

**GENERAL AVIATION HANGAR
LEASE AGREEMENT**

This LEASE, made and entered into this 1st day of January, 2005, by and between the City of Sierra Vista, a municipal corporation, 1011 North Coronado Drive, Sierra Vista, AZ, the LANDLORD, and ~~Sierra Vista, AZ, 85635, the TENANT.~~

WITNESSETH: That the LANDLORD, in consideration of the covenants of said LEASE hereinafter set forth, does by these presents LEASE to said TENANT under the terms and conditions set forth:

**ARTICLE I
PREMISES**

A. DESCRIPTION OF LEASED PREMISES

The General Aviation Hangar Leased Area is located at 2020 Airport Avenue, Sierra Vista, Arizona, Unit Number _____ and shall be hereinafter referred to as "LEASED PREMISES." The area conveyed by this LEASE is a hangar approximately 1627 sq. ft. of aircraft storage space.

B. ACCESS TO LEASED PREMISES

1. Adequate right-of-way for access to the LEASED PREMISES for authorized activities is hereby assured at reasonable times and under reasonable conditions. For purposes of this section, the TENANT will include their contractors, subcontractors, agents, servants, employees, patrons, invitees, suppliers and services of material and similar persons normally authorized by LANDLORD upon the LEASED PREMISES, TENANT, hereby is authorized:

1.1 The right of ingress to and egress from the LEASED PREMISES over and across the public access ways intended for use by vehicles and pedestrians.

1.2 The right of ingress to and egress from the LEASED PREMISES over and across the public aprons, taxiways and runways intended for use by aircraft on the ground.

C. CONDITIONS OF GRANTING LEASE

1. The TENANT agrees that the privilege to use said public airport facilities in common with others authorized to do so shall be exercised only subject to and in accordance with the laws of the United States of America, the State of Arizona, and the City of Sierra Vista; the rules and regulations promulgated by their authority with reference to aviation, air navigation, and Homeland Security; and all reasonable and applicable standards rules, regulations and ordinances of the City or by direction of the LANDLORD now in force or hereafter prescribed or promulgated by City or by law.
2. The LANDLORD reserves the right to further develop or improve all areas of the Airport as it sees fit, regardless of the desires or views of the TENANT, and without interference or hindrance from any such TENANT.
3. This LEASE shall be subordinate to the provisions of any existing or future agreement between Airport and the United States or the Airport and the State of Arizona, relative to the operation or maintenance of the Airport, the terms and execution of which have been or may be required as a condition precedent to the expenditure or reimbursement to the Airport for federal or state funds for the development of the Airport.
4. This LEASE shall also be subordinate to the provision of the existing or future agreement between the Airport and the United States, relative to the acquisition or joint use of the Airport property.

5. The LANDLORD has the right to inspect the LEASED PREMISES at any time and the right to enter upon the LEASED PREMISES at any time, for any purpose necessary, incidental to or connected with any matter related to the exercise of its governmental functions, or as may be required in the operation, maintenance or development of the Airport, or to determine whether TENANT is in compliance with Articles of this LEASE; provided, however, that except in emergency circumstances or in situations where inspections must necessarily be undertaken during other than normal business hours, such inspections will occur only after reasonable notice to TENANT, during regular business hours, and in such a manner as to minimize interference with TENANT's use of LEASED PREMISES.
6. The LANDLORD has the right and easement to install, maintain, repair, replace, or remove and replace water, or sewer pipes, electrical or phone lines, gas pipes, pavement or any other utilities or services on the LEASED PREMISES along with the right to enter the LEASED PREMISES in order to accomplish such actions as are related to this right at all times.
7. The LEASED PREMISES is LEASED on an "as is" basis and LANDLORD shall not be responsible for any costs or expenses the TENANT may incur in the use and occupancy of the LEASED PREMISES and, specifically, any utilities or refuse removal the TENANT may require.

ARTICLE II USE OF PREMISES

A. PERMITTED USAGE

1. The TENANT shall have the privilege and obligation of using the LEASED PREMISES for the following activities:
 - 1.1 Storage of aircraft owned, leased or rented by the TENANT or co-occupants.
 - 1.2 Maintenance, to include minor touch-up painting, stripping and striping, dismantling or repairing of TENANT'S aircraft in accordance with FAR Part 43. The TENANT, with its own equipment and employees or agents, shall be allowed to perform maintenance on the aircraft within/on the LEASED PREMISES, provided said maintenance is performed in accordance with FAR Part 43. Any employee or agent of the TENANT performing maintenance shall have an approved Airport Operator's License to provide said services. At no time shall the TENANT'S aircraft engine(s) be started within the LEASED PREMISES.
 - 1.3 Storage of tools, spare parts, and other non-hazardous items associated with the operation of the stored aircraft, or the use of the hangar.
 - 1.4 Storage of petroleum products and similar hazardous materials associated with the operation of the aircraft, provided such storage is reported to, and approved by the Airport Manager, and in quantities reasonably related to the operation of the stored aircraft. Hazardous waste or chemicals shall not be stored or disposed of on the LEASED PREMISES or Airport except in designated areas, which have been approved and/or provided by the LANDLORD. TENANT shall be responsible to cover the cost of cleaning up any HAZMAT spill on the LEASED PREMISES or surrounding areas if the spill was caused by the negligence or willful misconduct of the TENANT, its agents, employees or guests.
 - 1.5 Motor vehicles shall only be parked in the Hangar on a temporary basis while the plane is in use. Motor vehicles shall be allowed to transport passengers and/or baggage to the Hangar. However, all motor vehicles are to be driven on the aircraft operational area in accordance with posted speed limits. Any motor vehicles operated on the Sierra Vista Municipal Airport shall have affixed to the motor vehicle a valid vehicle license plate, and the driver shall possess a valid City security access card and driver's license. TENANT agrees to exercise any and all controls and restraints necessary as to its invitees, so that the intent of this agreement shall be carried out.

