shall be paid monthly on or before the first day of the second calendar month following the month for which the payment is due. (Example: Concession fee based on Gross Revenues for June 2007 shall be due and payable on the first day of August 2007, together with the Base Rent for August 2007.)

Tenant shall, in addition to and concurrent with the concession fee payments set forth in this Section, furnish to County (1) a written report of its concession activities during the month for which the payment is due on a form provided by County or approved by the Airport Manager (If for any reason, income information is not available by the first day of the second month, Tenant may estimate and provide the income information and make payment based upon historical percentages, so indicating on the reporting form. Tenant shall provide the corrected actual income information and any payment adjustments together with the following month's rent payment.), and (2) a Monthly Report of Aircraft on a form provided by County, reporting each aircraft based on the Airport and owned, operated or under auspices of Tenant, including leaseback aircraft. Failure to provide the above monthly reports on or before the date due shall constitute a late payment, and sums due or paid as concession fee shall incur late fees as set forth in Section 11 (Late Charges and Returned Check Charge) of this agreement.

Tenant shall also pay Landlord for tiedowns at standard rates charged by County for similar tiedowns, for any County office or storage space used, for automobile parking space, and for any and all other facilities or privileges used for which County makes a charge at standard rates.

C. Utility Charge

In addition to and concurrently with the monthly rent payments set forth in this section, Tenant shall pay an additional \$422.17 per month which shall include Tenant's portion of gas, electricity, garbage removal service, janitorial services and for the cost of paper products for the restrooms in the building as set forth in section 16 (Utilities) and section 17 (Janitorial Services). Said monthly fee shall be based on an annual average and may be adjusted accordingly periodically to reflect actual usage and costs.

Monthly utility fees may be reviewed and adjusted periodically by the Landlord to accurately reflect the Landlord's associated costs. If Landlord's costs exceed the estimated utility costs paid by Tenant, Tenant shall, within thirty (30) days after the receipt of Landlord's expense statement, pay to Landlord (whether or not this Lease has terminated) the difference between the total amount of estimated utility fees paid by Tenant and Landlord's total actual costs. If the total amount paid by Tenant for any such utility cost exceeds Landlord's actual cost, such excess shall be credited against the next installments of utility cost due from Tenant to Landlord hereunder, or refunded to Tenant, at Landlord's option.

D. Payment of Rent

Rent for any period during the term hereof which is for less than one (1) month shall be a prorated portion of the monthly installment herein on a per diem basis, based upon a thirty (30) day month. Said rental shall be paid to Landlord at:

County of San Mateo
Department of Public Works
Airports Division
620 Airport Drive
San Carlos, CA 94070

or to such other person or at such other place as Landlord may from time to time designate in writing.

Landlord shall not be required to invoice Tenant for payment of rent or other fees due hereunder. Tenant shall be responsible for payment of all fees due without prior notice or demand. Any amount due which is not paid shall be subject to late fees as set forth in Section 6E (Interest on Late Payment) and Section 11 (Late Charges and Returned Check Charge).

E. Interest on Late Payment

Any Rent, if not paid within ten (10) days following the due date, shall bear interest from the due date until paid at the rate of ten percent (10%) per year or, if a higher rate is legally permissible, at the highest rate an individual is permitted to charge under law (the "Interest Rate"). However, interest shall not be payable on late charges incurred by Tenant as set forth in Section 11 (Late Charges And Returned Check Charge) hereof, nor on any amounts on which late charges are paid by Tenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Tenant.

7. EXTENSION OPTION

Tenant shall have the right to extend the Initial Term of this Lease (the "Extension Option") for one additional term of five years (the "Extended Term"). Such Extension Option shall be on all of the terms and conditions contained in this Lease except that, at Landlord's election, the Base Rent may be adjusted to an amount equal to the Prevailing Market Rate as set forth below. Tenant may exercise the Extension Option, if at all, by giving written notice to Landlord no earlier than two hundred ten (210) and no later than one hundred eighty (180) days prior to expiration of the term to be extended; provided, however, if Tenant is in material default hereunder on the date of giving such notice and fails to cure such default as provided herein, Landlord may reject such

exercise by delivering written notice thereof to Tenant promptly after such failure to cure.

At the commencement of the Extended Term, the Base Rent shall be adjusted as set forth in Section 8 (Rental Adjustments) hereof or, at the election of Landlord delivered to Tenant in writing within thirty days of receipt of Tenant's notice, shall be adjusted to the Prevailing Market Rate for space of comparable size and location to the Premises then being offered for rent in other buildings similar in age, location and quality to the Premises; provided, however, in no event shall the Base Rent be reduced below the Base Rent for the lease year prior to commencement of such Extended Term. As used herein, the term "Prevailing Market Rate" shall mean the base rental for such comparable space, taking into account (i) any additional rental and all other payments and escalations payable hereunder, (ii) location and size of the premises covered by leases of such comparable space, (iii) the duration of the renewal term and the term of such comparable leases, (iv) free rent given under such comparable leases and any other tenant concessions, and (v) tenant improvement allowances and other allowances given under such comparable leases.

If Tenant disputes Landlord's determination of the Prevailing Market Rate, Tenant shall so notify Landlord within fourteen (14) days following Landlord's notice to Tenant of the Prevailing Market Rate and such dispute shall be resolved as follows:

A. Within thirty (30) days following Landlord's notice to Tenant of the Prevailing Market Rate, Landlord and Tenant shall attempt in good faith to meet no less than two (2) times, at a mutually agreeable time and place, to attempt to resolve any such disagreement.

B. If within this thirty (30) day period Landlord and Tenant cannot reach agreement as to the Prevailing Market Rate, they shall each select one appraiser to determine the Prevailing Market Rate. Each such appraiser shall arrive at a determination of the Prevailing Market Rate and submit their conclusions to Landlord and Tenant within thirty (30) days of the expiration of the thirty (30) day consultation period described in (A) above.

C. If only one appraisal is submitted within the requisite time period, it shall be deemed to be the Prevailing Market Rate. If both appraisals are submitted within such time period, and if the two appraisals so submitted differ by less than ten percent (10%) of the higher of the two, then the average of the two shall be the Prevailing Market Rate. If the two appraisals differ by more than ten percent (10%) of the higher of the two, then the two appraisers shall immediately select a third appraiser who will, within thirty (30) days of his or her selection, make a determination of the Prevailing Market Rate and submit such determination to Landlord and Tenant. This third appraisal will then be averaged with the closer of the two previous appraisals and the result shall be the Prevailing Market Rate.

D. All appraisers specified herein shall be members of the American Institute of Real Estate Appraisers (MAI) with not less than five (5) years' experience appraising leases of commercial properties similar to the Premises in the area. Landlord and Tenant shall pay the cost of the appraiser selected by such party and one-half of the cost of the third appraiser plus one-half of any other costs incurred in the arbitration.

8. RENTAL ADJUSTMENTS

Beginning on July 1, 2008, and on the 1st day of July of each year of the term of this lease, including any extended term or holdover period as set forth herein, the Base Rent as set forth in Section 6 (Base Rent) for the following twelve month period shall be adjusted to equal three percent (3%) of the Base Rent for the lease year preceding such Adjustment Date, as follows:

Initial Term	Monthly Base Rent
June 26, 2007 – June 30, 2008	\$1,800.00
July 1, 2008 – June 30, 2009	\$1,854.00
July 1, 2009 – June 30, 2010	\$1,909.62
July 1, 2010 – June 30, 2011	\$1,966.91
July 1, 2011 – June 30, 2012	\$2,025.92

9. GROSS REVENUES

Gross revenues are defined to mean all gross charges, sales, rentals, fees and commissions made or earned, and all gross sums received, bartered, exchanged or earned by Tenant, its assignees, sublessees, licensees, and permittees, whether collected or accrued, for any business, use, or operation, or any combination thereof, originating, transacted or performed, in whole or in part, on the Premises pursuant to this Agreement, including but not limited to flight training and charter activities, rentals, performance of maintenance and repairs, the rendition or supplying of services, and the sale of goods, wares, parts, accessories, engines and merchandise to anyone including employees subject to certain exceptions specifically set forth below ("Gross Revenues").

Gross Revenues shall include, but not be limited to, the total charge to the trainee for aircraft, instructors, overhead and profit, surcharges, and shall include sums received as "flight club dues" or similar charges. In the case of aircraft rental or air taxi/charter, Gross Revenues shall include management fees related to scheduling maintenance, accounts receivable and accounts payable, scheduling cleaning, purchasing of equipment and all other related services.

Gross Revenues include those: (i) originating at the Premises, (ii) made by Tenant or Tenant's sales people or independent commissioned representatives utilizing the Premises as a point of contact, or by Tenant at the home or place of business of an employee or a customer, shall be considered as made and completed therein, even though bookkeeping and payment of the account may be transferred to another place for collection and even though actual filling of the sale or service order and actual delivery of the merchandise may be made from a place other than the Premises. For the purpose of Charter or Scenic flight trips, Gross Revenues shall include and be limited to trips originating from or coming to the San Carlos Airport, including subsequent legs of the same trip.

Gross Revenues shall not include:

- A. Gratuities paid to service personnel in the form of tips;
- B. Sales tax, income taxes of all kinds and excise taxes applicable thereto, required to be collected by Tenant, its assignees, sub-lessees, licensees or permittees, in connection with the rendition or supplying of services or the sales of goods, wares or merchandise;
- C. Any and all commissions paid for financing or discounts to be paid by Tenant to secure financing for any of the business conducted or sales of any kind or nature by Tenant;
- D. Proceeds from the sale of capital equipment.

10. ACCOUNTS AND RECORDS

In order to make concession fee payments, Tenant shall maintain locally a system of accounts, reports, statements and records satisfactory to Landlord covering the transactions and operations under this agreement, which shall be preserved during the life of this Agreement and for three (3) years thereafter. In addition, Landlord shall have the right to inspect and audit the books and records of Tenant from which the statement of Gross Revenues is prepared at any reasonable time upon request. Expenses of such audit shall be borne by Landlord unless such examination shall disclose an additional amount owing to the Airport of greater than One Thousand (\$1,000.00) for any one year, in which event all costs of audit shall be paid by Tenant.

The Landlord shall have the right to accept and apply on account any amount tendered by Tenant, as in full of all or any portion of additional rental without prejudicing Landlord's right to recover the full correct amount after reduction by the amount so accepted and applied on account. Tenant hereby waives the right to insist upon any condition of any such tender that it be accepted in full, if at all.

If Landlord's audit or examination shall reveal that Tenant has not paid the proper amount of additional fees, any increase of additional fees resulting from such audit shall

be paid by Tenant within fifteen (15) days after Tenant has received a copy of such audit or examination, together with interest on such amount at the Interest Rate set forth in Section 6 [Base Rent] hereof from the date on which such amount was due and payable.

If Tenant fails to prepare and deliver within the time specified any reports, statements or payments required by this Section and Sections 6 and 8 of this Lease, Landlord may elect to treat Tenant's said failure as a substantial breach of this Lease entitling Landlord to terminate this Lease, but only after Landlord has given Tenant ten (10) days written notice to submit said statement or payment.

11. LATE CHARGES AND RETURNED CHECK CHARGE

Tenant hereby acknowledges that late payment by Tenant to Landlord of rent or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices and accounting charges. Accordingly, if any installment of rent or of a sum due from Tenant is not received by Landlord within ten (10) days after said amount is due, that payment shall be delinquent and Tenant shall pay to Landlord, in addition to interest as set forth in Section 6 hereof, a late charge equal to six percent (6%) of the total balance due at that time or Fifty Dollars (\$50.00), whichever is greater. A late charge shall be applied for each month rent is delinquent. The parties hereby agree that such late charges represent a fair and reasonable estimate of the cost that Landlord will incur by reason of the late payment by Tenant. Acceptance of late charges by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

Tenant agrees to pay Landlord a special handling charge of Fifty Dollars (\$50.00) for any check dishonored by the bank for any reason. This charge shall be added to and become part of Tenant's obligations hereunder, and shall be in addition to any charge for late payment provided for herein. Tenant agrees to pay Landlord immediately upon request any and all charges for dishonored checks.

In the event any two payments are delinquent in a twelve-month period, Landlord may require Tenant to make future payments quarterly in advance for a 24-month probationary period. In calculating advance payments for Concession fee, payment shall be made in the minimum monthly payment amount multiplied by three. Additionally, tenant shall provide a report of concession activities and any additional fees as required by this agreement.

If Tenant fails to make any payments on time during the probationary period, such failure shall constitute a default as defined in Section 29 (Default) of this agreement.

12. USE AND CONCESSION

Tenant shall use the Premises exclusively for the purpose of aviation related activities including aircraft flight training and rentals, sales of aviation supplies, aircraft maintenance, air taxi and charter, aircraft sales and related activities. Tenant shall not use or permit the Premises to be used for any other purpose without the prior consent of Landlord.

The concession shall be limited to: (1) Aircraft Flight Training and Aircraft Rental, which authorizes Tenant to conduct on a non-exclusive basis fixed-wing aircraft flying and ground training instruction under which is designed to prepare students to qualify for FAA pilot's ratings, pilot's refresher training and aircraft solo training, and to conduct counter sales of pilots' supplies and to provide on a non-exclusive basis aircraft for rental to the public, including aircraft rented for flying training or aircraft flight instruction. The operation of a flying club as a part of or adjunct to a flight school shall be considered as a contract aircraft rental activity and shall be subject to payments as prescribed in Section 6 as concession fee under this agreement. (2) Product Sales, which authorizes Tenant to provide on a non-exclusive basis, the sale of products and supplies related to aircraft and aviation activities. (3) Aircraft Maintenance Services, which authorizes Tenant to engage in commercial operations to repair, recondition, manufacture and/or replace component parts of engines and aircraft, to conduct aircraft inspections, to perform aircraft painting, doping, and spraying operations, and to sell aircraft parts excluding avionic and radio components. (4) Air Taxi/Charter Service, which authorizes Tenant to provide on a non-exclusive basis air taxi/charter service under FAR Part 135. (5) Aircraft Sales, which authorizes Tenant to conduct on a non-exclusive basis the sale of new and used aircraft at the San Carlos Airport.

Tenant shall not do or permit anything to be done in or about the Premises nor bring or keep anything therein which will in any way increase the existing rate of or affect any fire or other insurance upon the Premises or any of its contents, or cause cancellation of any insurance policy covering the Premises or any part thereof or any of its contents. Tenant shall not use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

13. TENANT IMPROVEMENTS

Not Used

14. USE OF AIRPORT FACILITIES

Landlord shall allow Tenant full use of all facilities on the Airport, which are normally open to and usable by the public, subject to Airport rules and regulations. The right to

use Airport facilities shall be non-exclusive and shall allow Tenant to use the runway, taxiways, loading and transient aprons, fueling facilities, parking areas and any other facilities as required, if they are normally furnished to the public. If Landlord normally receives payment for use of the facilities, Tenant shall pay Landlord in accordance with fees charged users of the facilities.

15. MOTOR VEHICLES/PARKING

Tenant shall ensure that its vehicles and those of its agents and customers are parked in areas and locations as approved by the Landlord. Tenant shall have the non-exclusive use of the general parking areas of the Property for the reasonable use of its employees, invitees, and other guests. All such parking shall be subject to the limitation, rules and regulations established from time to time by Landlord. No vehicle offered for sale by Tenant shall be parked or stored in the general parking areas of the Property.

Camper trucks, trailers and/or other temporary living facilities may not be parked overnight in any area of the Property without written authorization from the Landlord. No overnight camping is permitted.

16. UTILITIES

Landlord shall furnish to the Premises reasonable quantities of gas, water, sewer, electricity and heating as required for Tenant's use of the Premises. Such utilities and services shall be furnished to the Premises at all times during the term. Landlord shall not be required to construct new or additional utility installations, including, without limitation, wiring, plumbing, conduits and mains, resulting from Tenant's changed or increased utility requirements.

17. JANITORIAL SERVICES

Landlord shall provide janitorial services sufficient to maintain the Premises and the common areas of the building in a clean and well-maintained condition as set forth in Exhibit D (Minimum Standards for Janitorial Services).

18. ASSESSMENTS/TAXES

Tenant shall pay all federal, state and local taxes that are levied or required with respect to its employees, such as, but not limited to, social security and workers' compensation. As between Tenant and Landlord, Tenant shall be responsible for the payment of all sales or excise taxes on its operation. Tenant shall also be liable for any special

assessments levied against the property. Tenant reserves the right to challenge any tax and special assessments.

Tenant shall pay, or cause to be paid, before delinquency, any and all taxes and assessments levied against Tenant's personal property in the Premises.

