

**LEASE AGREEMENT
CALSTAR / AIR-AMBULANCE SERVICE**

This Agreement, made and entered into on _____, by and between the COUNTY OF EL DORADO, a political subdivision of the State of California, hereinafter called "COUNTY", and California Shock/Trauma Air Rescue, d.b.a., CALSTAR, a California Non-Profit Organization, hereinafter called "LESSEE".

WHEREAS, COUNTY owns and operates the public airport at Placerville, California, hereinafter referred to as "AIRPORT"; and

WHEREAS, LESSEE wishes to conduct certain commercial aeronautical activities at said AIRPORT and build improvements for the operations of an Air-Ambulance service for the general public of El Dorado County; and

WHEREAS, LESSEE has entered into a separate agreement with the COUNTY to provide emergency medical advanced life support services within El Dorado County; and

WHEREAS, a written agreement is required for these commercial activities pursuant to El Dorado County Ordinance Sections 18.04.010 et seq; and

WHEREAS, COUNTY hereby finds that the terms and conditions as set forth hereinbelow are beneficial and necessary to promote the welfare and convenience of the public using the AIRPORT and otherwise satisfy Section 18.08.020 of the El Dorado County Ordinance Code; and

WHEREAS, COUNTY, pursuant to Government Code Sections 25350-25575 and 50470-50478 and El Dorado County Ordinance Code Sections 3.08.021, COUNTY hereby leases to LESSEE the real property at the Placerville Airport, on the following terms and conditions:

NOW, THEREFORE, COUNTY and LESSEE agree as follows:

1. AUTHORIZED ACTIVITIES:

LESSEE is hereby authorized to perform the following:

A. Commercial activities to operate an Air-Ambulance service pursuant to Federal, State, and local laws, rules and ordinances.

B. LESSEE may conduct other activities, which are reasonably necessary to the proper conduct and operation by LESSEE, for the commercial activities authorized by the Lease. It is specifically understood by the parties hereto that this provision does not authorize the operation of separate business of any kind, type, or description without further written approval and agreement by the COUNTY.

2. **LEASED PREMISES:**

COUNTY hereby grants to LESSEE permission to conduct commercial aeronautical activities at said AIRPORT and build improvements for the operation of an Air-Ambulance service, and for the tie down of one (1) helicopter and parking of one fuel truck, depicted on Exhibit A (herein after referred to as the leased premises), which is attached hereto and incorporated herein by reference.

3. **TERM:**

The term of this Agreement will commence upon execution hereof by the Board of Supervisors and end on December 31, 2009. LESSEE shall have the option to Lease the subject premises for two additional five (5) year terms after the initial Lease expiration date. Such option(s) shall be on the same terms and conditions as provided for herein for the initial term with the exception of rent, which shall be adjusted in accordance with Section 4 below. LESSEE shall notify COUNTY in writing approximately ninety (90) days prior to the expiration of the first one (1) year term and each additional five (5) year terms thereafter, should LESSEE elect to exercise said option(s). COUNTY shall reply to LESSEE'S notice to exercise its option for renewal and shall notify LESSEE of their new rental rate as per this Agreement.

4. **BASE RENT:**

In consideration of the rights and privileges herein granted, LESSEE shall pay to COUNTY Thirty-Five Cents (\$0.35) per square foot for fourteen hundred and forty (1440) square feet for a total of **Five Hundred and Four** dollars (\$504.00) per month for the office area provided, **Two Hundred and Twenty** dollars (\$220.00) per month for the twenty by twenty foot (20' X 20') helicopter tie down pad and ten by twenty foot (10' x 20') fuel truck parking location, Eight-Cents (\$0.08) per square foot for eight (8) parking spots totaling thirteen hundred (1300) square feet for a total of **One Hundred and Four** dollars (\$104.00) per month for a grand total of **Eight Hundred Twenty-Eight** dollars (\$828.00) per month. The Base Rent shall be paid in advance on the first day of each month, without prior notice or demand, except in the event that LESSEE'S occupancy commences on a day other than the first day of the month, the rent for the first partial month shall be prorated at one-thirtieth (1/30) of the rental rate for each calendar day the premises are ready for occupancy during such month.

Payments shall be made to:

County of El Dorado
Department of Transportation
Airports Administration
2850 Fairlane Court
Placerville, CA 95667

The Base Rent will be adjusted as specified herein at each five (5) year option from the commencement date of this Lease.

For purposes of this Section:

A. "Price Index" means the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor, U.S. City Average, All Items and

Major Group Figures for Urban Wage Earners and Clerical Workers (1982-84=100).

B. "Base Price Index" means the Price Index for the month (the "Base Month") nearest before the commencement date for which the Price Index is published.

The Base Rent payable will be adjusted at each five (5) year option from the commencement date of this Lease and after each option by a fraction whose numerator is the Price Index published for the then most recent anniversary month of the Base Month and whose denominator is the Base Price Index. The Base Rent will not be reduced below the amount first due.

5. **LATE FEE:**

Rent shall be due and payable on the first day of every month. In the event rent is not paid by the tenth of the month, LESSEE shall pay COUNTY a ten percent (10%) late fee.