B. NON-PERMITTED USAGE

1. The LEASED PREMISES shall not be used for the following activities:
 - 1.1 No commercial activity of any kind whatsoever other than aeronautical business shall be conducted by TENANT or invitees in or around the LEASED PREMISES. The determination of whether a TENANT is in material default of this lease as a result of engaging in any charter, rental, instructional or other commercial activity without a proper airport operator's license, shall be determined by the sole and absolute discretion of the Airport Manager.
 - 1.2 Receiving compensation from others for use of LEASED PREMISES, except as allowed in Article IX, B.1. SUBLETTING.
 - 1.3 Storage, or use of chemicals, poisons, or other hazardous materials used in agricultural spraying, as well as storage of aircraft used for such purposes.
 - 1.4 Any major painting or stripping of aircraft.
 - 1.5 Allow or to use the LEASED PREMISES for any unlawful purposes or activities.
 - 1.6 Any use which is not of an aeronautical purpose or permitted by an Airport Operator's License.
 - 1.7 Any major aircraft powerplant or airframe maintenance except by an FAA Certified and City Licensed mechanic.

ARTICLE III OBLIGATIONS OF THE TENANT

A. MAINTENANCE, REPAIRS, ALTERATIONS AND ADDITIONS

1. The TENANT, at its own cost and expense, shall keep the interior portions of the LEASED PREMISES in good order and condition and shall make all necessary repairs thereto, ordinary and extraordinary, foreseen and unforeseen, and shall make all necessary replacements thereto of like quality when beyond repair. TENANT shall be responsible for all cleaning, custodial and janitorial services required to meet its obligations hereunder. Without limiting the generality of the foregoing, TENANT shall keep the exterior portions of the LEASED PREMISES in an orderly, neat and clean condition and in good repair.
2. The TENANT shall repair all damages to the LEASED PREMISES or other airport improvements caused by the TENANT, its agents, employees, or guests. Any damage will be reported to the Airport Manager and repaired to the satisfaction of the LANDLORD. The LANDLORD will notify the TENANT of any required maintenance or repair and, if such maintenance or repair is not undertaken by the TENANT within twenty (20) working days after receipt of written notice, LANDLORD or its representative, shall have the right to enter upon the LEASED PREMISES and perform the necessary work, the cost of which shall be paid by TENANT.
3. TENANT agrees not to install any fixtures or make any alterations, additions or improvements to the LEASED PREMISES without the prior written approval of LANDLORD. All fixtures installed or additions and improvements made to the LEASED PREMISES shall become LANDLORD's property and shall remain on the LEASED PREMISES at the termination of this Lease Agreement, however such is terminated, without any compensation or payment to TENANT.

4. TENANT shall not:

- 4.1 Paint, remove, deface, modify, bend, drill, cut or otherwise alter any part of the Hangar without prior written permission of the LANDLORD.
- 4.2 Use any (high voltage) electrical equipment or machinery requiring a power source exceeding 110 volts in or about the Hangar or modify existing wiring, or install additional outlets or fixtures without the prior written consent of the LANDLORD.
- 4.3 Attach any hoisting or holding mechanism to any part of the Hangar or pass any such mechanism over the struts or braces. (For purposes of this Lease, a hoisting or holding mechanism shall be deemed to include, but shall not be limited to, a chain-ball, block and tackle, or other hoisting device.)
- 4.4 Make, or cause to be made, any electrical, plumbing or structural modifications or improvements to the Hangar, without the prior written consent of the LANDLORD and first obtain all permits required by applicable regulations.

B. UTILITIES

1. The TENANT agrees to pay for his prorated share of the cost of electrical services to all hangers, as determined by the LANDLORD, based on actual costs incurred for electrical services. The TENANT has the privilege to review any and all utility billing records within ten (10) days after electrical services have been billed to the TENANT. Any other utilities installed or used by TENANT, approved by LANDLORD, shall be paid entirely by TENANT at no cost to LANDLORD.
2. The TENANT shall provide for proper refuse handling and disposal in compliance with City's regulations. No hazardous wastes, as defined by the Federal government, or LANDLORD shall be disposed of on the Airport Premises unless by special permit issued by the City. All hazardous wastes shall be handled and removed from the Airport in accordance with Federal and State laws, rules and regulations.