19. POSSESSORY INTEREST TAX

Tenant recognizes and understands in executing this Lease that its interest in the Premises created herein may be subject to a "possessory interest tax" that the County Assessor may impose on such interest, and any such tax would be the liability of and be paid solely by Tenant in addition to Rent and other charges due hereunder. Tenant agrees to pay promptly when due, any possessory interest tax imposed on its interest in the Premises.

20. MAINTENANCE AND REPAIRS

A. All Maintenance and Repairs By Tenant

Throughout the term of this Lease, Tenant shall, at Tenant's sole expense, maintain the Premises and any improvements (including windows, doors, interior walls and wall coverings, interior lighting, flooring, drop ceiling support and tiles), building systems (including plumbing and electrical systems within the Premises, except as specifically set forth as Landlord's responsibility in Section 20), equipment and other personal property thereon, in good sanitary order, condition and repair, ordinary wear and tear excepted, and in accordance with all applicable laws, rules, ordinances, orders and regulations of (1) federal, state, county, municipal or other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials; (2) the insurance underwriting board or insurance inspection bureau having or claiming jurisdiction; and (3) all insurance companies insuring all or any part of the Premises, or improvements, equipment, and other personal property at the Premises. All repairs and maintenance shall be the sole duty of the Tenant and at the Tenant's sole expense.

Neither offensive or refuse matter, nor any substance constituting an unnecessary, unreasonable or unlawful fire hazard shall ever be permitted to accumulate or remain at the Premises. The Premises shall be kept at all times in an orderly manner to the complete satisfaction of Landlord. Tenant shall be responsible for the costs and coordination of all necessary pest and vermin control services within the Premises.

Tenant shall, upon the expiration or termination of this Lease, surrender the Premises to Landlord in good condition, ordinary wear and tear and damage from causes beyond the reasonable control of Tenant excepted.

B. Structural Repairs By Landlord

Notwithstanding the provisions of Sub-Section A herein above, Landlord shall repair and maintain the common areas, walkways and exterior siding and trim of the building. Landlord shall also repair and maintain the structural portions of the Premises, specifically the roof, basic plumbing including fixtures, traps, drains and water heaters, electrical systems, the boiler unit above the restrooms, and slab concrete installed or furnished by Landlord, unless such maintenance and repairs are caused in part or in whole by the act, neglect, fault or omission of any duty by Tenant, its agents, servants, employees or invites, in which case Tenant shall pay to Landlord the reasonable cost of such maintenance and repairs. Landlord shall not be liable for any failure to make any such repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after notice of the need of such repairs or maintenance is given to Landlord by Tenant.

21. EARLY TERMINATION

Not used.

22. DAMAGE OR DESTRUCTION

If, during the term of this Lease, any improvements that are a part of the Premises are damaged from any cause, rendering the Premises totally or partially inaccessible or unusable, Landlord at its election, may either terminate this Lease or restore such improvements within a reasonable time and, if so restored, this Lease shall continue in full force and effect. If then existing laws do not permit restoration, either party may terminate this Lease immediately by giving notice to the other party.

In case of damage there shall be an abatement or reduction of rent, except any concession fee (if any), between the date of the damage and the date of completion of restoration, based on the extent to which the damage interferes with Tenant's use of the Premises. If any damage to said improvements is due to the fault or neglect of Tenant, its agents, contractors, employees or invites, there shall not be an abatement or reduction of rent. Additionally, tenant shall be responsible for the cost of any required restoration or repairs.

Landlord shall not be required to restore or replace any panels, decoration, office fixtures, railings, floor covering, partitions, or any other property installed in the Premises by Tenant. Tenant shall not be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises, Tenant's personal property, loss of revenue, or any inconvenience or annoyance occasioned by such damage or restoration.

23. SECURITY DEPOSIT

Not used.

24. SURRENDER OF PREMISES

At the expiration or earlier termination of this Lease, Tenant shall surrender to Landlord possession of the Premises. Tenant shall leave the surrendered Premises in good condition, except as may be specifically provided to the contrary in other provisions of this Lease. All property that Tenant is required to surrender shall become Landlord's property at the expiration or termination of this Lease. All property, including Tenant's personal property, that Tenant is not required to surrender but that Tenant abandons, shall, at Landlord's election, become Landlord's property at the expiration or termination of this Lease.

25. ENTRY BY LANDLORD

Landlord reserves and shall at any and all reasonable times, with the accompaniment by authorized County personnel, have the right to enter the Premises, upon reasonable notice to Tenant, inspect the same, supply any services to be provided by Landlord to Tenant hereunder, to show the Premises to prospective purchasers or tenants, to post notices of non-responsibility, and to alter, improve, repair or restore the Premises as Landlord may deem necessary or desirable, without abatement of rent. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises, excluding Tenant's vaults, cabinets, safes and files, and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency, in order to obtain entry to the Premises without liability to Tenant except for any failure to exercise due care for Tenant's property. Any entry to the Premises obtained by Landlord by any of said means, or otherwise shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into the Premises, or an eviction of Tenant from the Premises or any portion thereof.

26. RESERVATIONS

This Lease shall at all times be subject to such easements or rights-of-way for such sewers, pipe lines, conduits, and for such telephone, telegraph, light, heat or power lines, as shall have been duly established or as may from time to time be reasonably determined by Landlord.

This Lease is subsequent to and subject to all prior exceptions, reservations, grants, easements, leases or licenses of any kind whatsoever as the same appear on record in the office of the County Recorder, County of San Mateo, State of California, or in the official records of said County and of the various departments thereof. Tenant covenants not to disturb the quiet and peaceful enjoyment of any and all parties having any legal right, title, interest or privilege in and to the Premises and that the use of the Premises by Tenant shall at all times be conducted with proper regard for such rights, titles, interests and privileges.

It is specifically understood and agreed that any and all of the terms and conditions of this Lease are subordinate to all rights of the United States Government to use the Airport in times of war or national emergency.

27. CONSENT OF PARTIES

Whenever the consent, approval or permission of either party is required, that party shall not unreasonably delay or withhold such consent, approval or permission.

28. ALTERATIONS AND ADDITIONS

Tenant shall not make any structural or exterior alterations to the Premises without Landlord's prior written consent. Tenant, at its cost, shall have the right to make, with Landlord's consent, alterations to the interior of the Premises that Tenant requires in order to conduct its business on the Premises. Tenant shall not be required to obtain permission from Landlord to make minor, non-structural alterations to Premises including interior painting, installation of display cases and cabinets, and installation of office equipment. In making any alterations, Tenant shall comply with the following:

A. Tenant shall submit reasonably detailed final plans and specifications and working drawings of the proposed alterations and the name of its contractor at least thirty (30) days before the date it intends to commence the alterations.

B. The alterations shall not be commenced until ten (10) days after Landlord has received notice from Tenant stating the date the installation of the alterations is to commence so that Landlord can post and record an appropriate notice of non-responsibility.

C. The alterations shall be approved by Landlord and all appropriate government agencies, and all applicable permits and authorizations shall be obtained before commencement of the alterations.

D. All alterations shall be completed with due diligence in compliance with the plans and specifications and working drawings and all applicable laws.

E. Any alterations made shall remain on and be surrendered with the Premises on expiration or termination of this Lease, except that Landlord can elect within thirty (30)

days before the expiration of the term, or within ten (10) days after termination of the term, to require Tenant to remove any alterations that Tenant has made to the Premises. If Landlord so elects, Tenant at its cost shall restore the Premises to the condition designated by Landlord in its election, before the last day of the term, or within thirty (30) days after notice of election is given, whichever is later.

29. DEFAULT

A. Default by Tenant

The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

- (i) The vacating or abandonment of the Premises by Tenant. (Failure to use or occupy the Premises for fifteen (15) consecutive days shall be deemed a vacation or abandonment.)
- (ii) The failure by Tenant to make any payment of rental, or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of ten (10) days after notice thereof by Landlord to Tenant.
- (iii) The failure by Tenant to observe or perform any of the terms, covenants or conditions of this Lease to be observed or performed by Tenant, other than described in Sub-sections (A (i)) and (A (ii)) hereinabove, where such failure shall continue for a period of thirty (30) days after notice thereof by Landlord to Tenant; provided, however, that if the nature of Tenant's default and breach is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default and breach if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion within ninety (90) days.
- (iv) The making by Tenant of any general assignment or general arrangement for the benefit of creditors; or the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt, or a petition or reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's personal property at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of a Tenant's personal property at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days.

B. Landlord's Remedies

In the event of any such default and breach by Tenant described hereinabove, Landlord may at any time thereafter:

- (i) Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In the event Tenant shall have abandoned the Premises, Landlord shall have the option to either (1) take possession of the Premises and recover from Tenant the amount specified in this Section, or (2) proceed under the provisions of the following Sub-section (ii).
- (ii) Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.
- (iii) Pursue any other remedy now or hereafter available to Landlord under applicable laws and judicial decisions.

C. Default by Landlord

Landlord shall be in material default and breach of this Lease if it fails or refuses to perform any of the terms, covenants or conditions of this Lease that it is obligated to perform if the failure to perform is not cured within thirty (30) days after written notice of the default and breach has been given by Tenant to Landlord; provided, however, that if the default and breach of Landlord is such that more than thirty (30) days are reasonably required for its cure, then, Landlord shall not be deemed in default and breach if Landlord commences to cure the default within thirty (30) days after the written notice and thereafter diligently prosecuted such cure to completion within ninety (90) days.

D. Tenant's Remedies

In the event of any such material default and breach by Landlord described hereinabove, Tenant may at any time thereafter: (a) Terminate this Lease with a written notice to Landlord and vacate the Premises on the date of termination; and/or (b) Pursue any other remedy now or hereafter available to Tenant under the applicable laws and judicial decisions.

E. California Law Notice Requirements

The notice requirements set forth in this Section modifies and supersedes the notice requirements of the unlawful detainer statutes of California.

F. Airport Regulations

Landlord shall apply the provisions of Section 29 prior to enforcing any remedies as provided by the Airport Regulations.

30. INDEMNIFICATION AND INSURANCE

A. Hold Harmless

Tenant shall at all times relieve, indemnify, protect and hold harmless, Landlord, its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description, brought for, or on account of injuries to or death of any person, including Tenant, or damage to property of any kind whatsoever and to whomever belonging, that may in whole or in part arise from, or be caused by:

- (i) The operation, maintenance, use, or occupation of the Premises and defects on the property in which the Landlord has no control;
- (ii) The acts or omissions of Tenant, its officers, agents, employees, servants, invitees or permittees; or
- (iii) The failure of Tenant, its officers, agents, employees, servants, invitees or permittees, to observe or abide by any of the terms, covenants and conditions of this Lease or any applicable federal, state, county or municipal law, rule, or regulation.
- (iv) Any other loss or cost, including but not limited to, the concurrent active or passive negligence of County, its officers, agents, employees, or servants resulting from the performance of any work required of Tenant or payments made pursuant to this Agreement, provided that this shall not apply to injuries or damage for which the County has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Tenant to relieve, indemnify, protect and hold harmless, as set forth hereinabove, shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

B. Fire legal Insurance

Tenant at its sole cost shall maintain fire legal insurance on the Premises with a limit of at least One Hundred Thousand Dollars (\$100,000); with water damage and debris clean up provisions to be included. The insurance policy shall provide that any proceeds shall be made payable to Landlord.

C. Fire and Extended Coverage Insurance

Tenant at its cost shall maintain on the improvements that are a part of the Premises a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of at least the replacement value of the improvements, which are a part of the Premises. The insurance policy shall be issued in the names of Landlord and Tenant as their interests appear. The insurance policy shall provide that any proceeds shall be payable to Landlord.

Tenant shall secure, and shall maintain at all times during the term of this Lease, insurance against damage or destruction by fire, windstorm, riot or civil commotion on Tenant's improvements at the Premises, if any, in the full amount of their replacement value, with such provision in the policies issued to cover the same, or in riders attached thereto, as shall provide for payment for losses thereunder sustained by Tenant; the proceeds of said policies to be held in trust by any reputable bank or trust company. Landlord shall release all proceeds from insurance policy.

D. Liability and Property Damage Insurance

Tenant at its cost shall maintain Comprehensive Liability insurance for the following coverages with the following limits insuring against all liability of Tenant and its authorized representatives arising out of and in connection with Tenant's use or occupancy of the Premises:

- (i) Airport Premises Liability with a minimum limit of \$1,000,000 Combined Single Limit (CSL) each occurrence; and
- (ii) For Tenants who operate aircraft, Aircraft Liability with a minimum limit of \$1,000,000 CSL each occurrence with a minimum sub-limit \$100,000 each person. The policy shall include coverage for Owned, Non-Owned or Leased aircraft;
- (iii) For Tenants who operate vehicles on the airport, Commercial Automobile Liability for all Owned, Non-Owned and Hired automobiles with a minimum limit of \$1,000,000 each accident;
- (iv) For Tenants who take control of customers aircraft, Hangarkeepers' Liability with a minimum limit of \$100,000 each aircraft and \$300,000 each occurrence;
- (v) For Tenants who provide repair or maintenance services, fuel service, or sales, Products and Completed Operations Liability with a minimum limit of \$1,000,000 CSL each occurrence;
- (vi) All Comprehensive Liability insurance shall insure performance by Tenant of the Hold Harmless Sub-section of this Lease;
- (vii) Landlord shall be named as "additionally insured";
- (viii) All required insurance shall contain a Separation of Insureds or Severability of Interests provision; and
- (ix) The policy shall not be cancelled or non-renewed unless the Landlord has received 30 days prior written notice. (Ten days prior notice in the event of cancellation for nonpayment of premium is acceptable). Written notice

shall be sent to: County of San Mateo, Attn: Airport Manager, 620 Airport Drive, San Carlos, CA 94070.

E. Workers' Compensation and Employer's Liability Insurance

During the entire term of this Lease, Tenant shall have in effect Workers' Compensation coverage providing full statutory benefits and employer's liability in the minimum amount of \$1,000,000. In executing this Lease, Tenant makes the following certification:

I am aware of the provisions of Section 3700 of the California Labor Code, which require every employer (1) to be insured against liability for Workers' Compensation or (2) to undertake self-insurance in accordance with the provisions of the Code. I will comply with such provisions.

F. Miscellaneous Insurance Provisions

Tenant shall pay the premiums for maintaining the insurance required hereinabove. All the insurance required under this Lease shall:

- (i) Be issued by insurance companies authorized to do business in the State of California, with a financial rating of at least an AV status as rated in the most recent edition of Best's Insurance Reports. Coverage provided by State Fund Insurance shall satisfy this requirement.
- (ii) Be issued as a primary policy.
- (iii) Contain an endorsement requiring thirty (30) days' notice from the insurance company to both parties before cancellation or change in the coverage, scope, or amount of any policy.
- (iv) Landlord shall be named as "additionally insured" on each policy.

G. Certificate of Insurance

A certificate of insurance, together with evidence of payment of premium, shall be deposited with Landlord at the commencement of this Lease, and on renewal of the policy not less than twenty (20) days before expiration of each policy.

In the event Tenant fails to deliver the certificate of insurance verifying insurance coverage as required in this Section, Landlord shall have the option, after a ten (10) day notice to Tenant requesting a certificate, either (a) to terminate this Lease immediately thereafter with a notice to Tenant, or (b) to take out all or part of the required insurance and pay the premium thereon on behalf of Tenant. If Landlord opts to take out the insurance on behalf of Tenant, the cost of the premium paid by Landlord shall be deemed additional rent due and payable by Tenant with the next regular rent payment.

H. Increase in Coverage

Landlord reserves the right to require at any time that the required public liability and property damage insurance minimum coverage be increased in accordance with standard County of San Mateo Risk Management practice in effect at the time the increase is required. Tenant shall be given at thirty (30) days' notice of the required increase.

31. HAZARDOUS MATERIALS ACTIVITY

Tenant may not store, handle or generate hazardous materials/waste/underground tanks on the property unless Tenant has completed and filed a San Mateo County Hazardous Materials Release Response Plan and Inventory ("Business Plan") with the San Mateo County Environmental Health Department.

Hazardous material means any material that, because of its quantity, concentration, or physical or chemical characteristics, poses a significant present or potential hazard to human health and safety or to the environment if released into the work place or the environment. Hazardous materials include, but are not limited to, hazardous substances, hazardous waste, and any material which a handler or the administering agency has a reasonable basis for believing that it would be injurious to the health and safety of persons or harmful to the environment if released into the work place or the environment. Examples of such hazardous materials are, but are not limited to: waste oil, solvents, gasoline and compressed gases.