6. **FUEL PRICING:**

LESSEE shall be able to provide its own fuel truck with capacity of three hundred fifty (350) gallons to be parked on the ramp as designated by Exhibit A. On-site fuel purchases shall be at COUNTY cost plus twenty percent (20%) or posted fuel price, whichever is less, for both Avgas and Jet A. If LESSEE desires to purchase fuel off-site then LESSEE shall enter into an agreement with COUNTY for a fuel flowage fee.

7. **USE OF PREMISES:**

LESSEE shall be able to conduct an air ambulance service and be allowed the use of eight (8) parking stalls, an area for the placement of its Operations Office, an area to place a helicopter pad, and parking of its fuel truck.

8. **OPERATIONS OFFICE AND IMPROVEMENTS CONSTRUCTION:**

LESSEE shall, at LESSEE'S sole cost and expense, construct or cause to be constructed on the premises the Operation Office twenty-four feet by sixty feet (24' X 60'), in the manner and according to the terms and conditions specified in this Section. The duty to construct for the Operation Office includes the duty for site preparation, including the removal, if necessary, of any buildings or other structures located on the premises, the installation or relocation of any utilities, and obtaining any and all necessary permits, including building permits.

LESSEE shall, at LESSEE'S sole cost and expense, construct or cause to be constructed two handicap parking stalls, a concrete pad for its helicopter, a parking stall for its fuel truck, as depicted on Exhibit A. The improvements shall meet Federal Aviation Administration requirements and become the property of the COUNTY upon completion.

Prior to performing any of the work required by this Section LESSEE shall complete construction of the onsite access road as depicted on Exhibit A as per the requirements of Grading Permit #191374.

LESSEE shall, at LESSEE'S own cost and expense, engage a licensed contractor, architect, or engineer to prepare plans and specifications for the Operations Office and other

improvements and shall submit for approval to the Airports Operations Supervisor within sixty (60) days from the effective date of this Lease. LESSEE shall provide three copies of:

- A. Drawings and materials in the form of final plans and elevations sufficient to convey the architectural design of the Operations Office, access road, helicopter pad and truck parking stall to COUNTY.
- B. A statement of estimated construction costs for the Operations Office and improvements prepared by the engaged contractor, architect, or engineer.

The plans and specifications for the Operations Office shall be submitted to the El Dorado County Development Services and Building Services Department concurrent with the Airports Operations Supervisor's approval. After approval by Airports Operations Supervisor of the documents described in Section 8 (A) of this Lease, any material change in the plans or specifications for the Operations Office shall be approved by the Airports Operations Supervisor. The Airports Operations Supervisor shall give written notice to LESSEE of any objections the Airports Operations Supervisor may have to any proposed changes within twenty (20) days after a written statement of the proposed changes has been given to Airports Operations Supervisor by LESSEE. Minor changes in work or materials need not be approved by the Airports Operations Supervisor, but a copy of the altered plans and specifications reflecting those changes shall be given to the Airports Operations Supervisor. For the purposes of this Section, "minor change" means one that does not materially change the exterior appearance, internal plan, location on the premises, or result in a change in the cost of construction of more than Ten Thousand dollars (\$10,000.00). Upon completion of Construction LESSEE shall provide to COUNTY as-built plans depicting all of the improvements required by this Section.

9. CONTRACTOR:

All work required in the construction of the Operations Office, including any site preparation work and utility installation work, as well as actual construction work on the Operations Office, or any other improvements, shall be performed under the direction and supervision of a competent contractor(s) or agent(s) licensed and in good standing under the laws of the State of California. Such contractor(s) may be an employee of LESSEE and shall be properly licensed to perform the work pursuant to the State Contractor's License Act (Business and Professions Code Section 7000 et seq.) and shall possess a Class 'A' license or equivalent combination of Classes required by the categories and type of work included in the plans.

- A. LESSEE shall record a Notice of Completion promptly within the time specified by law for the recording of that notice; and
- B. LESSEE shall settle and discharge all liens of record claimed by persons who supplied either labor or materials for the construction of the Operations Office or any other improvements.

The Operations Office or any other improvements shall be constructed, all work on the premises shall be performed, and all buildings or other improvements on the premises shall be erected in accordance with all valid laws, ordinances, regulations, and orders of all federal, state, county, or local governmental agencies or entities having jurisdiction over the premises. Any structure or other improvement erected on the premises shall be deemed to have been constructed in full compliance with all such valid laws, ordinances, regulations, and orders when a valid final

Certificate of Occupancy has been issued by proper governmental agencies or entities that entitle LESSEE to occupy and use the structure or other improvements. All work performed on the premises pursuant to this Lease, or authorized by this Lease, shall be done in a good workmanlike manner and only with new materials of good quality and high standard.