C. SECURITY

1. The TENANT shall, at its sole cost and expense, take such measures as may be necessary to keep the LEASED PREMISES secure and safe at all times. The LANDLORD has no obligation or responsibility to keep the LEASED PREMISES policed, secured or safe.
2. The TENANT acknowledges and accepts full responsibility to maintain the integrity of airfield security from or through the LEASED PREMISES to the Airfield Operations Area and hereby agrees to fully comply with all Federal, State and Local laws including but not limited to, the Sierra Vista Airport Security Plan as approved by the Airport Manager, as amended from time to time, and with all rules and regulations of the Airport concerning security procedures as they presently exist or may be amended from time to time. The Sierra Vista Airport Security Plan follows TSA and FAA guidelines.
3. The TENANT is fully responsible for any lost, stolen or damaged keys or access cards, and agrees that the TENANT shall reimburse the LANDLORD for all costs for the replacement of such keys, door hardware cores, access cards and associated costs.

D. TAXES, LICENSES AND PERMITS

The TENANT shall pay all personal property taxes which may be assessed against equipment, aircraft, or other personal property belonging to or under the control of the TENANT located on LEASED PREMISES, or other permitted improvements on the LEASED PREMISES during the term of this agreement, such taxes shall be paid by TENANT. TENANT shall obtain and pay for all licenses, permits, fees or other

authorization or charges as required under Federal, State or Local laws and regulations insofar as they are necessary to comply with the requirements of this agreement and the privileges extended hereunder.

E. STORAGE OF PETROLEUM PRODUCTS AND OTHER FLAMMABLE MATERIALS

TENANT, its agents, employees, or guests shall not store combustible materials or other hazardous materials in an aircraft Hangar, except in locations and containers approved by applicable Fire Code Regulations as such may be amended from time to time. This section shall not be construed to limit, in any manner, maintenance of aircraft and the LANDLORD may require additional and/or more stringent requirements at any time for health and/or safety reasons as deemed necessary in the sole and absolute discretion of the City. The LEASED PREMISES shall not be used for the storage of flammable substances or items not related to aviation use. No waste or disposable materials shall be released on the ground or in the storm sewer. Should such material be spilled or escape from storage in any way, the contamination shall be removed from the LEASED PREMISES at the TENANT's sole cost and expenses. Further, TENANT shall notify the LANDLORD and appropriate governmental agency of such occurrence immediately. Should the TENANT fail to do so, the LANDLORD may take any reasonable and appropriate action in the TENANT's stead. The TENANT shall pay the cost of such remedial action by the LANDLORD. The LANDLORD shall be "held harmless" for material spilled or leaked from storage, or from the disposal of such material, and that insurance as required under Article VIII covers such spills, cleanup and disposal.

ARTICLE IV OBLIGATIONS OF THE LANDLORD

A. TITLE TO LEASED PREMISES

The LANDLORD covenants, warrants and agrees that it has, and shall continue to have during the term of this LEASE, clear and good title to the LEASED PREMISES, free and clear of all liens and encumbrances having priority over this LEASE, as evidenced by, but subject to, the terms and conditions of the deeds from Department of Army referenced herein and available for review. The LANDLORD further warrants and agrees that it has the full rights and legal authority to lease the same as herein set forth and that all things have happened or shall happen precedent to the granting of a valid and legally binding LEASE by the City. LANDLORD further warrants to the TENANT the peaceful possession and quiet enjoyment of the LEASED PREMISES during the term hereof, upon performance of TENANT's covenants herein.

B. OPERATION AS PUBLIC AIRPORT

LANDLORD covenants and agrees that, during the term hereof, it shall operate and maintain the Airport facilities as a public airport, consistent with and pursuant to the Sponsor's Assurance given by the City to the United States Government under the Federal Airport Act and to the Deed Without Warranty issued by the United States Government to the City conveying property for public airport purposes. For purposes of this section, the Airport facilities include, among other things, the runway, taxiways, aprons, and access ways necessary to provide access to the LEASED PREMISES.

C. CONDITION AND MAINTENANCE OF LEASED PREMISES

1. The LANDLORD assumes no responsibility for the condition of the LEASED PREMISES and shall not be responsible for the construction, maintenance, up-keep, or repairs necessary to make or keep the LEASED PREMISES safe or serviceable for the intended uses, except as indicated herein;
 - 1.1 The LANDLORD will maintain all public roadways, and parking lots on Apron giving access to the LEASED PREMISES in good and adequate condition for use by vehicles, and will allow free and uninterrupted access to the LEASED PREMISES over said roads at all reasonable times.
 - 1.2 The LANDLORD will maintain all paved taxiways owned by the LANDLORD and intended for public use and giving access to the LEASED PREMISES in good and adequate condition for use