If Tenant does store, handle or generate hazardous materials/waste, or operate an underground storage tank, Tenant must do so in compliance with all state and federal regulations regarding hazardous materials, including but not limited to, California Health and Safety Code, Chapters 6.5, Sections 25100-25249, California Code of Regulations Title 26 and Code of Federal Regulations Section 40 Parts 240-281. Tenant shall be in default hereunder in the event of Tenant's failure to (1) file the Business Plan, (2) follow the Business Plan, and (3) comply with applicable State and Federal statutes regarding the handling of hazardous materials/waste/underground tanks. In addition, Landlord may exercise any rights applicable under State and Federal law, in regards to requiring Tenant to be responsible for disposal or removal of the hazardous materials/waste/underground tanks in a safe manner.

Subject to Section 21 herein, Landlord shall have the right to inspect the Premises to ensure Tenant's compliance, and charge inspection fees, in accordance with applicable State and Federal statutes.

If Tenant does not intend to and will not store, handle hazardous materials/underground tanks or general hazardous waste, then Tenant must complete and file a "Hazardous Materials Negative Response Form" to that effect with the San Mateo County

Environmental Health Department. If, at any time during the term of this Agreement, Tenant commences activity that would involve the handling, storage or generation of hazardous materials/waste/underground tanks, Tenant must follow the directives set forth above.

32. COMPLIANCE WITH AIRPORT RULES AND REGULATIONS AND FAA STANDARD PROVISIONS

Tenant agrees to comply with all San Mateo County Airport ordinances, rules and regulations, and at all times to cooperate with County in its operation and management of said airport. Tenant shall notify all users of its facilities of all applicable rules and regulations.

Tenant shall comply with the standard provisions for all leases of airport land promulgated by the Federal Aviation Administration, as set forth in the attached Exhibit B, and as those provisions may be revised from time to time.

Tenant shall comply with Standards for Fixed Base Operators adopted from time to time by the Board of Supervisors affecting all operators on County Airports holding concessions similar to Tenant's. The standards currently in effect are set forth in County of San Mateo, Airport Business Operating Standards dated May 1994. Tenant recognizes that it has full responsibility for meeting these Standards.

Tenant shall notify all users of its facilities and pilots of aircraft as to all applicable rules and regulations and require users and pilots to comply with them.

33. NON-ABROGATION OF UNITED STATES GOVERNMENT RIGHTS

The provisions of this Agreement in no way abrogate any rights vested in the United States of America relative to the airport as such rights exist between the United States of America and the County of San Mateo.

34. HOLDING OVER

If Tenant holds over after the expiration or earlier termination of the term hereof without the express written consent of Landlord, Tenant shall become a tenant at sufferance only, at the monthly rental rate of one hundred fifty per cent (150%) of the rent in effect upon the date of such expiration and otherwise upon the terms, covenants and conditions herein specified, so far as applicable. Acceptance by Landlord of monthly payments after such expiration or earlier termination shall not constitute a holdover hereunder or result in a renewal. The foregoing provisions of this paragraph are in addition to and do not affect Landlord's right of re-entry or any other rights of Landlord hereunder or as otherwise provided by law.

35. ASSIGNMENT AND SUBLETTING

Tenant shall not, either voluntarily or by operation of law, assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest therein, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the employees, agents, servants and invitees of Tenant excepted) to occupy or use the Premises, or any portion thereof, without the written consent of Landlord first had and obtained, which consent shall not be unreasonably withheld, and a consent to one assignment, subletting, occupation or use by any other person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Any such assignment or subletting without such consent shall be voidable, and shall, at the option of Landlord, constitute a default under this Lease.

If Tenant is a corporation, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of at least 51 percent of the value of the assets of Tenant, shall be deemed a voluntary assignment. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least 10% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors. This paragraph shall not apply to corporations the stock of which is traded through an exchange or over the counter.

36. SAN MATEO COUNTY NO SMOKING ORDINANCE

Tenant is aware that on April 18, 2006, the County of San Mateo modified its Ordinance Code, adopting Section 4.96.040, which prohibits smoking in all County facilities whether owned or leased. Tenant understands that said Ordinance authorizes County to enforce the provisions contained therein and Tenant agrees to enforce the provisions of said ordinance on the Premises.

37. OPERATION OF RADIO EQUIPMENT

Tenant shall not operate any radio equipment at the airport transmitting electronic signals, which might interfere with operations of the Airport Control Tower, UNICOM, County Radios or other electronic transmissions essential to the operation of the airport.

38. CLOSING OF AIRPORT FOR MAINTENANCE AND CONSTRUCTION

Landlord may from time to time be required to close the runway, taxiways, roads, parking lots, buildings and other facilities for purposes of necessary maintenance, repair

or new construction. Tenant shall not be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises, Airport facilities, loss of revenue, or any inconvenience or annoyance as a result of such maintenance or construction.

39. LAWS, RULES, REGULATIONS AND PERMITS

Tenant shall construct any improvements, use, maintain and occupy the Premises in compliance with all applicable laws, rules, and regulations. These include, but are not limited to the Americans With Disabilities Act of 1990 and Title 24 of the California Code of Regulations and all other applicable federal, state, local and administrative laws, rules, regulations, orders and requirements intended to provide equal accessibility for persons with disabilities (collectively, "Disabilities Laws"), any applicable City, County, State or Federal ordinances, rules, policies, laws and regulations. Tenant is responsible for ascertaining the need for and obtaining all required permits, licenses, etc., for all of its activities on the Premises. The cost for all permits, licenses, etc., shall be borne solely by Tenant.

40. PERSONAL PROPERTY

Tenant's personal property shall include equipment, furniture, merchandise, and movable property placed in the Premises by Tenant, including trade fixtures. Trade fixtures include any property installed in or on the Premises by Tenant for purposes of trade, manufacture, ornament, or related use.

41. NOTICES

Any notice, demand, request, consent, approval, waiver, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid mail, and if given by mail shall be deemed sufficiently given when sent by registered or certified mail. Any notice, demand, request, consent, approval, waiver, or communication that either party desires or is required to give by mail to the other party shall be addressed to the other party at the address set forth in Section 1 [Basic Lease Information] of this Lease. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated within 48 hours from the time of mailing if mailed as provided in this Section.

42. LIENS

Tenant shall keep the Premises, free from any liens arising out of the work performed, materials furnished or obligations incurred by Tenant.

43. PAYMENT OF PERCENTAGE SHARE OF OPERATING EXPENSES

Not used.

44. GENERAL PROVISIONS.

A. Compliance With Law

Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Premises. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant.

B. Authority of Parties

- (i) Corporate Authority. If either party hereto is a corporation, each party executing this Lease on behalf of the corporation represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with a duly adopted Resolution of the Board of Directors of the corporation or in accordance with the By-Laws of the corporation, and that this Lease is binding upon the corporation in accordance with its terms.
- (ii) Partnership. If either party hereto is a partnership or other unincorporated association, each party executing this Lease on behalf of the partnership or other association represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of the partnership or association, in accordance with the partnership agreement or the agreement of said association.
- (iii) Authorized Lease Representative of the County of San Mateo. The County Manager, or the designee of the County Manager, shall be the only authorized agent of the County of San Mateo for purposes of giving any notices or exercising any rights, options, privileges or obligations of the County of San Mateo under this Lease. This Lease shall not be valid unless executed by the President of the Board of Supervisors of the County of San Mateo pursuant to a Resolution adopted in accordance with the California Government Code.

C. Other Terms

Clauses, plats, exhibits and riders, if any, initialed and dated by Landlord and Tenant and endorsed on or affixed to this Lease are a part hereof.

D. Waiver

The waiver by either party of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of the Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of the acceptance of such rent.

E. Joint Obligation

"Party" shall mean Landlord or Tenant; and if there be more than one Tenant or Landlord, the obligations hereunder imposed upon Tenants or Landlords shall be joint and several.

F. Time

Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

G. Successors and Assigns

The terms, covenants and conditions herein contained, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

H. Recordation

Neither Landlord nor Tenant shall record this Lease.

I. Quiet Possession

Upon Tenant paying the rent and other fees or charges reserved hereunder and observing and performing all of the terms, covenants and conditions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire term hereof, subject to all the provisions of this Lease.

J. Prior Agreements

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in

writing signed by the parties hereto or their respective successors in interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

K. Inability to Perform

This Lease and the obligations of Tenant hereunder shall not be affected or impaired because Landlord is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause beyond the reasonable control of Landlord.

L. Negation of Partnership

Landlord shall not become or be deemed a partner or a joint venturer with Tenant by reasons of the provisions of this Lease.

M. Sale or Transfer of Premises

In the event of any sale or transfer of the Premises by Landlord, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale or transfer; and the purchaser or transferee, at such sale or transfer or any subsequent sale or transfer of the Premises shall be deemed, without any further agreement between the parties or their successors in interest or between the parties or their successors in interest or between the parties and any such purchaser or transferee, to have assumed and agreed to carry out any and all of the covenants and obligations and agreed to carry out any and all of the covenants and obligations of Landlord under this lease.

N. Name

Tenant shall not use the name of the Premises or of the development, building or facility in which the Premises may be situated for any purpose other than as an address of the business to be conducted by Tenant in the Premises.

O. Cumulative Remedies

No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

P. Signs and Auctions

Tenant shall not place any sign upon the Premises or conduct any auction thereon without Landlord's prior written consent.

Q. Provisions, Covenants and Conditions

All provisions herein, whether covenants or conditions, on the part of either party shall be deemed to be both covenants and conditions.

R. Captions, Table of Contents

The captions and the Table of Contents of this Lease (if any) shall have no effect on the interpretation of this Lease.

S. Payments in U.S. Money

Rent and all sums payable under this Lease must be paid in lawful money of the United States of America.

T. Singular and Plural

When required by the context of this Lease, the singular shall include the plural.

U. Choice of Law

This Lease shall be construed, interpreted and governed in accordance with the laws of the State of California.

V. Brokers

Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the lease contemplated herein except as identified in the Basic Lease Information, whose commission, if any is due, shall be paid pursuant to a separate written agreement between such broker and the party through which such broker contracted. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Claims incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Lease.

W. Severability

If any provision of this Lease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Lease shall be valid and be enforceable to the fullest extent permitted by law.

X. Venue

The Venue for any court action to interpret or enforce this agreement or to litigate any claim arising out of this agreement shall be had in State Court of the County of San Mateo.

TENANT

GOLDEN GATE HELICOPTERS, GP

By: _____
Laurie Pitman

Title: _____

LANDLORD

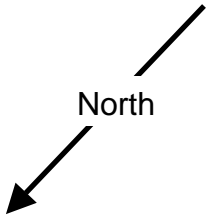
COUNTY OF SAN MATEO

By: _____
Rose Jacobs Gibson
President, Board of Supervisors

Resolution No. _____

ATTEST: _____
Clerk of said Board

EXHIBIT A
SITE PLAN OF PREMISES



Vehicle
Parking Area

Aircraft
Parking Area

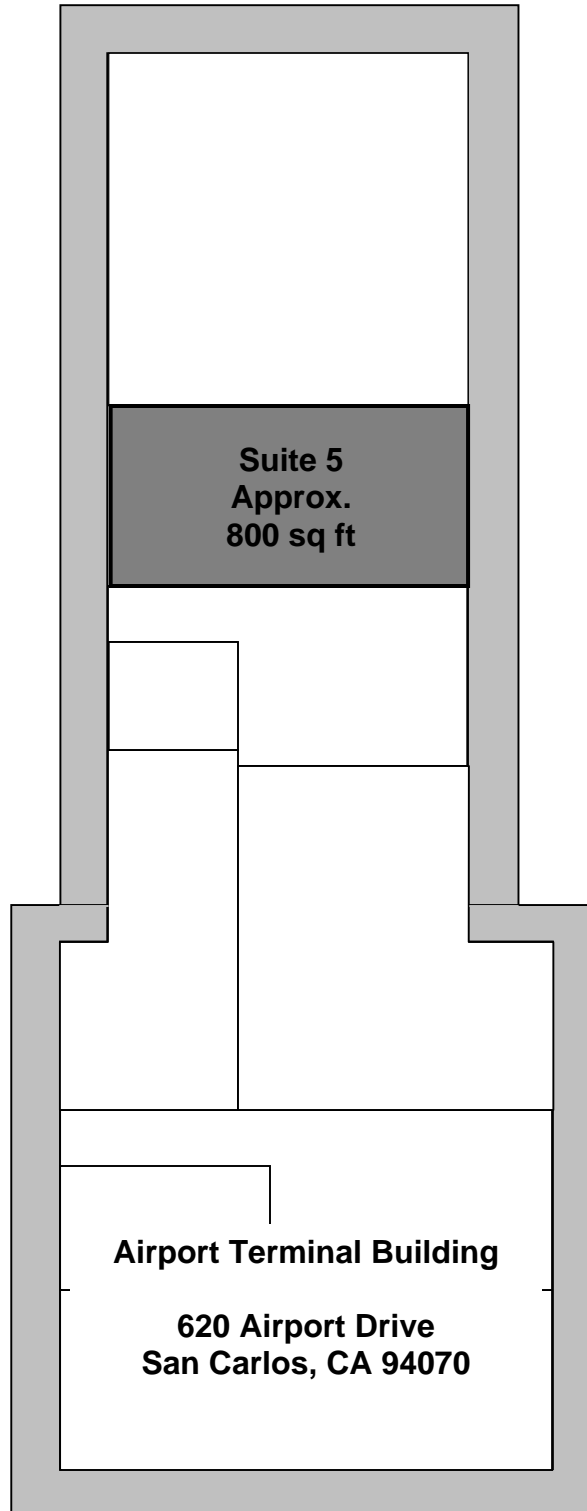


EXHIBIT B

STANDARD PROVISIONS FOR ALL LEASES, USE, AND OTHER AGREEMENTS AND PERMITS SAN MATEO COUNTY AIRPORTS

1. Tenant for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree "as a covenant running with the land" that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this lease, agreement or permit for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Tenant shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
2. Tenant 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, sex, sexual orientation, color, national origin, religion, age or disability shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under the lands and 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 subject to discrimination, (3) that Tenant shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, CFR, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
3. In the event of breach of any of the above nondiscrimination covenants, Landlord may terminate the lease, agreement or permit and re-enter and repossess the land and the facilities thereon and hold them as if the lease, agreement or permit had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed, including expiration of appeal rights.
4. Tenant shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users and shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided that Tenant may make reasonable and nondiscriminatory discounts, rebates or other similar type of

price reductions to volume purchasers.

5. Non-compliance with Provision 4 above shall constitute a material breach of the lease, agreement or permit. In the event of such non-compliance, Landlord may terminate this lease, agreement or permit and the estate hereby created without liability thereof; or, at the election of Landlord or the United States either or both of these governments may judicially enforce the provision.
6. Landlord may further develop or improve the landing area of the airport as it sees fit, regardless of the desires or view of Tenant and without interference or hindrance.
7. Landlord may, but shall not be obligated to Tenant to, maintain and keep in repair the landing area of the airport and all publicly owned facilities of the airport. Landlord also may direct and control the activities of Tenant in this regard.
8. The lease, agreement or permit shall be subordinate to the provisions and requirements of any existing or future agreement between County and the United States relative to the development, operation or maintenance of the airport.
9. There is hereby reserved to Landlord, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the premises covered by the lease, agreement or permit. This public right of flight shall include the right to cause in this airspace any noise inherent in the operation of any aircraft used for navigation of flight through the airspace or to land at, take off from or operate on the San Carlos or Half Moon Bay Airport, as the case may be.
10. Tenant shall comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations if future construction of a building is planned for the premises covered by the lease, agreement or permit or in the event of any planned modification or alteration of any present or future building or structure on the premises.
11. Tenant, by accepting this lease, agreement or permit, expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on any land leased that would be in conflict with the provisions of Part 77 of the Federal Aviation regulations. If these covenants are breached, County may enter upon the land and remove the offending structure or object and cut the offending tree, all of which shall be at Tenant's expense.
12. Tenant, by accepting this lease, agreement or permit, agrees for itself, its successors and assigns that it will not make use of the premises covered by the lease, agreement or permit in any manner which might interfere with the landing and taking off of aircraft from the airport or otherwise constitute a hazard. If this

covenant is breached, County may enter upon the premises and cause the abatement of such interference at Tenant's expense.