10. TIME FOR COMPLETION:

LESSEE shall cause construction of the Operations Office to be commenced no later than one hundred and eighty (180) days after approval by COUNTY of the documents described in Section 8 of this Lease, shall cause construction of the all improvements in Section 8 to thereafter be diligently pursued without unnecessary interruption, and shall cause the Operations Office to be completed and ready for occupancy not later than one hundred and eighty (180) days after commencement of its construction. LESSEE shall be provided relief from these time lines for any delays in construction or commencement of construction caused by the act of any public enemy, acts of God, the elements, war, war defense conditions, litigation, strikes, walkouts, or other causes beyond LESSEE'S control. LESSEE shall, however, use reasonable diligence to avoid any such delay and resume construction as promptly as possible after the delay.

11. MECHANICS' LIENS:

At all times during the term of this Lease, LESSEE shall keep the premises and all improvements now or hereafter located on the premises free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the premises.

Should LESSEE fail to pay and discharge or cause the premises to be released from any such lien or claim of lien within twenty (20) days after service on LESSEE of written request from COUNTY to do so, COUNTY may pay, adjust, compromise, and discharge any such lien or claim of lien on any terms and in any manner COUNTY may deem appropriate unless LESSEE is in good faith contesting, opposing, or objecting to such lien or claim of lien in compliance with Subsection (C) below. In the event LESSEE fails to pay and discharge or cause the premises to be released from any such lien or claim of lien, LESSEE shall, on or before the first day of the next calendar month following any such payment by COUNTY, reimburse COUNTY for the full amount paid by COUNTY in paying, adjusting, compromising, and discharging that lien or claim of lien, including any attorneys' fees or other costs expended by COUNTY, and late fees and penalty charges, as appropriate, as shown in COUNTY'S then current Schedule of Fees, together with interest at the then maximum legal rate from the date of payment by COUNTY to the date of repayment by LESSEE.

LESSEE shall have the right to contest, oppose, or object in good faith to the amount or the validity of any liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the premises, provided that written notice of the contest, opposition, or objection must be given to COUNTY at least five (5) days prior to LESSEE making or filing the contest, opposition, or objection. LESSEE shall be responsible for and shall pay all costs and expenses in any contest or legal proceeding instituted by LESSEE. In no event shall COUNTY be subjected to any liability for costs or expenses connected to any contest, and LESSEE agrees to indemnify and hold COUNTY harmless from any such costs and expenses. Furthermore, no such contest, opposition, or objection shall be continued or maintained unless LESSEE has provided to COUNTY such further written assurances as COUNTY may require within ten (10) days of COUNTY'S written request. The duty to indemnify and hold the

COUNTY harmless specifically includes the duties to defend set forth in Section 2778 of the California civil code.

12. ZONING AND USE PERMITS:

Should LESSEE deem it necessary or appropriate to obtain any building permit, use permit, variance, rezoning, or administrative permit of the premises in order to construct or operate the Operations Office, COUNTY agrees to execute any documents, petitions, applications, and authorizations that may be necessary or appropriate; provided, however, that any such permits, variances, or rezoning shall be obtained at the sole cost and expense of LESSEE and LESSEE agrees to protect and save COUNTY and the property of COUNTY, including the premises, free and harmless from any such cost and expense. LESSEE is responsible for obtaining any necessary permits and any other approvals at its own cost and expense, as further described in Section 28.

13. NO MODIFICATION ONCE COMPLETED:

Once the Operations Office is completed, LESSEE shall not modify or change in any material manner the improvements or Operations Office without the prior written consent of Airports Operations Supervisor, or without securing all appropriate and required permits.

14. LESSEE'S CONTRACTORS BONDS:

LESSEE or LESSEE'S contractor shall, prior to construction, provide a performance and payment bond in the amount of estimated construction costs. The use of a cash deposit, pledged savings account, or time certificate will be acceptable in lieu of a performance or payment bond. For the purpose of this Lease, this is construed to mean a negotiable instrument issued by a National or State insurance company or bank doing business within the State of California in a form acceptable to COUNTY. Cancellation of the performance or payment bond, cash deposit, pledged savings account, or time certificate for whatever reason shall forthwith terminate this Lease.

The bonds required by this Section shall name the COUNTY as an additional obligee. The performance bond shall also secure performance of a one (1) year warranty against defects in materials and workmanship. The bonds shall be on the County's approved forms, which will be provided to LESSEE upon request.

Once LESSEE has obtained a certificate of occupancy and provided all contractors lien releases to COUNTY, COUNTY shall release performance and the payment bond to LESSEE within thirty (30) days of a written request by LESSEE.

15. LESSEE'S CONTRACTORS INDEMNITY:

To the fullest extent allowed by law, Contractor shall defend, indemnify, and hold the COUNTY and its officers, directors, and employees harmless against and from any and all claims, suits, losses, damages, and liability for damages, including attorney's fees and other costs of defense brought for or on account of injuries to or death of any person, including but not limited to, workers and the public, or on account of injuries to or death of COUNTY employees, or damage to property, or any economic, consequential or special damages which are claimed or which shall in any way arise out of or be connected with Contractor's services, operations or

performance hereunder, regardless of the existence or degree of fault or negligence on the part of the COUNTY, the Contractor, subcontractors or employees of any of these, except for the active, or sole negligence of the COUNTY, its officers and employees, or where expressly prescribed by statute. The duty to indemnify and hold harmless the COUNTY specifically includes the duties to defend set forth in Section 2778 of the Civil Code.