13. Nothing contained in the lease, agreement or permit shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958 (49 U.S.C. 1349A).
14. The lease, agreement or permit and all its provisions shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of the airport or the exclusive or non-exclusive use of the airport by the United States during the time of war or national emergency.
15. Tenant will conduct its programs and operate its facilities in accordance with the requirements of the Americans with Disabilities Act of 1992 and will assure that no qualified disabled person shall, solely by reason of his or her disability be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination, including discrimination in employment. Tenant will conduct its programs and operate its facilities in compliance with all the requirements imposed by or pursuant to **49 CFR Part 27**.
16. Tenant shall insert the above provisions in any lease, agreement, contract, permit, etc., by which it grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the premises covered by the lease, agreement or permit, including any subleases, and hereby assures that the above provisions will be included in any agreement, contract, permit or further sub-lease granted or entered into by any sub-lessee of the Tenant.

EXHIBIT C
SPECIAL REQUIREMENTS/CONDITIONS
TO AIRPORTS LEASE / CONCESSION AGREEMENT WITH
GOLDEN GATE HELICOPTERS

In the event of any conflict between any provision of the Lease and this Exhibit C, the Lease provision shall prevail.

1. SAFETY

Safety shall be paramount at all times. Tenant shall ensure that its agents, employees and customers safely coordinate all movements and activities on the airport to the satisfaction of the County. Tenant shall ensure that its operations and activities comply with local, state and federal requirements and are in accordance with safe and acceptable practices and procedures.

2. LICENSES AND CERTIFICATIONS

Tenant shall obtain all required licenses, certifications and authorizations from all appropriate agencies for work performed and activities conducted under this permit.

3. TRAINING

Tenant shall properly educate and train all agents, employees and customers regarding airport safety and operating procedures prior to allowing access onto the airfield.

4. COMPLIANCE WITH NOISE ABATEMENT

Tenant shall to comply with all airport noise abatement procedures. Tenant shall comply with all reasonable requests from the airport manager to address noise issues related to its flight operations including, but not limited to: flight procedures, flight routes, take-off and landing routes, engine break-in procedures and hours of operation.

5. PARKING

Tenant shall ensure that its vehicles and those of its agents and customers are parked in areas and locations as approved by the County and are in compliance with Airport Parking Policies.

Parking lots are provided for the general use of all airport users. Tenant shall not control or restrict the use of the parking lot adjacent its facility to other airport tenants or users.

Camper trucks, trailers and/or other temporary living facilities may not be parked overnight in any area of the Airports without written authorization from the County. No overnight camping is permitted.

6. STORAGE OF EQUIPMENT, VEHICLES AND MATERIALS

Unless otherwise authorized herein, Tenant shall not store equipment, vehicles, boats, materials, pallets, boxes, etc. on the airport other than in designated storage areas or

buildings as approved by the County. Tenant shall keep all walkways and staircases free of clutter, trash or any other personal items or equipment.

7. REPAIRS

Tenant shall repair, at its own expense, any and all damage to the property of the County or to the property of others on the Airport, and damage which has been caused by Tenant, its agents or customers who may be on the Airport for any purpose connected with the Tenant's business.

8. STORMWATER COMPLIANCE

The County has obtained a National Pollutant Discharge Elimination System ("NPDES") Permit from the Regional Water Quality Control Board, San Francisco Bay Region ("RWQCB"), regarding stormwater discharge from the Airport, which includes stormwater discharge and runoff from the Airport. Without limitation of any other obligation of Tenant hereunder, Tenant shall comply with all laws, rules, regulations, requirements, administrative orders and/or programs imposed upon Tenant or County by the RWQCB or any other governmental entity, regarding runoff and stormwater discharge on the Airport. Tenant shall pay any cost that County incurs to take any compliance action on the Airport as a result of Tenant's failure to comply with such laws, regulations, requirements, administrative orders and/or programs. Tenant shall also pay, to the extent caused by Tenant's business on the Airport, County's costs to take any compliance action imposed upon County by the RWQCB or any other governmental entity.

9. DISCHARGE OF CONTAMINANTS

Tenant, its agents and customers shall at no time discharge any hazardous material or substance onto the Airport. Waste oil and other contaminants shall be properly disposed of and at no time shall the Tenant use the waste oil tanks the County has provided for the non-commercial use of airport tenants.

10. SECURITY/ACCESS

Airport security shall be maintained at all times. Tenant shall take all reasonable steps to restrict unauthorized access onto airport property, including controlling thoroughfare access through the Premises. All access and security procedures shall be coordinated with and approved by the County. Tenant shall ensure that all gates it uses remain closed and locked at all times and that any mechanical problems with the gates are promptly reported to the County. Access codes shall only be provided with discretion to persons wishing to enter airport property. First-time visitors should be directed to the airport office for instructions and to receive access codes. Tenant shall monitor and report any misuse of airport security codes immediately.

11. SIGNAGE AND WINDOWS

No permanent banners or signs of any kind may be installed or displayed outside on the airport without the written approval of the County. All signage shall comply with applicable Local and County requirements. Signs and banners installed without the

written approval of the County will be removed and disposed of at Tenant's sole cost and expense.

Tenant shall be limited to one exterior sign. The total sum of the surface area of this sign shall not exceed 30 square feet. All signage shall be mounted securely to the parapet above the Tenant's portion of the premises on the airside of the building and no portion of the signage shall exceed the existing dimensions of the parapet. Appropriate signage may also be added to the entry and exit doors. All draft styles, materials, size, proposed locations and installation methods of all new and replacement signage on parapets and doors shall be approved in advance by the Airport Manager and conform to all requirements herein. Any signage placed in locations other than the parapets or doors must be approved by the Airport Manager prior to installation or construction.

Tenant shall keep all exterior and shared interior windows free of any signs, advertisements, posters, fliers, stickers and/or other articles which are unrelated to the business or operation of the business that would otherwise prevent a clear and unobstructed view through the window. Articles placed on windows must be confined to one 24 inch by 24 inch area on one exterior and/or interior window. Landlord reserves the right to remove any object found to be in non-compliance within 24 hours after delivery of written notification to the tenant. Tenant, at its sole cost and expense, shall have the right to install neutral colored curtains, blinds or shades, or other window coverings with Landlord's prior written approval.

12. HOUSEKEEPING

Tenant shall collect and remove from the airport all debris, trash, garbage, or other rubbish generated by Tenant, its agents or customers who may be on the Airport for any purpose connected with the Tenant's operation. Tenant shall ensure that tie-downs and other areas where business is conducted are kept as clean and orderly as is reasonably possible at all times. Equipment, parts and materials shall be removed from the area or replaced on the aircraft when not being worked on.

Tenant shall regularly dispose of pallets, crates and other shipping supplies at its facility. Tenant shall not dump waste or refuse on airport property or in facilities leased by another Tenant or vendor.

13. TRASH AND RECYCLING REMOVAL

Tenant shall dispose of recyclable materials in County provided recycling receptacles or, if Tenant has set-up its own recycling program, through Tenant's own receptacles. Tenant shall not dispose of trash or place other non-recyclable materials in the recycling receptacles. To the extent possible, Tenant shall not dispose of recyclable materials in dumpsters or other trash receptacles.

Dumpsters and other trash and recycling receptacles may not block or obstruct in any way hangars or taxiways.

14. AIRCRAFT WASHING

Tenant shall not wash aircraft at any location other than the airport washrack. Use of the washrack under this permit shall be limited to those aircraft for which maintenance has been performed. Washing or cleaning any automobile, boat, trailer, or any other type of vehicle at the washrack or on airport property is prohibited.

All engine and equipment washing must be performed at airport washracks only. Tenant may wash engines and equipment on the Premises if done in a manner compliant with all Airport Stormwater Compliance regulations, including the recovery of 100% of the cleansers and runoff material.

15. OPERATIONS

The County shall approve all operations and activities. Tenant shall take all reasonable steps to ensure that its operations and activities create minimal impact and inconvenience to the airport and other airport users. Tenant shall not block or obstruct taxiways, roads or access routes at any time.

Run-ups and "high-speed-idles" are allowed only in designated run-up areas or as approved by the Airport Manager. Run-ups are strictly prohibited in all other areas including maintenance areas, aircraft parking areas and taxiways.

16. TIE-DOWNS

Tenant shall obtain and pay for aircraft tiedowns, independent of this agreement. The cost of aircraft tiedowns shall be in addition to the fees set forth in the Agreement and shall be at the rate established and periodically amended by the County Board of Supervisors. Location of the tiedown(s) that are selected by the Tenant shall be approved by the County. Tenant acknowledges that tiedowns may be relocated or eliminated periodically as a result of airport construction and expansion. Tenant agrees to relocate its aircraft to alternate tiedown locations at any time at the request of the airport manager.

Changes to the number or location of aircraft tiedown(s) shall be permitted on no more than two occasions during any 12-month period. The term for tiedowns rented by the Landlord shall be for a minimum of 90 days. Tenant shall provide 30-days advance written notice for the cancellation of any tiedown space(s) under this agreement. Tenant shall ensure that cancelled tiedowns are vacant on the date they revert to the County and shall be responsible for the removal of any aircraft remaining on the tiedown(s) and payment of daily transient fees until the tiedown is vacated.

Aircraft shall be parked on their assigned tiedown space or leased apron areas at all times. Aircraft owned, operated or under the control or auspices of Tenant shall at no time be parked so as to obstruct any taxiway, hangar, tiedown or thoroughfare, including access roads and vehicle gates. In the event Tenant fails to immediately move or relocate aircraft blocking any of the aforesaid areas, the County shall have the right to move or relocate the aircraft or hire to have the aircraft moved or relocated and

bill Tenant for all expenses related to such action. Additionally, Tenant shall be assessed the daily transient parking fee for any aircraft owned, operated or under the control or auspices of Tenant parked so as to obstruct any taxiway, hangar, tiedown or thoroughfare, including access roads and vehicle gates at any time. Failure to pay these fees within 30-days shall constitute default by Tenant and may result in the termination of the agreement by Landlord.

No equipment or items of any kind other than the aircraft assigned to the tiedown shall be stored at tiedown locations. Changes, additions or improvements to tiedown areas, parking areas or environs shall be done so at the Tenant's sole expense and only after obtaining the prior and specific written consent of the County.

It is the Tenant's sole responsibility for ensuring that aircraft under its control are securely tied down.

Initial _____

EXHIBIT D

MINIMUM STANDARDS FOR JANITORIAL SERVICES

BASIC SERVICES

FREQUENCY

Spot clean light switches, walls, doors, doorframes, and vertical surfaces	7 x/week
Spot clean desks and counter tops, free of papers and debris	7 x/week
Spot clean all other visible horizontal surfaces	7 x/week
Dispose of waste and install new liners, if necessary	7 x/week
Empty and clean all ash trays and sand urns	7 x/week
Dust office furniture	1 x/week

CARPETS

FREQUENCY

Vacuum all traffic areas	7 x/week
Vacuum corners, edges and non-traffic areas	1 x/week

HARD SURFACE FLOORS

FREQUENCY

Sweep or vacuum all traffic areas	7 x/week
Spot mop all areas	7 x/week
Sweep corners, edges and non-traffic areas	1 x/week

SECURITY AND COMMUNICATION

Make sure all windows and doors are locked	7 x/week
Disarm/arm security system	7 x/week

SERVICE SCHEDULE

7 Days, between 22:00 and 07:00

COUNTY OF SAN MATEO

LEASE / CONCESSION AGREEMENT

(No. 5321)

JATO Aviation, LLC

San Carlos Airport

San Carlos, California

TENANT: JATO AVIATION

TABLE OF CONTENTS

1.	BASIC LEASE INFORMATION	1
2.	PARTIES	4
3.	TERMS, COVENANTS AND CONDITIONS	4
4.	PREMISES	4
5.	TERM	4
6.	MONTHLY RENTAL	5
	A. Base Rent	5
	B. Concession Fee	5
	C. Utility Charge	6
	D. Payment of Rent	7
	E. Interest on Late Payment.....	7
7.	EXTENSION OPTION	7
8.	RENTAL ADJUSTMENTS	9
9.	GROSS REVENUES	9
10.	ACCOUNTS AND RECORDS	10
11.	LATE CHARGES AND RETURNED CHECK CHARGE	11
12.	USE AND CONCESSION	12
13.	TENANT IMPROVEMENTS	12
14.	USE OF AIRPORT FACILITIES	12
15.	MOTOR VEHICLES/PARKING	13
16.	UTILITIES	13
17.	JANITORIAL SERVICES	13
18.	ASSESSMENTS/TAXES	13
19.	POSSESSORY INTEREST TAX	14
20.	MAINTENANCE AND REPAIRS	14
	A. All Maintenance and Repairs By Tenant.....	14
	B. Structural Repairs By Landlord	15
21.	EARLY TERMINATION	15
22.	DAMAGE OR DESTRUCTION	15
23.	SECURITY DEPOSIT	16
24.	SURRENDER OF PREMISES	16
25.	ENTRY BY LANDLORD	16
26.	RESERVATIONS	16
27.	CONSENT OF PARTIES	17
28.	ALTERATIONS AND ADDITIONS	17
29.	DEFAULT	18
	A. Default by Tenant.....	18
	B. Landlord's Remedies	19
	C. Default by Landlord.....	19

	D. Tenant's Remedies	19
	E. California Law Notice Requirements	20
30.	INDEMNIFICATION AND INSURANCE	20
	A. Hold Harmless	20
	B. Fire legal Insurance	20
	C. Fire and Extended Coverage Insurance	21
	D. Liability and Property Damage Insurance	21
	E. Workers' Compensation and Employer's Liability Insurance.....	22
	F. Miscellaneous Insurance Provisions	22
	G. Certificate of Insurance.....	22
	H. Increase in Coverage.....	23
31.	HAZARDOUS MATERIALS ACTIVITY	23
32.	COMPLIANCE WITH AIRPORT RULES AND REGULATIONS AND FAA STANDARD PROVISIONS.....	24
33.	NON-ABROGATION OF UNITED STATES GOVERNMENT RIGHTS	24
34.	HOLDING OVER	24
35.	ASSIGNMENT AND SUBLETTING.....	25
36.	SAN MATEO COUNTY NO SMOKING ORDINANCE.....	25
37.	OPERATION OF RADIO EQUIPMENT	25
38.	CLOSING OF AIRPORT FOR MAINTENANCE AND CONSTRUCTION	25
39.	LAWS, RULES, REGULATIONS AND PERMITS.....	26
40.	PERSONAL PROPERTY.....	26
41.	NOTICES	26
42.	LIENS.....	26
43.	PAYMENT OF PERCENTAGE SHARE OF OPERATING EXPENSES	27
44.	GENERAL PROVISIONS.	27
	A. Compliance With Law	27
	B. Authority of Parties.....	27
	C. Other Terms	28
	D. Waiver	28
	E. Joint Obligation	28
	F. Time.....	28
	G. Successors and Assigns	28
	H. Recordation	28
	I. Quiet Possession	28
	J. Prior Agreements.....	28
	K. Inability to Perform	29
	L. Negation of Partnership.....	29
	M. Sale or Transfer of Premises.....	29
	N. Name	29
	O. Cumulative Remedies	29
	P. Signs and Auctions	29
	Q. Provisions, Covenants and Conditions	30
	R. Captions, Table of Contents	30
	S. Payments in U.S. Money	30

T. Singular and Plural.....	30
U. Choice of Law.....	30
V. Brokers	30
W. Severability	30
X. Venue	31

EXHIBIT A - SITE PLAN OF PREMISES

EXHIBIT B - STANDARD PROVISIONS

EXHIBIT C - SPECIAL REQUIREMENTS/CONDITIONS

EXHIBIT D - MINIMUM JANITORIAL STANDARDS

LEASE / CONCESSION AGREEMENT

(No. 5321)

San Carlos Airport
San Carlos, California
JATO Aviation, LLC

This is intended to be a legally binding contract

Read it carefully and consult an attorney.

1. BASIC LEASE INFORMATION

The following is a summary of basic lease information (the "Basic Lease Information"). Each item below shall be deemed to incorporate all of the terms in this Lease pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this Lease, the more specific provision shall control.

Lease Reference Date:	June 1, 2007
Landlord:	County of San Mateo
Tenant (and Concessionaire):	JATO Aviation, LLC (and permitted successors and assigns)
Building (Section 4):	San Carlos Airport Administration Building, 620 Airport Drive, San Carlos, California 94070
Premises (Section 4):	Portions of the building commonly known as Suite 8 as shown on the attached Exhibit A (Site Plan of Premises).
Rentable Area of Premises (Section 4):	Approximately 470 square feet of gross building area. Non-exclusive use of the building's common areas and parking facilities, subject to the provisions of Exhibit C, Special Requirements/Conditions.

Term (Section 5):	<p>Estimated commencement date: June 26, 2007</p> <p>Expiration date: June 30, 2012</p> <p>There is one option to renew for an additional five (5) years under the same terms and conditions.</p>
Base Rent (Section 6):	<p>Annual Base Rent: \$12,690 (approx. \$2.25 per sq. ft.)</p> <p>Monthly payments: \$1,057.50 (approx. \$2.25 per sq. ft.)</p>
Rent Adjustment Dates (Section 8):	Each 1st day of July, beginning on July 1, 2008 and each successive year thereafter.
Concession Fee (Section 6)	\$500 minimum per month, or 1% of Gross Revenues. \$100 per aircraft sold.
Use and Concession (Section 12):	For the operation of a Fixed Base Operation (FBO) to provide aviation related activities including aircraft flight training and rentals, sales of aviation supplies, aircraft sales and related activities.
Tenant Improvements (Section 13):	None
Utilities and Services (Section 16):	Prorated portion paid by tenant.
	<p>Initial Monthly Fee: \$394.24</p>
Security Deposit (Section 23):	None
Notice Address of County (Section 41):	<p>County Manager Attn: Real Property Services 400 County Center Redwood City, California 94063 Fax No.: (650) 363-4832</p>

with a copy to: County of San Mateo
Department of Public Works
Airports Division
Attn: Mark Larson
620 Airport Drive
San Carlos, California 94070
Fax No. 650-593-3762

and to: Office of County Counsel
400 County Center, 6th Floor
Redwood City, California 94063
Fax No.: (650) 363-4034

Key Contact for County: Mark Larson

Telephone/Fax Nos.: Phone: 650-573-3700
Fax: 650-593-3762

Alternate Contact for County: Christopher St. Peter

Telephone/Fax Nos.: Phone: 650-573-3700
Fax: 650-593-3762

Address for Tenant (Section 41): JATO Aviation
620 Airport Drive #8
San Carlos, CA 94070
Fax No.:

Key Contact for Tenant: April Gafford

Telephone/Fax Nos.: Phone: 866-359-5286
Fax:

Alternate Contact for Tenant:

Telephone No.: 650-346-2447

Brokers (Section 44 (V)): N/A

Other Noteworthy Provisions: N/A

2. PARTIES

This Lease and Concession Agreement ("Lease"), dated, for reference purposes only, this 1st day of June, 2007 is made by and between the COUNTY OF SAN MATEO, a political subdivision of the State of California ("Landlord" or "County") whose address is:

County of San Mateo
Real Property Division, County Manager's Office
455 County Center, 5th Floor
Redwood City, CA 94063

and JATO AVIATION, LLC, a California Limited Liability Company ("Tenant") whose address is:

620 Airport Drive #8
San Carlos, CA 94070

Both Parties agree as follows:

3. TERMS, COVENANTS AND CONDITIONS

This Lease is subject to the terms, covenants and conditions herein set forth. Each party covenants, as a material part of the consideration for this Lease, to keep and perform each and all of said terms, covenants and conditions that are to be performed, and that this Lease is made upon the condition of said performance.

4. PREMISES

Landlord does hereby lease to Tenant and Tenant hereby leases from Landlord that certain real property described as San Carlos Airport Administration Building, Suite #8, San Carlos, California, consisting of approximately 470 square feet of office space as shown on the attached Exhibit A ("Premises"), which Premises is a portion of the San Carlos Airport Terminal Building ("Building") at the San Carlos Airport ("Property").

5. TERM

The term of this Lease shall commence on the date of delivery of a fully executed Lease and shall expire on the 30th day of June, 2012. There is one option to renew for an additional five years under the same terms and conditions as set forth in Section 7 (Extension Option).

6. MONTHLY RENTAL

A. Base Rent

Tenant agrees to pay to Landlord as rental, without prior notice or demand, for the Premises the sum of \$1,057.50 ("Base Rent") on or before the first day of the first full calendar month of the term hereof, and a concession fee as hereinafter set forth ("Concession Fee"), and a like sum on or before the first day of each and every successive calendar month thereafter. The Base Rent shall be subject to adjustment as set forth in Section 8 (Rental Adjustments) hereof. The Base Rent, Concession Fee, Utility Charge and other amounts due hereunder are sometimes collectively referred to herein as "Rent."

B. Concession Fee

Tenant shall pay to Landlord for the rights and privileges received from the concessions permitted under this agreement the following fees:

<u>Concession Activity</u>	<u>Minimum Monthly Fee</u>
Aircraft Flight Training School and Aircraft Rental	
Product Sales	
Air Taxi/Charter Service	
Total:	\$500 per month
Aircraft Sales	\$100 per aircraft sold

Minimum monthly concession fee shall be \$500, unless 1% of monthly Gross Revenues for the combined above concession activities exceeds the minimum monthly concession fee. If 1% of monthly Gross Revenues exceeds minimum monthly fees, 1% of Gross Revenues will be the concession fee owed for that month. Concession fee shall be paid monthly on or before the first day of the second calendar month following the month for which the payment is due. (Example: Concession fee based on Gross Revenues for June 2007 shall be due and payable on the first day of August 2007, together with the Base Rent for August 2007.)

Tenant shall, in addition to and concurrent with the concession fee payments set forth in this Section, furnish to County (1) a written report of its concession activities during the month for which the payment is due on a form provided by County or approved by the Airport Manager (If for any reason, concession fee income information is not available by the first day of the second month, Tenant may estimate and provide the income information and make payment based upon historical percentages, so indicating on the reporting form. Tenant shall provide the corrected actual income information and any payment adjustments together with the following month's rent payment.), and (2) a Monthly Report of Aircraft on a form provided by County, reporting each aircraft based on the Airport and owned, operated or under auspices of Tenant, including leaseback aircraft.

Tenant shall also pay Landlord for tiedowns at standard rates charged by County for similar tiedowns, for any County office or storage space used, for automobile parking space, and for any and all other facilities or privileges used for which County makes a charge at standard rates.

If, upon the Commencement Date of this Lease, Tenant does not meet the minimum standards for airport businesses as set forth in "Airport Business Operating Standards" (May 1, 1994), Tenant shall make arrangement to report their Gross Revenues in conjunction with an existing airport Operator's written report of concession activities. Prior to the Commencement Date, said Operator shall notify County in writing that Tenant will be reporting Tenant's Gross Revenues under Operator's existing Concession Agreement and Operator shall pay all applicable concession fees. At such time that Tenant meets the minimum standards for airport businesses, Tenant shall immediately notify County in writing and, beginning the first calendar month following said notification, shall begin payment of concession fees and reporting of Gross Revenues as outlined in Section 6B (Concession Fee), for the remainder of the Term and any Extended Term or Holdover Period of this Lease.

C. Utility Charge

In addition to and concurrently with the monthly rent payments set forth in this section, Tenant shall pay an additional \$394.24 per month which shall include Tenant's portion of gas, electricity, garbage removal service, janitorial services and for the cost of paper products for the restrooms in the building as set forth in section 16 (Utilities) and section 17 (Janitorial Services). Said monthly fee shall be based on an annual average and may be adjusted accordingly periodically to reflect actual usage and costs.

Monthly utility fees may be reviewed and adjusted periodically by the Landlord to accurately reflect the Landlord's associated costs. If Landlord's costs exceed the estimated utility costs paid by Tenant, Tenant shall, within thirty (30) days after the

receipt of Landlord's expense statement, pay to Landlord (whether or not this Lease has terminated) the difference between the total amount of estimated utility fees paid by Tenant and Landlord's total actual costs. If the total amount paid by Tenant for any such utility cost exceeds Landlord's actual cost, such excess shall be credited against the next installments of utility cost due from Tenant to Landlord hereunder, or refunded to Tenant, at Landlord's option.

D. Payment of Rent

Rent for any period during the term hereof which is for less than one (1) month shall be a prorated portion of the monthly installment herein on a per diem basis, based upon a thirty (30) day month. Said rental shall be paid to Landlord at:

County of San Mateo
Department of Public Works
Airports Division
620 Airport Drive
San Carlos, CA 94070

or to such other person or at such other place as Landlord may from time to time designate in writing.

Landlord shall not be required to invoice Tenant for payment of rent or other fees due hereunder. Tenant shall be responsible for payment of all fees due without prior notice or demand. Any amount due which is not paid shall be subject to late fees as set forth in Section 6E (Interest on Late Payment) and Section 11 (Late Charges and Returned Check Charge).

E. Interest on Late Payment

Any Rent, if not paid within ten (10) days following the due date, shall bear interest from the due date until paid at the rate of ten percent (10%) per year or, if a higher rate is legally permissible, at the highest rate an individual is permitted to charge under law (the "Interest Rate"). However, interest shall not be payable on late charges incurred by Tenant as set forth in Section 11 (Late Charges And Returned Check Charge) hereof, nor on any amounts on which late charges are paid by Tenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Tenant.

7. EXTENSION OPTION

Tenant shall have the right to extend the Initial Term of this Lease (the "Extension Option") for one additional term of five years (the "Extended Term"). Such Extension

Option shall be on all of the terms and conditions contained in this Lease except that, at Landlord's election, the Base Rent may be adjusted to an amount equal to the Prevailing Market Rate as set forth below. Tenant may exercise the Extension Option, if at all, by giving written notice to Landlord no earlier than two hundred ten (210) and no later than one hundred eighty (180) days prior to expiration of the term to be extended; provided, however, if Tenant is in material default hereunder on the date of giving such notice and fails to cure such default as provided herein, Landlord may reject such exercise by delivering written notice thereof to Tenant promptly after such failure to cure.

At the commencement of the Extended Term, the Base Rent shall be adjusted as set forth in Section 8 (Rental Adjustments) hereof or, at the election of Landlord delivered to Tenant in writing within thirty days of receipt of Tenant's notice, shall be adjusted to the Prevailing Market Rate for space of comparable size and location to the Premises then being offered for rent in other buildings similar in age, location and quality to the Premises; provided, however, in no event shall the Base Rent be reduced below the Base Rent for the lease year prior to commencement of such Extended Term. As used herein, the term "Prevailing Market Rate" shall mean the base rental for such comparable space, taking into account (i) any additional rental and all other payments and escalations payable hereunder, (ii) location and size of the premises covered by leases of such comparable space, (iii) the duration of the renewal term and the term of such comparable leases, (iv) free rent given under such comparable leases and any other tenant concessions, and (v) tenant improvement allowances and other allowances given under such comparable leases.

If Tenant disputes Landlord's determination of the Prevailing Market Rate, Tenant shall so notify Landlord within fourteen (14) days following Landlord's notice to Tenant of the Prevailing Market Rate and such dispute shall be resolved as follows:

A. Within thirty (30) days following Landlord's notice to Tenant of the Prevailing Market Rate, Landlord and Tenant shall attempt in good faith to meet no less than two (2) times, at a mutually agreeable time and place, to attempt to resolve any such disagreement.

B. If within this thirty (30) day period Landlord and Tenant cannot reach agreement as to the Prevailing Market Rate, they shall each select one appraiser to determine the Prevailing Market Rate. Each such appraiser shall arrive at a determination of the Prevailing Market Rate and submit their conclusions to Landlord and Tenant within thirty (30) days of the expiration of the thirty (30) day consultation period described in (A) above.

C. If only one appraisal is submitted within the requisite time period, it shall be deemed to be the Prevailing Market Rate. If both appraisals are submitted within such time period, and if the two appraisals so submitted differ by less than ten percent (10%) of the higher of the two, then the average of the two shall be

the Prevailing Market Rate. If the two appraisals differ by more than ten percent (10%) of the higher of the two, then the two appraisers shall immediately select a third appraiser who will, within thirty (30) days of his or her selection, make a determination of the Prevailing Market Rate and submit such determination to Landlord and Tenant. This third appraisal will then be averaged with the closer of the two previous appraisals and the result shall be the Prevailing Market Rate.

D. All appraisers specified herein shall be members of the American Institute of Real Estate Appraisers (MAI) with not less than five (5) years' experience appraising leases of commercial properties similar to the Premises in the area. Landlord and Tenant shall pay the cost of the appraiser selected by such party and one-half of the cost of the third appraiser plus one-half of any other costs incurred in the arbitration.

8. RENTAL ADJUSTMENTS

Beginning on July 1, 2008, and on the 1st day of July of each year of the term of this lease, including any extended term or holdover period as set forth herein, the Base Rent as set forth in Section 6 (Base Rent) for the following twelve month period shall be adjusted to equal three percent (3%) of the Base Rent for the lease year preceding such Adjustment Date, as follows:

Initial Term	Monthly Base Rent
June 26, 2007 – June 30, 2008	\$1,057.50
July 1, 2008 – June 30, 2009	\$1,089.23
July 1, 2009 – June 30, 2010	\$1,121.90
July 1, 2010 – June 30, 2011	\$1,155.56
July 1, 2011 – May 31, 2012	\$1,190.23

9. GROSS REVENUES

Gross revenues are defined to mean all gross charges, sales, rentals, fees and commissions made or earned, and all gross sums received, bartered, exchanged or earned by Tenant, its assignees, sublessees, licensees, and permittees, whether collected or accrued, for any business, use, or operation, or any combination thereof, originating, transacted or performed, in whole or in part, on the Premises pursuant to this Agreement, including but not limited to flight training and charter activities, rentals, performance of maintenance and repairs, the rendition or supplying of services, and the sale of goods, wares, parts, accessories, engines and merchandise to anyone including employees subject to certain exceptions specifically set forth below ("Gross Revenues").

Gross Revenues shall include, but not be limited to, the total charge to the trainee for aircraft, instructors, overhead and profit, surcharges, and shall include sums received as

"flight club dues" or similar charges. In the case of aircraft rental or air taxi/charter, Gross Revenues shall include management fees related to scheduling maintenance, accounts receivable and accounts payable, scheduling cleaning, purchasing of equipment and all other related services.

Gross Revenues include those: (i) originating at the Premises, (ii) made by Tenant or Tenant's sales people or independent commissioned representatives utilizing the Premises as a point of contact, or by Tenant at the home or place of business of an employee or a customer, shall be considered as made and completed therein, even though bookkeeping and payment of the account may be transferred to another place for collection and even though actual filling of the sale or service order and actual delivery of the merchandise may be made from a place other than the Premises. For the purpose of Charter or Scenic flight trips, Gross Revenues shall include and be limited to trips originating from or coming to the San Carlos Airport, including subsequent legs of the same trip.

Gross Revenues shall not include:

- A. Gratuities paid to service personnel in the form of tips;
- B. Sales tax, income taxes of all kinds and excise taxes applicable thereto, required to be collected by Tenant, its assignees, sub-lessees, licensees or permittees, in connection with the rendition or supplying of services or the sales of goods, wares or merchandise;
- C. Any and all commissions paid for financing or discounts to be paid by Tenant to secure financing for any of the business conducted or sales of any kind or nature by Tenant;
- D. Proceeds from the sale of capital equipment.

10. ACCOUNTS AND RECORDS

In order to make concession fee payments, Tenant shall maintain locally a system of accounts, reports, statements and records satisfactory to Landlord covering the transactions and operations under this agreement, which shall be preserved during the life of this Agreement and for three (3) years thereafter. In addition, Landlord shall have the right to inspect and audit the books and records of Tenant from which the statement of Gross Revenues is prepared at any reasonable time upon request. Expenses of such audit shall be borne by Landlord unless such examination shall disclose an additional amount owing to the Airport of greater than One Thousand (\$1,000.00) for any one year, in which event all costs of audit shall be paid by Tenant.

The Landlord shall have the right to accept and apply on account any amount tendered by Tenant, as in full of all or any portion of additional rental without prejudicing Landlord's right to recover the full correct amount after reduction by the amount so

accepted and applied on account. Tenant hereby waives the right to insist upon any condition of any such tender that it be accepted in full, if at all.

If Landlord's audit or examination shall reveal that Tenant has not paid the proper amount of additional fees, any increase of additional fees resulting from such audit shall be paid by Tenant within fifteen (15) days after Tenant has received a copy of such audit or examination, together with interest on such amount at the Interest Rate set forth in Section 6 [Base Rent] hereof from the date on which such amount was due and payable.

If Tenant fails to prepare and deliver within the time specified any reports, statements or payments required by this Section and Sections 6 and 8 of this Lease, Landlord may elect to treat Tenant's said failure as a substantial breach of this Lease entitling Landlord to terminate this Lease, but only after Landlord has given Tenant ten (10) days written notice to submit said statement or payment.