16. LESSEE'S CONTRACTORS INSURANCE:

Contractor shall provide proof of a policy of insurance satisfactory to County's Risk Management Division and documentation evidencing that Contractor maintains insurance that meets the following requirements:

A. Full Workers' Compensation and Employers' Liability Insurance covering all employees of Contractor as required by law in the State of California.

B. Commercial General Liability Insurance of not less than One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury and property damage, including but not limited to endorsements for the following coverage: premises, personal injury, operations, products and completed operations, blanket contractual, and independent contractors' liability.

C. Automobile Liability Insurance of not less than One Million Dollars (\$1,000,000) is required in the event motor vehicles are used by Contractor in performance of its contracted work for LESSEE.

D. Explosion, Collapse and Underground coverage is required when the scope of work includes XCU exposures.

E. The insurance will be issued by an insurance company acceptable to County's Risk Management Division, or be provided through partial or total self-insurance likewise acceptable to the Risk Management Division.

F. The County of El Dorado, its officers, officials, employees, and volunteers shall be included as additional insured, but only insofar as the operations under this Agreement are concerned. This provision shall apply to all general and excess liability insurance policies. Proof that the COUNTY is named additional insured shall be made by providing the Risk Management Division with a certified copy, or other acceptable evidence, of an endorsement to Contractor's insurance policy naming the COUNTY as additional insured.

G. In the event Contractor cannot provide an occurrence policy, Contractor shall provide insurance covering claims made as a result of performance of its contracted work for LESSEE for not less than three (3) years following completion of performance of its contracted work for LESSEE.

H. Any deductibles or self-insured retentions must be declared to and approved by COUNTY. At the option of COUNTY, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects to the COUNTY, its officers, officials, employees and volunteers; or Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

I. Contractor agrees that no cancellation or material change in any policy shall become effective except upon thirty (30) days prior written notice to the County of El Dorado at the office of the Department of Transportation, 2850 Fairlane Court, Placerville, CA 95667.

J. Contractor agrees that the insurance required herein shall be in effect at all times during the term of its contracted work for LESSEE. In the event said insurance coverage expires at any time or times during the term its contracted work, Contractor shall immediately provide a new certificate of insurance as evidence of the required insurance coverage. In the event Contractor fails to keep in effect at all times insurance coverage as herein provided, COUNTY may, in addition to any other remedies it may have, terminate this Agreement upon the occurrence of such event. New certificates of insurance are subject to the approval of County's Risk Management Division.

K. Certificates shall meet such additional standards as may be determined by County's Department of Transportation either independently or in consultation with County's Risk Management Division, as essential for protection of the COUNTY.

L. Contractor shall not commence performance of its contracted work unless and until compliance with each and every requirement of the insurance provisions is achieved.

M. Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the COUNTY, its officers, officials, employees, or volunteers.

N. Contractor's insurance coverage shall be primary insurance as respects to the COUNTY, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the COUNTY, its officers, officials, employees, or volunteers shall be in excess of Contractor's insurance and shall not contribute with it.

O. The insurance companies shall have no recourse against the County of El Dorado, its officers, agents, employees or any of them for payment of any premiums or assessments under any policy issued by any insurance company.

P. Contractor's indemnity and other obligations shall not be limited by the insurance required herein and shall survive the expiration of this Agreement.

17. OPERATIONS OFFICE MAINTENANCE:

At all times during the term of this Lease, LESSEE shall, at LESSEE'S own cost and expense, keep and maintain the premises, all improvements, and all appurtenances now or hereafter on the premises, in good order and repair, and in a safe and clean condition.

The COUNTY and its authorized officers, agents, employees, volunteers, contractors, subcontractors, and other representatives shall have the right to inspect the premises for any purpose, including, but not limited to the following purposes:

A. Upon twenty-four (24) hours notice, to inspect the premises at reasonable intervals during regular business hours (or at any time in case of emergency) to determine

whether LESSEE has complied with or is complying with the terms and conditions of this Lease; and

B. Upon twenty-four (24) hours notice, to make repairs, additions, or alterations as may be necessary or convenient for the conduct, safety, improvement, or preservation of the AIRPORT; and

C. For emergency purposes; and

D. In the exercise of COUNTY'S police power; and

E. To inspect the premises, on an annual basis, to determine whether the premises comply with the Uniform Fire Code.

No entry by or on behalf of COUNTY within or upon the premises shall cause or constitute a termination of this Lease, or be deemed to constitute an interference with LESSEE'S possession thereof.

COUNTY, in writing, shall request LESSEE to perform any maintenance or repairs to premises necessary or convenient for the conduct, safety, improvement, or preservation of the AIRPORT and premises. LESSEE shall have sixty (60) days to complete such maintenance or repairs after receiving notice from COUNTY. If LESSEE does not complete such maintenance or repairs within sixty (60) days, COUNTY may terminate this Lease.

18. ENCUMBRANCE OF LEASEHOLD ESTATE:

During the term of this Lease, LESSEE shall not encumber to any institutional lender regulated by state or federal authority, by deed of trust or mortgage or other security instrument, all or any of LESSEE'S interest under this Lease and the leasehold estate hereby created in LESSEE for any purpose or purposes.