11. LATE CHARGES AND RETURNED CHECK CHARGE

Tenant hereby acknowledges that late payment by Tenant to Landlord of rent or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices and accounting charges. Accordingly, if any installment of rent or of a sum due from Tenant is not received by Landlord within ten (10) days after said amount is due, that payment shall be delinquent and Tenant shall pay to Landlord, in addition to interest as set forth in Section 6 hereof, a late charge equal to six percent (6%) of the total balance due at that time or Fifty Dollars (\$50.00), whichever is greater. A late charge shall be applied for each month rent is delinquent. The parties hereby agree that such late charges represent a fair and reasonable estimate of the cost that Landlord will incur by reason of the late payment by Tenant. Acceptance of late charges by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

Tenant agrees to pay Landlord a special handling charge of Fifty Dollars (\$50.00) for any check dishonored by the bank for any reason. This charge shall be added to and become part of Tenant's obligations hereunder, and shall be in addition to any charge for late payment provided for herein. Tenant agrees to pay Landlord immediately upon request any and all charges for dishonored checks.

In the event any two payments are delinquent in a twelve-month period, Landlord may require Tenant to make future payments quarterly in advance for a 24-month probationary period. In calculating advance payments for Concession fee, payment shall be made in the minimum monthly payment amount multiplied by three. Additionally, tenant shall provide a report of concession activities and any additional fees as required by this agreement.

If Tenant fails to make any payments on time during the probationary period, such failure shall constitute a default as defined in Section 29 (Default) of this agreement.

12. USE AND CONCESSION

Tenant shall use the Premises exclusively for the purpose of aviation related activities including aircraft flight training and rentals, sales of aviation supplies, aircraft maintenance, air taxi and charter, aircraft sales and related activities. Tenant shall not use or permit the Premises to be used for any other purpose without the prior consent of Landlord.

The concession shall be limited to: (1) Aircraft Flight Training and Aircraft Rental, which authorizes Tenant to conduct on a non-exclusive basis fixed-wing aircraft flying and ground training instruction under which is designed to prepare students to qualify for FAA pilot's ratings, pilot's refresher training and aircraft solo training, and to conduct counter sales of pilots' supplies and to provide on a non-exclusive basis aircraft for rental to the public, including aircraft rented for flying training or aircraft flight instruction. The operation of a flying club as a part of or adjunct to a flight school shall be considered as a contract aircraft rental activity and shall be subject to payments as prescribed in Section 6 as Concession fee under this agreement. (2) Product Sales, which authorizes Tenant to provide on a non-exclusive basis, the sale of products and supplies related to aircraft and aviation activities. (3) Air Taxi/Charter Service, which authorizes Tenant to provide on a non-exclusive basis air taxi/charter service under FAR Part 135. (4) Aircraft Sales, which authorizes Tenant to conduct on a non-exclusive basis the sale of new and used aircraft at the San Carlos Airport.

Tenant shall not do or permit anything to be done in or about the Premises nor bring or keep anything therein which will in any way increase the existing rate of or affect any fire or other insurance upon the Premises or any of its contents, or cause cancellation of any insurance policy covering the Premises or any part thereof or any of its contents. Tenant shall not use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

13. TENANT IMPROVEMENTS

Not Used

14. USE OF AIRPORT FACILITIES

Landlord shall allow Tenant full use of all facilities on the Airport, which are normally open to and usable by the public, subject to Airport rules and regulations. The right to

use Airport facilities shall be non-exclusive and shall allow Tenant to use the runway, taxiways, loading and transient aprons, fueling facilities, parking areas and any other facilities as required, if they are normally furnished to the public. If Landlord normally receives payment for use of the facilities, Tenant shall pay Landlord in accordance with fees charged users of the facilities.

15. MOTOR VEHICLES/PARKING

Tenant shall ensure that its vehicles and those of its agents and customers are parked in areas and locations as approved by the Landlord. Tenant shall have the non-exclusive use of the general parking areas of the Property for the reasonable use of its employees, invitees, and other guests. All such parking shall be subject to the limitation, rules and regulations established from time to time by Landlord. No vehicle offered for sale by Tenant shall be parked or stored in the general parking areas of the Property.

Camper trucks, trailers and/or other temporary living facilities may not be parked overnight in any area of the Property without written authorization from the Landlord. No overnight camping is permitted.

16. UTILITIES

Landlord shall furnish to the Premises reasonable quantities of gas, water, sewer, electricity and heating as required for Tenant's use of the Premises. Such utilities and services shall be furnished to the Premises at all times during the term. Landlord shall not be required to construct new or additional utility installations, including, without limitation, wiring, plumbing, conduits and mains, resulting from Tenant's changed or increased utility requirements.

17. JANITORIAL SERVICES

Landlord shall provide janitorial services sufficient to maintain the Premises and the common areas of the building in a clean and well-maintained condition as set forth in Exhibit D (Minimum Standards for Janitorial Services).

18. ASSESSMENTS/TAXES

Tenant shall pay all federal, state and local taxes that are levied or required with respect to its employees, such as, but not limited to, social security and workers' compensation. As between Tenant and Landlord, Tenant shall be responsible for the payment of all sales or excise taxes on its operation. Tenant shall also be liable for any special

assessments levied against the property. Tenant reserves the right to challenge any tax and special assessments.

Tenant shall pay, or cause to be paid, before delinquency, any and all taxes and assessments levied against Tenant's personal property in the Premises.

19. POSSESSORY INTEREST TAX

Tenant recognizes and understands in executing this Lease that its interest in the Premises created herein may be subject to a "possessory interest tax" that the County Assessor may impose on such interest, and any such tax would be the liability of and be paid solely by Tenant in addition to Rent and other charges due hereunder. Tenant agrees to pay promptly when due, any possessory interest tax imposed on its interest in the Premises.

20. MAINTENANCE AND REPAIRS

A. All Maintenance and Repairs By Tenant

Throughout the term of this Lease, Tenant shall, at Tenant's sole expense, maintain the Premises and any improvements (including windows, doors, interior walls and wall coverings, interior lighting, flooring, drop ceiling support and tiles), building systems (including plumbing and electrical systems within the Premises, except as specifically set forth as Landlord's responsibility in Section 20), equipment and other personal property thereon, in good sanitary order, condition and repair, ordinary wear and tear excepted, and in accordance with all applicable laws, rules, ordinances, orders and regulations of (1) federal, state, county, municipal or other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials; (2) the insurance underwriting board or insurance inspection bureau having or claiming jurisdiction; and (3) all insurance companies insuring all or any part of the Premises, or improvements, equipment, and other personal property at the Premises. All repairs and maintenance shall be the sole duty of the Tenant and at the Tenant's sole expense.

Neither offensive or refuse matter, nor any substance constituting an unnecessary, unreasonable or unlawful fire hazard shall ever be permitted to accumulate or remain at the Premises. The Premises shall be kept at all times in an orderly manner to the complete satisfaction of Landlord. Tenant shall be responsible for the costs and coordination of all necessary pest and vermin control services within the Premises.

Tenant shall, upon the expiration or termination of this Lease, surrender the Premises to Landlord in good condition, ordinary wear and tear and damage from causes beyond the reasonable control of Tenant excepted.

B. Structural Repairs By Landlord

Notwithstanding the provisions of Sub-Section A herein above, Landlord shall repair and maintain the common areas, walkways and exterior siding and trim of the building. Landlord shall also repair and maintain the structural portions of the Premises, specifically the roof, basic plumbing including fixtures, traps, drains and water heaters, electrical systems, the boiler unit above the restrooms, and slab concrete installed or furnished by Landlord, unless such maintenance and repairs are caused in part or in whole by the act, neglect, fault or omission of any duty by Tenant, its agents, servants, employees or invites, in which case Tenant shall pay to Landlord the reasonable cost of such maintenance and repairs. Landlord shall not be liable for any failure to make any such repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after notice of the need of such repairs or maintenance is given to Landlord by Tenant.

21. EARLY TERMINATION

Not used.

22. DAMAGE OR DESTRUCTION

If, during the term of this Lease, any improvements that are a part of the Premises are damaged from any cause, rendering the Premises totally or partially inaccessible or unusable, Landlord at its election, may either terminate this Lease or restore such improvements within a reasonable time and, if so restored, this Lease shall continue in full force and effect. If then existing laws do not permit restoration, either party may terminate this Lease immediately by giving notice to the other party.

In case of damage there shall be an abatement or reduction of rent, except any concession fee (if any), between the date of the damage and the date of completion of restoration, based on the extent to which the damage interferes with Tenant's use of the Premises. If any damage to said improvements is due to the fault or neglect of Tenant, its agents, contractors, employees or invites, there shall not be an abatement or reduction of rent. Additionally, tenant shall be responsible for the cost of any required restoration or repairs.

Landlord shall not be required to restore or replace any panels, decoration, office fixtures, railings, floor covering, partitions, or any other property installed in the Premises by Tenant. Tenant shall not be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises, Tenant's personal property, loss of revenue, or any inconvenience or annoyance occasioned by such damage or restoration.

23. SECURITY DEPOSIT

Not used.

24. SURRENDER OF PREMISES

At the expiration or earlier termination of this Lease, Tenant shall surrender to Landlord possession of the Premises. Tenant shall leave the surrendered Premises in good condition, except as may be specifically provided to the contrary in other provisions of this Lease. All property that Tenant is required to surrender shall become Landlord's property at the expiration or termination of this Lease. All property, including Tenant's personal property, that Tenant is not required to surrender but that Tenant abandons, shall, at Landlord's election, become Landlord's property at the expiration or termination of this Lease.

25. ENTRY BY LANDLORD

Landlord reserves and shall at any and all reasonable times, with the accompaniment by authorized County personnel, have the right to enter the Premises, upon reasonable notice to Tenant, inspect the same, supply any services to be provided by Landlord to Tenant hereunder, to show the Premises to prospective purchasers or tenants, to post notices of non-responsibility, and to alter, improve, repair or restore the Premises as Landlord may deem necessary or desirable, without abatement of rent. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises, excluding Tenant's vaults, cabinets, safes and files, and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency, in order to obtain entry to the Premises without liability to Tenant except for any failure to exercise due care for Tenant's property. Any entry to the Premises obtained by Landlord by any of said means, or otherwise shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into the Premises, or an eviction of Tenant from the Premises or any portion thereof.

26. RESERVATIONS

This Lease shall at all times be subject to such easements or rights-of-way for such sewers, pipe lines, conduits, and for such telephone, telegraph, light, heat or power lines, as shall have been duly established or as may from time to time be reasonably determined by Landlord.

This Lease is subsequent to and subject to all prior exceptions, reservations, grants, easements, leases or licenses of any kind whatsoever as the same appear on record in the office of the County Recorder, County of San Mateo, State of California, or in the official records of said County and of the various departments thereof. Tenant covenants not to disturb the quiet and peaceful enjoyment of any and all parties having any legal right, title, interest or privilege in and to the Premises and that the use of the Premises by Tenant shall at all times be conducted with proper regard for such rights, titles, interests and privileges.

It is specifically understood and agreed that any and all of the terms and conditions of this Lease are subordinate to all rights of the United States Government to use the Airport in times of war or national emergency.

27. CONSENT OF PARTIES

Whenever the consent, approval or permission of either party is required, that party shall not unreasonably delay or withhold such consent, approval or permission.

28. ALTERATIONS AND ADDITIONS

Tenant shall not make any structural or exterior alterations to the Premises without Landlord's prior written consent. Tenant, at its cost, shall have the right to make, with Landlord's consent, alterations to the interior of the Premises that Tenant requires in order to conduct its business on the Premises. Tenant shall not be required to obtain permission from Landlord to make minor, non-structural alterations to Premises including interior painting, installation of display cases and cabinets, and installation of office equipment. In making any alterations, Tenant shall comply with the following:

A. Tenant shall submit reasonably detailed final plans and specifications and working drawings of the proposed alterations and the name of its contractor at least thirty (30) days before the date it intends to commence the alterations.

B. The alterations shall not be commenced until ten (10) days after Landlord has received notice from Tenant stating the date the installation of the alterations is to commence so that Landlord can post and record an appropriate notice of non-responsibility.

C. The alterations shall be approved by Landlord and all appropriate government agencies, and all applicable permits and authorizations shall be obtained before commencement of the alterations.

D. All alterations shall be completed with due diligence in compliance with the plans and specifications and working drawings and all applicable laws.

E. Any alterations made shall remain on and be surrendered with the Premises on expiration or termination of this Lease, except that Landlord can elect within thirty (30)

days before the expiration of the term, or within ten (10) days after termination of the term, to require Tenant to remove any alterations that Tenant has made to the Premises. If Landlord so elects, Tenant at its cost shall restore the Premises to the condition designated by Landlord in its election, before the last day of the term, or within thirty (30) days after notice of election is given, whichever is later.

29. DEFAULT

A. Default by Tenant

The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

- (i) The vacating or abandonment of the Premises by Tenant. (Failure to use or occupy the Premises for fifteen (15) consecutive days shall be deemed a vacation or abandonment.)
- (ii) The failure by Tenant to make any payment of rental, or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of ten (10) days after notice thereof by Landlord to Tenant.
- (iii) The failure by Tenant to observe or perform any of the terms, covenants or conditions of this Lease to be observed or performed by Tenant, other than described in Sub-sections (A (i)) and (A (ii)) hereinabove, where such failure shall continue for a period of thirty (30) days after notice thereof by Landlord to Tenant; provided, however, that if the nature of Tenant's default and breach is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default and breach if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion within ninety (90) days.
- (iv) The making by Tenant of any general assignment or general arrangement for the benefit of creditors; or the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt, or a petition or reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's personal property at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of a Tenant's personal property at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days.

B. Landlord's Remedies

In the event of any such default and breach by Tenant described hereinabove, Landlord may at any time thereafter:

- (i) Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In the event Tenant shall have abandoned the Premises, Landlord shall have the option to either (1) take possession of the Premises and recover from Tenant the amount specified in this Section, or (2) proceed under the provisions of the following Sub-section (ii).
- (ii) Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.
- (iii) Pursue any other remedy now or hereafter available to Landlord under applicable laws and judicial decisions.

C. Default by Landlord

Landlord shall be in material default and breach of this Lease if it fails or refuses to perform any of the terms, covenants or conditions of this Lease that it is obligated to perform if the failure to perform is not cured within thirty (30) days after written notice of the default and breach has been given by Tenant to Landlord; provided, however, that if the default and breach of Landlord is such that more than thirty (30) days are reasonably required for its cure, then, Landlord shall not be deemed in default and breach if Landlord commences to cure the default within thirty (30) days after the written notice and thereafter diligently prosecuted such cure to completion within ninety (90) days.

D. Tenant's Remedies

In the event of any such material default and breach by Landlord described hereinabove, Tenant may at any time thereafter: (a) Terminate this Lease with a written notice to Landlord and vacate the Premises on the date of termination; and/or (b) Pursue any other remedy now or hereafter available to Tenant under the applicable laws and judicial decisions.

E. California Law Notice Requirements

The notice requirements set forth in this Section modifies and supersedes the notice requirements of the unlawful detainer statutes of California.

F. Airport Regulations

Landlord shall apply the provisions of Section 29 prior to enforcing any remedies as provided by the Airport Regulations.

30. INDEMNIFICATION AND INSURANCE

A. Hold Harmless

Tenant shall at all times relieve, indemnify, protect and hold harmless, Landlord, its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description, brought for, or on account of injuries to or death of any person, including Tenant, or damage to property of any kind whatsoever and to whomever belonging, that may in whole or in part arise from, or be caused by:

- (i) The operation, maintenance, use, or occupation of the Premises and defects on the property in which the Landlord has no control;
- (ii) The acts or omissions of Tenant, its officers, agents, employees, servants, invitees or permittees; or
- (iii) The failure of Tenant, its officers, agents, employees, servants, invitees or permittees, to observe or abide by any of the terms, covenants and conditions of this Lease or any applicable federal, state, county or municipal law, rule, or regulation.
- (iv) Any other loss or cost, including but not limited to, the concurrent active or passive negligence of County, its officers, agents, employees, or servants resulting from the performance of any work required of Tenant or payments made pursuant to this Agreement, provided that this shall not apply to injuries or damage for which the County has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Tenant to relieve, indemnify, protect and hold harmless, as set forth hereinabove, shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

B. Fire legal Insurance

Tenant at its sole cost shall maintain fire legal insurance on the Premises with a limit of at least One Hundred Thousand Dollars (\$100,000); with water damage and debris clean up provisions to be included. The insurance policy shall provide that any proceeds shall be made payable to Landlord.

C. Fire and Extended Coverage Insurance

Tenant at its cost shall maintain on the improvements that are a part of the Premises a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of at least the replacement value of the improvements, which are a part of the Premises. The insurance policy shall be issued in the names of Landlord and Tenant as their interests appear. The insurance policy shall provide that any proceeds shall be payable to Landlord.

Tenant shall secure, and shall maintain at all times during the term of this Lease, insurance against damage or destruction by fire, windstorm, riot or civil commotion on Tenant's improvements at the Premises, if any, in the full amount of their replacement value, with such provision in the policies issued to cover the same, or in riders attached thereto, as shall provide for payment for losses thereunder sustained by Tenant; the proceeds of said policies to be held in trust by any reputable bank or trust company. Landlord shall release all proceeds from insurance policy.

D. Liability and Property Damage Insurance

Tenant at its cost shall maintain Comprehensive Liability insurance for the following coverages with the following limits insuring against all liability of Tenant and its authorized representatives arising out of and in connection with Tenant's use or occupancy of the Premises:

- (i) Airport Premises Liability with a minimum limit of \$1,000,000 Combined Single Limit (CSL) each occurrence; and
- (ii) For Tenants who operate aircraft, Aircraft Liability with a minimum limit of \$1,000,000 CSL each occurrence with a minimum sub-limit \$100,000 each person. The policy shall include coverage for Owned, Non-Owned or Leased aircraft;
- (iii) For Tenants who operate vehicles on the airport, Commercial Automobile Liability for all Owned, Non-Owned and Hired automobiles with a minimum limit of \$1,000,000 each accident;
- (iv) For Tenants who take control of customers aircraft, Hangarkeepers' Liability with a minimum limit of \$100,000 each aircraft and \$300,000 each occurrence;
- (v) For Tenants who provide repair or maintenance services, fuel service, or sales, Products and Completed Operations Liability with a minimum limit of \$1,000,000 CSL each occurrence;
- (vi) All Comprehensive Liability insurance shall insure performance by Tenant of the Hold Harmless Sub-section of this Lease;
- (vii) Landlord shall be named as "additionally insured";
- (viii) All required insurance shall contain a Separation of Insureds or Severability of Interests provision; and
- (ix) The policy shall not be cancelled or non-renewed unless the Landlord has received 30 days prior written notice. (Ten days prior notice in the event of cancellation for nonpayment of premium is acceptable). Written notice

shall be sent to: County of San Mateo, Attn: Airport Manager, 620 Airport Drive, San Carlos, CA 94070.

E. Workers' Compensation and Employer's Liability Insurance

During the entire term of this Lease, Tenant shall have in effect Workers' Compensation coverage providing full statutory benefits and employer's liability in the minimum amount of \$1,000,000. In executing this Lease, Tenant makes the following certification:

I am aware of the provisions of Section 3700 of the California Labor Code, which require every employer (1) to be insured against liability for Workers' Compensation or (2) to undertake self-insurance in accordance with the provisions of the Code. I will comply with such provisions.

F. Miscellaneous Insurance Provisions

Tenant shall pay the premiums for maintaining the insurance required hereinabove. All the insurance required under this Lease shall:

- (i) Be issued by insurance companies authorized to do business in the State of California, with a financial rating of at least an AV status as rated in the most recent edition of Best's Insurance Reports. Coverage provided by State Fund Insurance shall satisfy this requirement.
- (ii) Be issued as a primary policy.
- (iii) Contain an endorsement requiring thirty (30) days' notice from the insurance company to both parties before cancellation or change in the coverage, scope, or amount of any policy.
- (iv) Landlord shall be named as "additionally insured" on each policy.

G. Certificate of Insurance

A certificate of insurance, together with evidence of payment of premium, shall be deposited with Landlord at the commencement of this Lease, and on renewal of the policy not less than twenty (20) days before expiration of each policy.

In the event Tenant fails to deliver the certificate of insurance verifying insurance coverage as required in this Section, Landlord shall have the option, after a ten (10) day notice to Tenant requesting a certificate, either (a) to terminate this Lease immediately thereafter with a notice to Tenant, or (b) to take out all or part of the required insurance and pay the premium thereon on behalf of Tenant. If Landlord opts to take out the insurance on behalf of Tenant, the cost of the premium paid by Landlord shall be deemed additional rent due and payable by Tenant with the next regular rent payment.

H. Increase in Coverage

Landlord reserves the right to require at any time that the required public liability and property damage insurance minimum coverage be increased in accordance with standard County of San Mateo Risk Management practice in effect at the time the increase is required. Tenant shall be given at thirty (30) days' notice of the required increase.

31. HAZARDOUS MATERIALS ACTIVITY

Tenant may not store, handle or generate hazardous materials/waste/underground tanks on the property unless Tenant has completed and filed a San Mateo County Hazardous Materials Release Response Plan and Inventory ("Business Plan") with the San Mateo County Environmental Health Department.

Hazardous material means any material that, because of its quantity, concentration, or physical or chemical characteristics, poses a significant present or potential hazard to human health and safety or to the environment if released into the work place or the environment. Hazardous materials include, but are not limited to, hazardous substances, hazardous waste, and any material which a handler or the administering agency has a reasonable basis for believing that it would be injurious to the health and safety of persons or harmful to the environment if released into the work place or the environment. Examples of such hazardous materials are, but are not limited to: waste oil, solvents, gasoline and compressed gases.

If Tenant does store, handle or generate hazardous materials/waste, or operate an underground storage tank, Tenant must do so in compliance with all state and federal regulations regarding hazardous materials, including but not limited to, California Health and Safety Code, Chapters 6.5, Sections 25100-25249, California Code of Regulations Title 26 and Code of Federal Regulations Section 40 Parts 240-281. Tenant shall be in default hereunder in the event of Tenant's failure to (1) file the Business Plan, (2) follow the Business Plan, and (3) comply with applicable State and Federal statutes regarding the handling of hazardous materials/waste/underground tanks. In addition, Landlord may exercise any rights applicable under State and Federal law, in regards to requiring Tenant to be responsible for disposal or removal of the hazardous materials/waste/underground tanks in a safe manner.

Subject to Section 21 herein, Landlord shall have the right to inspect the Premises to ensure Tenant's compliance, and charge inspection fees, in accordance with applicable State and Federal statutes.

If Tenant does not intend to and will not store, handle hazardous materials/underground tanks or general hazardous waste, then Tenant must complete and file a "Hazardous Materials Negative Response Form" to that effect with the San Mateo County

Environmental Health Department. If, at any time during the term of this Agreement, Tenant commences activity that would involve the handling, storage or generation of hazardous materials/waste/underground tanks, Tenant must follow the directives set forth above.

32. COMPLIANCE WITH AIRPORT RULES AND REGULATIONS AND FAA STANDARD PROVISIONS

Tenant agrees to comply with all San Mateo County Airport ordinances, rules and regulations, and at all times to cooperate with County in its operation and management of said airport. Tenant shall notify all users of its facilities of all applicable rules and regulations.

Tenant shall comply with the standard provisions for all leases of airport land promulgated by the Federal Aviation Administration, as set forth in the attached Exhibit B, and as those provisions may be revised from time to time.

Tenant shall comply with Standards for Fixed Base Operators adopted from time to time by the Board of Supervisors affecting all operators on County Airports holding concessions similar to Tenant's. The standards currently in effect are set forth in County of San Mateo, Airport Business Operating Standards dated May 1994. Tenant recognizes that it has full responsibility for meeting these Standards.

Tenant shall notify all users of its facilities and pilots of aircraft as to all applicable rules and regulations and require users and pilots to comply with them.

33. NON-ABROGATION OF UNITED STATES GOVERNMENT RIGHTS

The provisions of this Agreement in no way abrogate any rights vested in the United States of America relative to the airport as such rights exist between the United States of America and the County of San Mateo.

34. HOLDING OVER

If Tenant holds over after the expiration or earlier termination of the term hereof without the express written consent of Landlord, Tenant shall become a tenant at sufferance only, at the monthly rental rate of one hundred fifty per cent (150%) of the rent in effect upon the date of such expiration and otherwise upon the terms, covenants and conditions herein specified, so far as applicable. Acceptance by Landlord of monthly payments after such expiration or earlier termination shall not constitute a holdover hereunder or result in a renewal. The foregoing provisions of this paragraph are in addition to and do not affect Landlord's right of re-entry or any other rights of Landlord hereunder or as otherwise provided by law.

35. ASSIGNMENT AND SUBLETTING

Tenant shall not, either voluntarily or by operation of law, assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest therein, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the employees, agents, servants and invitees of Tenant excepted) to occupy or use the Premises, or any portion thereof, without the written consent of Landlord first had and obtained, which consent shall not be unreasonably withheld, and a consent to one assignment, subletting, occupation or use by any other person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Any such assignment or subletting without such consent shall be voidable, and shall, at the option of Landlord, constitute a default under this Lease.

If Tenant is a corporation, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of at least 51 percent of the value of the assets of Tenant, shall be deemed a voluntary assignment. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least 10% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors. This paragraph shall not apply to corporations the stock of which is traded through an exchange or over the counter.

36. SAN MATEO COUNTY NO SMOKING ORDINANCE

Tenant is aware that on April 18, 2006, the County of San Mateo modified its Ordinance Code, adopting Section 4.96.040, which prohibits smoking in all County facilities whether owned or leased. Tenant understands that said Ordinance authorizes County to enforce the provisions contained therein and Tenant agrees to enforce the provisions of said ordinance on the Premises.

37. OPERATION OF RADIO EQUIPMENT

Tenant shall not operate any radio equipment at the airport transmitting electronic signals, which might interfere with operations of the Airport Control Tower, UNICOM, County Radios or other electronic transmissions essential to the operation of the airport.

38. CLOSING OF AIRPORT FOR MAINTENANCE AND CONSTRUCTION

Landlord may from time to time be required to close the runway, taxiways, roads, parking lots, buildings and other facilities for purposes of necessary maintenance, repair

or new construction. Tenant shall not be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises, Airport facilities, loss of revenue, or any inconvenience or annoyance as a result of such maintenance or construction.

39. LAWS, RULES, REGULATIONS AND PERMITS

Tenant shall construct any improvements, use, maintain and occupy the Premises in compliance with all applicable laws, rules, and regulations. These include, but are not limited to the Americans With Disabilities Act of 1990 and Title 24 of the California Code of Regulations and all other applicable federal, state, local and administrative laws, rules, regulations, orders and requirements intended to provide equal accessibility for persons with disabilities (collectively, "Disabilities Laws"), any applicable City, County, State or Federal ordinances, rules, policies, laws and regulations. Tenant is responsible for ascertaining the need for and obtaining all required permits, licenses, etc., for all of its activities on the Premises. The cost for all permits, licenses, etc., shall be borne solely by Tenant.

40. PERSONAL PROPERTY

Tenant's personal property shall include equipment, furniture, merchandise, and movable property placed in the Premises by Tenant, including trade fixtures. Trade fixtures include any property installed in or on the Premises by Tenant for purposes of trade, manufacture, ornament, or related use.

41. NOTICES

Any notice, demand, request, consent, approval, waiver, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid mail, and if given by mail shall be deemed sufficiently given when sent by registered or certified mail. Any notice, demand, request, consent, approval, waiver, or communication that either party desires or is required to give by mail to the other party shall be addressed to the other party at the address set forth in Section 1 [Basic Lease Information] of this Lease. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated within 48 hours from the time of mailing if mailed as provided in this Section.

42. LIENS

Tenant shall keep the Premises, free from any liens arising out of the work performed, materials furnished or obligations incurred by Tenant.

43. PAYMENT OF PERCENTAGE SHARE OF OPERATING EXPENSES

Not used.

44. GENERAL PROVISIONS.

A. Compliance With Law

Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Premises. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant.

B. Authority of Parties

- (i) Corporate Authority. If either party hereto is a corporation, each party executing this Lease on behalf of the corporation represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with a duly adopted Resolution of the Board of Directors of the corporation or in accordance with the By-Laws of the corporation, and that this Lease is binding upon the corporation in accordance with its terms.
- (ii) Partnership. If either party hereto is a partnership or other unincorporated association, each party executing this Lease on behalf of the partnership or other association represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of the partnership or association, in accordance with the partnership agreement or the agreement of said association.
- (iii) Authorized Lease Representative of the County of San Mateo. The County Manager, or the designee of the County Manager, shall be the only authorized agent of the County of San Mateo for purposes of giving any notices or exercising any rights, options, privileges or obligations of the County of San Mateo under this Lease. This Lease shall not be valid unless executed by the President of the Board of Supervisors of the County of San Mateo pursuant to a Resolution adopted in accordance with

the California Government Code.

C. Other Terms

Clauses, plats, exhibits and riders, if any, initialed and dated by Landlord and Tenant and endorsed on or affixed to this Lease are a part hereof.

D. Waiver

The waiver by either party of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of the Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of the acceptance of such rent.

E. Joint Obligation

"Party" shall mean Landlord or Tenant; and if there be more than one Tenant or Landlord, the obligations hereunder imposed upon Tenants or Landlords shall be joint and several.

F. Time

Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

G. Successors and Assigns

The terms, covenants and conditions herein contained, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

H. Recordation

Neither Landlord nor Tenant shall record this Lease.

I. Quiet Possession

Upon Tenant paying the rent and other fees or charges reserved hereunder and observing and performing all of the terms, covenants and conditions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire term hereof, subject to all the provisions of this Lease.

J. Prior Agreements

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or

understanding pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

K. Inability to Perform

This Lease and the obligations of Tenant hereunder shall not be affected or impaired because Landlord is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause beyond the reasonable control of Landlord.

L. Negation of Partnership

Landlord shall not become or be deemed a partner or a joint venturer with Tenant by reasons of the provisions of this Lease.

M. Sale or Transfer of Premises

In the event of any sale or transfer of the Premises by Landlord, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale or transfer; and the purchaser or transferee, at such sale or transfer or any subsequent sale or transfer of the Premises shall be deemed, without any further agreement between the parties or their successors in interest or between the parties or their successors in interest or between the parties and any such purchaser or transferee, to have assumed and agreed to carry out any and all of the covenants and obligations and agreed to carry out any and all of the covenants and obligations of Landlord under this lease.

N. Name

Tenant shall not use the name of the Premises or of the development, building or facility in which the Premises may be situated for any purpose other than as an address of the business to be conducted by Tenant in the Premises.

O. Cumulative Remedies

No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

P. Signs and Auctions

Tenant shall not place any sign upon the Premises or conduct any auction thereon without Landlord's prior written consent.

Q. Provisions, Covenants and Conditions

All provisions herein, whether covenants or conditions, on the part of either party shall be deemed to be both covenants and conditions.

R. Captions, Table of Contents

The captions and the Table of Contents of this Lease (if any) shall have no effect on the interpretation of this Lease.

S. Payments in U.S. Money

Rent and all sums payable under this Lease must be paid in lawful money of the United States of America.

T. Singular and Plural

When required by the context of this Lease, the singular shall include the plural.

U. Choice of Law

This Lease shall be construed, interpreted and governed in accordance with the laws of the State of California.

V. Brokers

Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the lease contemplated herein except as identified in the Basic Lease Information, whose commission, if any is due, shall be paid pursuant to a separate written agreement between such broker and the party through which such broker contracted. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Claims incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Lease.

W. Severability

If any provision of this Lease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected

thereby, and each other provision of this Lease shall be valid and be enforceable to the fullest extent permitted by law.

X. Venue

The Venue for any court action to interpret or enforce this agreement or to litigate any claim arising out of this agreement shall be had in State Court of the County of San Mateo.