19. FIRST RIGHT OF REFUSAL:

If LESSEE wishes to sell its Operations Office it must give COUNTY the right to purchase the Operations Office with the following procedures:

A. LESSEE shall give COUNTY a sixty (60) day notification of the selling price.

B. Should COUNTY accept the amount, COUNTY has an additional sixty (60) days to close the transaction.

C. If COUNTY declines to purchase the Operations Office:

LESSEE is free to sell its Operations Office to a third party within twelve (12) months provided the selling price is not less than eighty-five percent (85%) of the amount offered to COUNTY. If the selling price is less than eighty-five percent (85%) of the amount offered to COUNTY then LESSEE must offer to sell the Operations Office at that price to COUNTY and COUNTY must accept or reject the new amount on the same terms in items A and B above.

Upon the sale of LESSEES Operations Office this Lease shall terminate.

Should the third party purchasing the Operation office wish to use and occupy the lease premises must apply for a new Lease, and provide the necessary documents to enter into a Lease with COUNTY.

If the Operations Office is not sold by the end of any five (5) year term and LESSEE does not exercise its five (5) year option then LESSEE shall remove the Operations Office and restore the premises to its original condition. All utility connections shall be left in place.

20. SUBLEASE OF OPERATIONS OFFICE:

LESSEE shall not sublease to any other party.

21. ASSIGNMENT:

This Lease shall not be assigned by either party.

22. UTILITIES:

COUNTY shall provide water and sewer for its facilities as part of the consideration paid to the AIRPORT. LESSEE shall pay for any and all other utilities, *e.g.*, electric, garbage, telephone, *etc.*, together with all permit fees, charges, and penalties, including but not limited to any service charges, connection or installation fees, related thereto, whether or not billed directly to LESSEE.

23. INCIDENTAL USES:

Any incidental uses, shall be performed only within, and confined to, the leased premises, and shall not be performed in areas of the airport outside of the leased premises except for emergency repairs and aircraft retrieval. No painting of aircraft or parts shall be allowed to take place on the leased premise. LESSEE may not conduct any other activities on AIRPORT without written permission.

24. EMERGENCY CONTACTS:

LESSEE shall provide to the Airports Operations Supervisor, and keep current, a list of its company's personnel telephone numbers for emergency use.

25. AIRPORT MAINTENANCE AND IMPROVEMENTS:

COUNTY reserves the right, but shall not be obligated to LESSEE, to maintain, repair, or improve runways, taxiways, parking area, or any other part of AIRPORT. COUNTY also reserves the right to enter COUNTY property and to grant easements over and under the property covered by this Agreement, together with the right to direct and control all activities of LESSEE related to the maintenance, repair, and improvements covered by this Section.

LESSEE waives any and all claims against COUNTY for any loss of profit or increased costs due to COUNTY'S maintenance, repair, or improvements on or about AIRPORT.

26. FIRE HAZARD:

LESSEE shall keep the premises rented or used clear of oil and trash that may be deemed a fire hazard.

COUNTY reserves the right to restrict LESSEE from conducting any activity or storing inflammable materials or substances, which would increase COUNTY'S insurance rate or cause COUNTY'S insurance to be canceled.

27. MAINTENANCE AND REPAIRS:

LESSEE shall be responsible for any repairs or damage to AIRPORT premises caused intentionally or by negligence of LESSEE, its agents, employees, subcontractors, or volunteers.

28. EXTENT OF GRANT OF LEASE:

This Agreement and the Lease herein granted are valid only to the extent of COUNTY'S jurisdiction as a landowner. Acquisition of any other necessary permits or entitlements for use is the responsibility of LESSEE. Nothing contained in this Agreement shall be construed as a relinquishment of any rights now held by COUNTY.

29. HOLD HARMLESS/INDEMNIFICATION:

LESSEE shall, at LESSEE'S sole expense, indemnify, protect, defend, and hold harmless the COUNTY from any cause, regardless of the degree of fault or negligence on the part of the COUNTY, arising out of or relating directly or indirectly to this Lease, the tenancy created under this Lease, or the Premises, including without limitation:

- A. The use or occupancy, or manner of use or occupancy, of the Premises by LESSEE;
- B. Any act, error, omission, or negligence of LESSEE, or of any invitee, guest, or licensee of LESSEE;
- C. LESSEE'S conducting of its business;
- D. Any alteration, activities, work, or things done, omitted, permitted, allowed, or suffered by LESSEE in, at, or about the Premises, including the violation of or failure to comply with any applicable laws, statutes, ordinances, standards, rules, regulations, orders, decrees, or judgments in existence on the effective date of this Lease or enacted, promulgated, or issued after the effective date of this Lease;
- E. Any breach or default in performance of any obligation on LESSEE'S part to be performed under this Lease, whether before or during the term or after its expiration or earlier termination; and
- F. Any action to challenge County's approval of the Lease or the development or use of the Premises by LESSEE, including, but not limited to, any action brought pursuant to

the California Environmental Quality Act, California Public Resources Code section 21000, et seq., or 14 Code of Federal Regulations Part 16, FAA Rules of Practice for Federally Assisted Airport Proceedings.