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TENANT

JATO AVIATION, LLC

By _____
April Gafford, President

Title: _____

LANDLORD

COUNTY OF SAN MATEO

By _____
Rose Jacobs Gibson
President, Board of Supervisors

Resolution No. _____

ATTEST: _____
Clerk of said Board

EXHIBIT A
SITE PLAN OF PREMISES

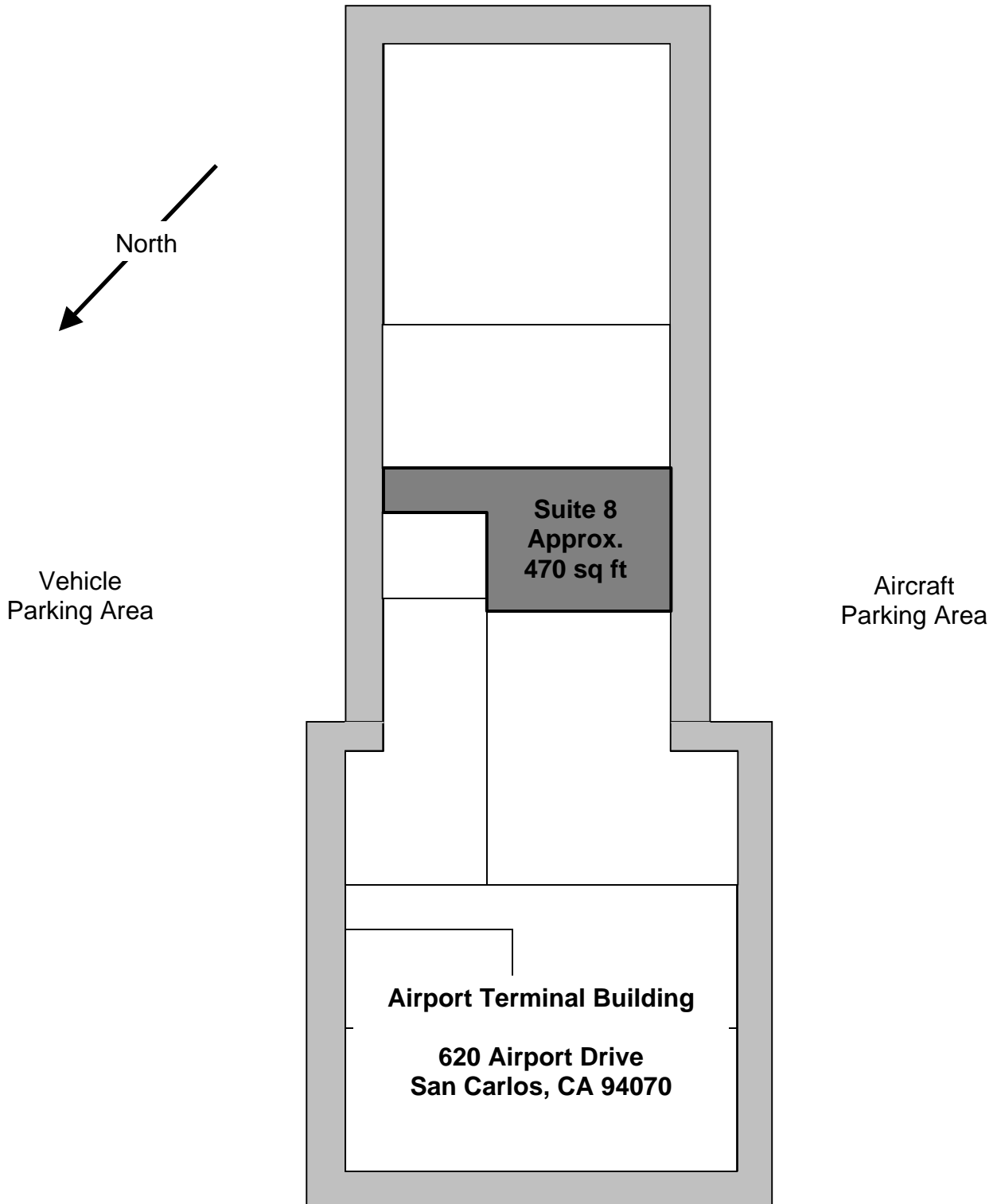


EXHIBIT B

STANDARD PROVISIONS FOR ALL LEASES, USE, AND OTHER AGREEMENTS AND PERMITS SAN MATEO COUNTY AIRPORTS

1. Tenant for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree "as a covenant running with the land" that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this lease, agreement or permit for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Tenant shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
2. Tenant 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, sex, sexual orientation, color, national origin, religion, age or disability shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under the lands and 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 subject to discrimination, (3) that Tenant shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, CFR, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
3. In the event of breach of any of the above nondiscrimination covenants, Landlord may terminate the lease, agreement or permit and re-enter and repossess the land and the facilities thereon and hold them as if the lease, agreement or permit had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed, including expiration of appeal rights.
4. Tenant shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users and shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided that Tenant may make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

5. Non-compliance with Provision 4 above shall constitute a material breach of the lease, agreement or permit. In the event of such non-compliance, Landlord may terminate this lease, agreement or permit and the estate hereby created without liability thereof; or, at the election of Landlord or the United States either or both of these governments may judicially enforce the provision.
6. Landlord may further develop or improve the landing area of the airport as it sees fit, regardless of the desires or view of Tenant and without interference or hindrance.
7. Landlord may, but shall not be obligated to Tenant to, maintain and keep in repair the landing area of the airport and all publicly owned facilities of the airport. Landlord also may direct and control the activities of Tenant in this regard.
8. The lease, agreement or permit shall be subordinate to the provisions and requirements of any existing or future agreement between County and the United States relative to the development, operation or maintenance of the airport.
9. There is hereby reserved to Landlord, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the premises covered by the lease, agreement or permit. This public right of flight shall include the right to cause in this airspace any noise inherent in the operation of any aircraft used for navigation of flight through the airspace or to land at, take off from or operate on the San Carlos or Half Moon Bay Airport, as the case may be.
10. Tenant shall comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations if future construction of a building is planned for the premises covered by the lease, agreement or permit or in the event of any planned modification or alteration of any present or future building or structure on the premises.
11. Tenant, by accepting this lease, agreement or permit, expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on any land leased that would be in conflict with the provisions of Part 77 of the Federal Aviation regulations. If these covenants are breached, County may enter upon the land and remove the offending structure or object and cut the offending tree, all of which shall be at Tenant's expense.
12. Tenant, by accepting this lease, agreement or permit, agrees for itself, its successors and assigns that it will not make use of the premises covered by the lease, agreement or permit in any manner which might interfere with the landing and taking off of aircraft from the airport or otherwise constitute a hazard. If this covenant is breached, County may enter upon the premises and cause the abatement of such interference at Tenant's expense.

13. Nothing contained in the lease, agreement or permit shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958 (49 U.S.C. 1349A).
14. The lease, agreement or permit and all its provisions shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of the airport or the exclusive or non-exclusive use of the airport by the United States during the time of war or national emergency.
15. Tenant will conduct its programs and operate its facilities in accordance with the requirements of the Americans with Disabilities Act of 1992 and will assure that no qualified disabled person shall, solely by reason of his or her disability be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination, including discrimination in employment. Tenant will conduct its programs and operate its facilities in compliance with all the requirements imposed by or pursuant to **49 CFR Part 27**.
16. Tenant shall insert the above provisions in any lease, agreement, contract, permit, etc., by which it grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the premises covered by the lease, agreement or permit, including any subleases, and hereby assures that the above provisions will be included in any agreement, contract, permit or further sub-lease granted or entered into by any sub-lessee of the Tenant.

EXHIBIT C
SPECIAL REQUIREMENTS/CONDITIONS
TO AIRPORTS LEASE / CONCESSION AGREEMENT WITH
JATO AVIATION

In the event of any conflict between any provision of the Lease and this Exhibit C, the Lease provision shall prevail.

1. SAFETY

Safety shall be paramount at all times. Tenant shall ensure that its agents, employees and customers safely coordinate all movements and activities on the airport to the satisfaction of the County. Tenant shall ensure that its operations and activities comply with local, state and federal requirements and are in accordance with safe and acceptable practices and procedures.

2. LICENSES AND CERTIFICATIONS

Tenant shall obtain all required licenses, certifications and authorizations from all appropriate agencies for work performed and activities conducted under this permit.

3. TRAINING

Tenant shall properly educate and train all agents, employees and customers regarding airport safety and operating procedures prior to allowing access onto the airfield.

4. COMPLIANCE WITH NOISE ABATEMENT

Tenant shall to comply with all airport noise abatement procedures. Tenant shall comply with all reasonable requests from the airport manager to address noise issues related to its flight operations including, but not limited to: flight procedures, flight routes, take-off and landing routes, engine break-in procedures and hours of operation.

5. PARKING

Tenant shall ensure that its vehicles and those of its agents and customers are parked in areas and locations as approved by the County and are in compliance with Airport Parking Policies.

Parking lots are provided for the general use of all airport users. Tenant shall not control or restrict the use of the parking lot adjacent its facility to other airport tenants or users.

Camper trucks, trailers and/or other temporary living facilities may not be parked overnight in any area of the Airports without written authorization from the County. No overnight camping is permitted.

6. STORAGE OF EQUIPMENT, VEHICLES AND MATERIALS

Unless otherwise authorized herein, Tenant shall not store equipment, vehicles, boats, materials, pallets, boxes, etc. on the airport other than in designated storage areas or

buildings as approved by the County. Tenant shall keep all walkways and staircases free of clutter, trash or any other personal items or equipment.

7. REPAIRS

Tenant shall repair, at its own expense, any and all damage to the property of the County or to the property of others on the Airport, and damage which has been caused by Tenant, its agents or customers who may be on the Airport for any purpose connected with the Tenant's business.

8. STORMWATER COMPLIANCE

The County has obtained a National Pollutant Discharge Elimination System ("NPDES") Permit from the Regional Water Quality Control Board, San Francisco Bay Region ("RWQCB"), regarding stormwater discharge from the Airport, which includes stormwater discharge and runoff from the Airport. Without limitation of any other obligation of Tenant hereunder, Tenant shall comply with all laws, rules, regulations, requirements, administrative orders and/or programs imposed upon Tenant or County by the RWQCB or any other governmental entity, regarding runoff and stormwater discharge on the Airport. Tenant shall pay any cost that County incurs to take any compliance action on the Airport as a result of Tenant's failure to comply with such laws, regulations, requirements, administrative orders and/or programs. Tenant shall also pay, to the extent caused by Tenant's business on the Airport, County's costs to take any compliance action imposed upon County by the RWQCB or any other governmental entity.

9. DISCHARGE OF CONTAMINANTS

Tenant, its agents and customers shall at no time discharge any hazardous material or substance onto the Airport. Waste oil and other contaminants shall be properly disposed of and at no time shall the Tenant use the waste oil tanks the County has provided for the non-commercial use of airport tenants.

10. SECURITY/ACCESS

Airport security shall be maintained at all times. Tenant shall take all reasonable steps to restrict unauthorized access onto airport property, including controlling thoroughfare access through the Premises. All access and security procedures shall be coordinated with and approved by the County. Tenant shall ensure that all gates it uses remain closed and locked at all times and that any mechanical problems with the gates are promptly reported to the County. Access codes shall only be provided with discretion to persons wishing to enter airport property. First-time visitors should be directed to the airport office for instructions and to receive access codes. Tenant shall monitor and report any misuse of airport security codes immediately.

11. SIGNAGE AND WINDOWS

No permanent banners or signs of any kind may be installed or displayed outside on the airport without the written approval of the County. All signage shall comply with applicable Local and County requirements. Signs and banners installed without the

written approval of the County will be removed and disposed of at Tenant's sole cost and expense.

Tenant shall be limited to one exterior sign. The total sum of the surface area of this sign shall not exceed 30 square feet. All signage shall be mounted securely to the parapet above the Tenant's portion of the premises on the airside of the building and no portion of the signage shall exceed the existing dimensions of the parapet. Appropriate signage may also be added to the entry and exit doors. All draft styles, materials, size, proposed locations and installation methods of all new and replacement signage on parapets and doors shall be approved in advance by the Airport Manager and conform to all requirements herein. Any signage placed in locations other than the parapets or doors must be approved by the Airport Manager prior to installation or construction.

Tenant shall keep all exterior and shared interior windows free of any signs, advertisements, posters, fliers, stickers and/or other articles which are unrelated to the business or operation of the business that would otherwise prevent a clear and unobstructed view through the window. Articles placed on windows must be confined to one 24 inch by 24 inch area on one exterior and/or interior window. Landlord reserves the right to remove any object found to be in non-compliance within 24 hours after delivery of written notification to the tenant. Tenant, at its sole cost and expense, shall have the right to install neutral colored curtains, blinds or shades, or other window coverings with Landlord's prior written approval.

12. HOUSEKEEPING

Tenant shall collect and remove from the airport all debris, trash, garbage, or other rubbish generated by Tenant, its agents or customers who may be on the Airport for any purpose connected with the Tenant's operation. Tenant shall ensure that tiedowns and other areas where business is conducted are kept as clean and orderly as is reasonably possible at all times. Equipment, parts and materials shall be removed from the area or replaced on the aircraft when not being worked on.

Tenant shall regularly dispose of pallets, crates and other shipping supplies at its facility. Tenant shall not dump waste or refuse on airport property or in facilities leased by another Tenant or vendor.

13. TRASH AND RECYCLING REMOVAL

Tenant shall dispose of recyclable materials in County provided recycling receptacles or, if Tenant has set-up its own recycling program, through Tenant's own receptacles. Tenant shall not dispose of trash or place other non-recyclable materials in the recycling receptacles. To the extent possible, Tenant shall not dispose of recyclable materials in dumpsters or other trash receptacles.

Dumpsters and other trash and recycling receptacles may not block or obstruct in any way hangars or taxiways.

14. AIRCRAFT WASHING

Tenant shall not wash aircraft at any location other than the airport washrack. Use of the washrack under this permit shall be limited to those aircraft for which maintenance has been performed. Washing or cleaning any automobile, boat, trailer, or any other type of vehicle at the washrack or on airport property is prohibited.

All engine and equipment washing must be performed at airport washracks only. Tenant may wash engines and equipment on the Premises if done in a manner compliant with all Airport Stormwater Compliance regulations, including the recovery of 100% of the cleansers and runoff material.

15. OPERATIONS

The County shall approve all operations and activities. Tenant shall take all reasonable steps to ensure that its operations and activities create minimal impact and inconvenience to the airport and other airport users. Tenant shall not block or obstruct taxiways, roads or access routes at any time.

Run-ups and "high-speed-idles" are allowed only in designated run-up areas or as approved by the Airport Manager. Run-ups are strictly prohibited in all other areas including maintenance areas, aircraft parking areas and taxiways.

16. TIE-DOWNS

Tenant shall obtain and pay for aircraft tiedowns, independent of this agreement. The cost of aircraft tiedowns shall be in addition to the fees set forth in the Agreement and shall be at the rate established and periodically amended by the County Board of Supervisors. Location of the tiedown(s) selected by the Tenant shall be approved by the County. Tenant acknowledges that tiedowns may be relocated or eliminated periodically as a result of airport construction and expansion. Tenant agrees to relocate its aircraft to alternate tiedown locations at any time at the request of the airport manager.

Changes to the number or location of aircraft tiedown(s) shall be permitted on no more than two occasions during any 12-month period. The term for tiedowns rented by the Landlord shall be for a minimum of 90 days. Tenant shall provide 30-days advance written notice for the cancellation of any tiedown space(s) under this agreement. Tenant shall ensure that cancelled tiedowns are vacant on the date they revert to the County and shall be responsible for the removal of any aircraft remaining on the tiedown(s) and payment of daily transient fees until the tiedown is vacated.

Aircraft shall be parked on their assigned tiedown space or leased apron areas at all times. Aircraft owned, operated or under the control or auspices of Tenant shall at no time be parked so as to obstruct any taxiway, hangar, tiedown or thoroughfare, including access roads and vehicle gates. In the event Tenant fails to immediately move or relocate aircraft blocking any of the aforesaid areas, the County shall have the right to move or relocate the aircraft or hire to have the aircraft moved or relocated and

bill Tenant for all expenses related to such action. Additionally, Tenant shall be assessed the daily transient parking fee for any aircraft owned, operated or under the control or auspices of Tenant parked so as to obstruct any taxiway, hangar, tiedown or thoroughfare, including access roads and vehicle gates at any time. Failure to pay these fees within 30-days shall constitute default by Tenant and may result in the termination of the agreement by Landlord.

No equipment or items of any kind other than the aircraft assigned to the tiedown shall be stored at tiedown locations. Changes, additions or improvements to tiedown areas, parking areas or environs shall be done so at the Tenant's sole expense and only after obtaining the prior and specific written consent of the County.

It is the Tenant's sole responsibility for ensuring that aircraft under its control are securely tied down.

Initial _____

EXHIBIT D

MINIMUM STANDARDS FOR JANITORIAL SERVICES

BASIC SERVICES

FREQUENCY

Spot clean light switches, walls, doors, doorframes, and vertical surfaces	7 x/week
Spot clean desks and counter tops, free of papers and debris	7 x/week
Spot clean all other visible horizontal surfaces	7 x/week
Dispose of waste and install new liners, if necessary	7 x/week
Empty and clean all ash trays and sand urns	7 x/week
Dust office furniture	1 x/week

CARPETS

FREQUENCY

Vacuum all traffic areas	7 x/week
Vacuum corners, edges and non-traffic areas	1 x/week

HARD SURFACE FLOORS

FREQUENCY

Sweep or vacuum all traffic areas	7 x/week
Spot mop all areas	7 x/week
Sweep corners, edges and non-traffic areas	1 x/week

SECURITY AND COMMUNICATION

Make sure all windows and doors are locked	7 x/week
Disarm/arm security system	7 x/week

SERVICE SCHEDULE

7 Days, between 22:00 and 07:00