LESSEE'S obligations pursuant to this section shall survive termination or expiration of this Lease.

30. INSURANCE:

LESSEE shall provide proof of a policy of insurance satisfactory to the El Dorado County Risk Management Division and documentation evidencing that LESSEE maintains insurance that meets the following requirements set forth hereinafter:

A. Full Worker's Compensation and Employers' Liability Insurance covering all employees of the LESSEE as required by law in the State of California.

B. Commercial General Liability Insurance of not less than \$5,000,000 combined single limit per occurrence for bodily injury and property damage.

C. Air Ambulance, Hull, and Liability Insurance of not less than \$5,000,000 is required on owned, hired, leased, and non-owned aircraft used in connection with the LESSEE air ambulance operations.

D. Professional Liability (for example, malpractice insurance) is required with a limit of liability of not less than \$1,000,000 per occurrence, \$3,000,000 aggregate.

E. Automobile Liability and property damage coverage of not less than \$1,000,000 combined single limit per occurrence for bodily injury and property damage.

F. LESSEE shall furnish a certificate of insurance satisfactory to the El Dorado County Risk Management Division as evidence that the insurance required above is being maintained.

G. The insurance shall be issued by an insurance company acceptable to the El Dorado County Risk Management Division, or be provided through partial or total self-insurance likewise acceptable to the El Dorado County Risk Management Division.

H. LESSEE agrees that the insurance required above shall be in effect at all times during the term of this Agreement. In the event said insurance coverage expires, exclusive of renewal, at any time or times during the term of this Agreement, LESSEE agrees to provide at least thirty (30) days prior to said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than the remainder of term of the Agreement, or for a period of not less than one (1) year. New certificates of insurance are subject to the approval of the County Risk Management Division, and LESSEE agrees that no work or services shall be performed prior to the giving of such approval. In the event LESSEE fails to keep in effect at all times insurance coverage as herein provided, El Dorado COUNTY may, in addition to any other remedies it may have, terminate this Agreement upon the occurrence of such event.

I. The certificate of insurance must include the following provisions stating that:

1. The insurer will not cancel the insured's coverage without thirty (30) days prior written notice to COUNTY, and;

2. The County of El Dorado, its officers, officials, employees, and volunteers are included as additional insured, but only insofar as the operations under this Agreement are concerned. This provision shall apply to all liability policies except worker's compensation and professional liability insurance policies.

J. LESSEE'S insurance coverage shall be primary insurance as respects the COUNTY, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the COUNTY, its officers, officials, employees, or volunteers shall be in excess of LESSEE'S insurance and shall not contribute with it.

K. Any deductibles or self-insured retentions must be declared to and approved by the COUNTY excluding Aircraft Hull and Liability Insurance. LESSEE shall not change these deductibles and retentions without the approval of COUNTY.

L. Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the COUNTY, its officers, officials, employees, or volunteers.

M. The insurance companies shall have no recourse against the County of El Dorado, its officers and employees or any of them for payment of any premiums or assessments under any policy issued by any insurance company.

N. LESSEE'S obligations shall not be limited by the foregoing insurance requirements and shall survive expiration of this Agreement.

O. In the event LESSEE cannot provide an occurrence policy, LESSEE shall provide insurance covering claims made as a result of performance of this Agreement for not less than three (3) years following completion of performance of this Agreement.

P. Certificate of insurance shall meet such additional standards as may be determined by the contracting County Department either independently or in consultation with the El Dorado County Risk Management Division, as essential for protection of the COUNTY.

31. LIABILITY FOR LOSS OR DAMAGE TO COUNTY PROPERTY:

LESSEE shall be liable for any loss or damage to the Leased Premises resulting from the acts or omissions of LESSEE, its officers, agents, employees, subcontractors, or volunteers.

31. TAXES AND POSSESSORY INTERESTS:

LESSEE understands that the Lease creates a property interest which may be subject to property taxation and that any possessory interests vested in the LESSEE or his or her assignees through this agreement make the LESSEE or his or her assignees subject to the payment of any property taxes on that property interest pursuant to Revenue and Taxation Code Section 107.6. It is further agreed by and between the parties hereto that COUNTY has informed LESSEE that such property interest, together with any improvements as may be made by LESSEE, as may be created

or allowed by this Lease may be subject to property taxation and that LESSEE may be subject to the payment of property taxes levied on such interest(s).

LESSEE agrees to pay all taxes levied upon the leased property and improvements on the property, including trade fixtures and inventory not owned by COUNTY and kept on the premises leased herein.

33. LESSEE TO ACT IN INDEPENDENT CAPACITY:

LESSEE, its officers, agents, employees, subcontractors, or volunteers shall act in an independent capacity and shall not represent themselves to be or be construed to be officials, officers, employees, and volunteers of COUNTY.

34. NOTICE:

Any notice, demand, request, consent, approval, 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 personally served or sent by pre-paid, first class mail to the respective addresses set forth below. Notice shall be deemed received two (2) COUNTY working days from time of mailing if mailed as provided herein.

LESSEE: CALSTAR
California Shock/Trauma Air Rescue
4933 BAILY LOOP
McClellan, CA 95652

ATTN: Joseph F. Cook, President and Chief Executive Officer

COUNTY: County of El Dorado
Board of Supervisors
Attention: Clerk of the Board
330 Fair Lane
Placerville, CA 95667

COPY TO: Department of Transportation
Aviation
P.O. Box 85
Placerville, CA 95667

Either party may at any time change its address for notice by giving written notice of such change to the other party in the manner provided in this Section.

35. DRUG FREE WORKPLACE:

LESSEE is aware that COUNTY adheres to and certifies that it will provide a drug free workplace. LESSEE shall notify COUNTY immediately of any unlawful manufacturing, distribution, dispensing, transporting, storing, possession, or use of a controlled substance on AIRPORT property.

36. NON-EXCLUSIVE RIGHTS:

This Agreement does not vest in LESSEE an exclusive right within the meaning of either Section 308(a) of the Federal Aviation Act of 1958 [49 U.S.C.A. Section 1349(a)] or the portion of the Surplus Property Act of 1944 which now appears in 50 U.S.C.A. Section 1622(g)(1)(c).

37. ACTS OF GOD, WAR/TERRORISM, AND OTHER CASUALTIES:

COUNTY shall not be responsible for monetary losses or damage to personal property, equipment, or materials of LESSEE caused by Acts of God, fire, epidemics, labor strikes, or public enemy including but not limited to acts of war and/or terrorism. LESSEE hereby waives any claims for damages against COUNTY resulting from said acts.

38. TERMINATION:

Except as provided elsewhere herein, COUNTY reserves the right to terminate this Agreement on ten (10) days notice for any cause or reason provided by the Agreement itself, or by law, or upon the happening of one or more of the following:

- A. Filing a petition of voluntary or involuntary bankruptcy with respect to LESSEE.
- B. The making by LESSEE of any general assignment for the benefit of creditors.
- C. The abandonment or discontinuance of any operation or activity which LESSEE has agreed to provide under the terms of the Agreement. If this condition exists for a period of ten (10) days without prior written consent of the COUNTY, it will constitute an abandonment of the land or facilities and of this Agreement.
- D. The failure of LESSEE to pay promptly when due all rents, charges, fees, or other payments in accordance with this Agreement.
- E. The failure of LESSEE to remedy any default, breach, or violation of AIRPORT rules and regulations by it or its employees.
- F. Violation of any of the provisions of this Agreement or failure to maintain current licenses required for its operation.
- G. Intentionally supplying COUNTY with false or misleading information or misrepresenting any material fact on its application or documents, or in its statement to or before COUNTY, or intentional failure to make full disclosure on its financial statement or other documents.

39. LESSEE'S DEFAULT:

LESSEE shall be in default of this Agreement if it fails or refuses to perform any material provision of this Agreement that it is obligated to perform if the failure to perform is not cured within ten (10) days after written notice of the default has been given by COUNTY to LESSEE. If the default cannot reasonably be cured within ten (10) days, LESSEE shall not be in default of this Agreement if LESSEE commences to cure the default within the ten (10) day period and diligently and in good faith continues to cure the default.

40. COUNTY'S REMEDIES ON LESSEE'S DEFAULT:

At any time after LESSEE is in default and has failed to cure the default within the ten (10) days written notice, COUNTY can terminate this Agreement in accordance with Section 39 or can cure the default at LESSEE'S cost. If COUNTY at any time, by reason of LESSEE'S default, pays any sum or does any act that requires the payment of any sum, the sum paid by COUNTY shall be due from LESSEE to COUNTY within ten (10) days of notice of such sum, and if paid at a later date shall bear interest at the maximum rate COUNTY is permitted by law to charge from the date the sum is paid by COUNTY until COUNTY is reimbursed by LESSEE. The remedies set forth in this Section are in addition to and do not in any manner limit other remedies set forth in particular Sections of this Agreement or by law.

41. ATTORNEYS' FEES:

If either party shall commence any legal action or proceeding, including an action for declaratory relief, against the other by reason of the alleged failure of the other to perform or keep any provision of this Agreement to be performed or kept, the party prevailing in said action or proceeding shall be entitled to recover, in addition to court costs, reasonable attorneys' fees (including reasonable value of services rendered by County Counsel) to be fixed by the court, and such recovery shall include court costs and attorneys' fees (including reasonable value of services rendered by County Counsel) on appeal, if any.

42. NON-DISCRIMINATION AND COMPLIANCE WITH LAWS:

This Agreement shall be subordinate and subject to the terms, conditions, restrictions and other provisions or any existing or future permit, lease and agreement between COUNTY and any federal, State, or local agency governing COUNTY'S control, operation, or maintenance of the AIRPORT, or affecting the expenditure of federal funds for the AIRPORT. LESSEE shall be bound by all such terms and conditions, and shall, whenever COUNTY may so demand, execute, acknowledge, or consent to any instrument evidencing such terms, conditions, restrictions, and provisions. Without limiting the foregoing:

A. NON-DISCRIMINATION, AFFIRMATIVE ACTION, AND GENERAL CIVIL RIGHTS PROVISIONS – FEDERAL AVIATION ADMINISTRATION ASSURANCES

1. The LESSEE for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this Lease for a purpose for which a DOT program or activity is extended or for another purpose involved the provision of similar services or benefits, the LESSEE shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

2. The LESSEE for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and

the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the LESSEE shall use the premises in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted programs of the Department of Transportation, and as said Regulations may be amended.

3. The LESSEE assures that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participation in any activity conducted with or benefiting from Federal assistance. This Provision obligates the LESSEE or its transferee for the period during which Federal assistance is extended to the airport program, except property or interest therein or structures or improvements thereon. In these cases, the Provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property. In the case of contractors this Provision binds the contractors from the bid solicitation period through the completion of the contract.

B. COMPLIANCE WITH FEDERAL AVIATION ADMINISTRATION, STATE, AND COUNTY REGULATIONS

LESSEE and its officers, agents, employees, subcontractors or volunteers agree to abide by all Federal Aviation Administration (FAA) rules and regulations pertaining to the operation of AIRPORT, said rules being more particularly set forth in Exhibit "B," marked "FAA Agreement Covenants," attached hereto and incorporated herein by reference. Failure to comply with said rules and regulations shall be grounds for the termination of this Agreement.

LESSEE and its officers, agents, employees, subcontractors or volunteers shall carry on their activities and operations at AIRPORT in compliance with federal laws and FAA regulations, state statutes, and the rules and regulations governing the use of AIRPORT and all other applicable COUNTY ordinances and regulations.

LESSEE and its officers, agents, employees, subcontractors or volunteers shall observe faithfully all rules and regulations affecting use of AIRPORT, including the Storm Water Pollution Prevention Plan and Best Management Practices, in accordance with Exhibit "C," marked "Storm Water Pollution Prevention Plan Requirements" "BMP", attached hereto and incorporated herein by reference.

C. DESIGNATION

LESSEE shall designate in writing to COUNTY the name and title of the officer or member responsible for compliance with Sections (42)(A) and (42)(B).

D. TERMINATION

COUNTY shall have the right to terminate this Agreement upon ten (10) days written notice if any of the above mentioned applicable laws, standards, or criteria are not

complied with.

43. ECONOMIC NONDISCRIMINATION:

LESSEE shall furnish said services on a reasonable, and not unjustly discriminatory, basis to all users thereof, and charge reasonable, and not unjustly discriminatory, prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

44. DISADVANTAGED BUSINESS ENTERPRISES:

This Agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 CFR Part 23 Subpart F. The LESSEE agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement covered by 49 CFR Part 23 Subpart F.

The LESSEE agrees to include the above statements in any subsequent concession agreements that it enters and cause those businesses to similarly include the statements in further agreements.

45. NO CONTINUING WAIVER:

The waiver by COUNTY of any breach of any of the provisions of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of the same, or of any other provision.

46. GENERAL PROVISIONS:

A. Time of Essence: Time is and shall be of the essence in this Agreement and in each and every provision contained in this Agreement.

B. Incorporation of Prior Agreements; Amendments: This Agreement contains all the agreements of the parties with respect to any matter mentioned herein. This agreement hereby supersedes the License Agreement entered into by LESSEE and COUNTY dated August 26, 2008. No prior agreement or understanding pertaining to any such matter shall be effective. This Agreement may be modified in writing only, signed by the parties in interest at the time of the modification, and this sentence may not be modified or waived by any oral agreement.

C. Binding Effect; Choice of Law; Venue: This Agreement shall be binding upon and inure to the benefit of the parties, their personal representatives, successors, and assigns. This Agreement shall be governed by the laws of the State of California and shall be deemed to have been entered into in the County of El Dorado, State of California. Any dispute arising hereunder or relating to this Agreement shall be litigated in the State of California and venue shall lie in the County of El Dorado.


D. Consents: Wherever in this Agreement consent of one party is required to an act of the other party, such consent shall not be unreasonably withheld or delayed.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto upon the date first written above.

LESSEE:

CALSTAR;
a California non-profit organization

Date: 11-25-08

By: 
Joseph F. Cook, President and CEO
CALSTAR

Date: 11-25-08

By: 
Fili T. Gonzalez, CFO
CALSTAR

COUNTY OF EL DORADO:

Date: _____

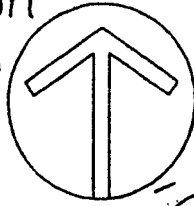
By: _____
Rusty Dupray, Chairman of the Board
Board of Supervisors

ATTEST:
Suzanne Allen de Sanchez
Clerk of the Board of Supervisors

By: _____

Exhibit 'A'

CALSTAR Crew Facility
Placerville Airport
Placerville, CA



Edge of pavement

Top of bank

AC Parking area

New Access Road
BEG. PROJECT

18" CMP

Edge of pavement

24' AC roadway

(n) Crew Facility
Modular

(n) 5' Gate in (e) Fence

(e) Fence

Ramp

10' x 20'
Fuel Truck
Parking

APN: 096-010-11

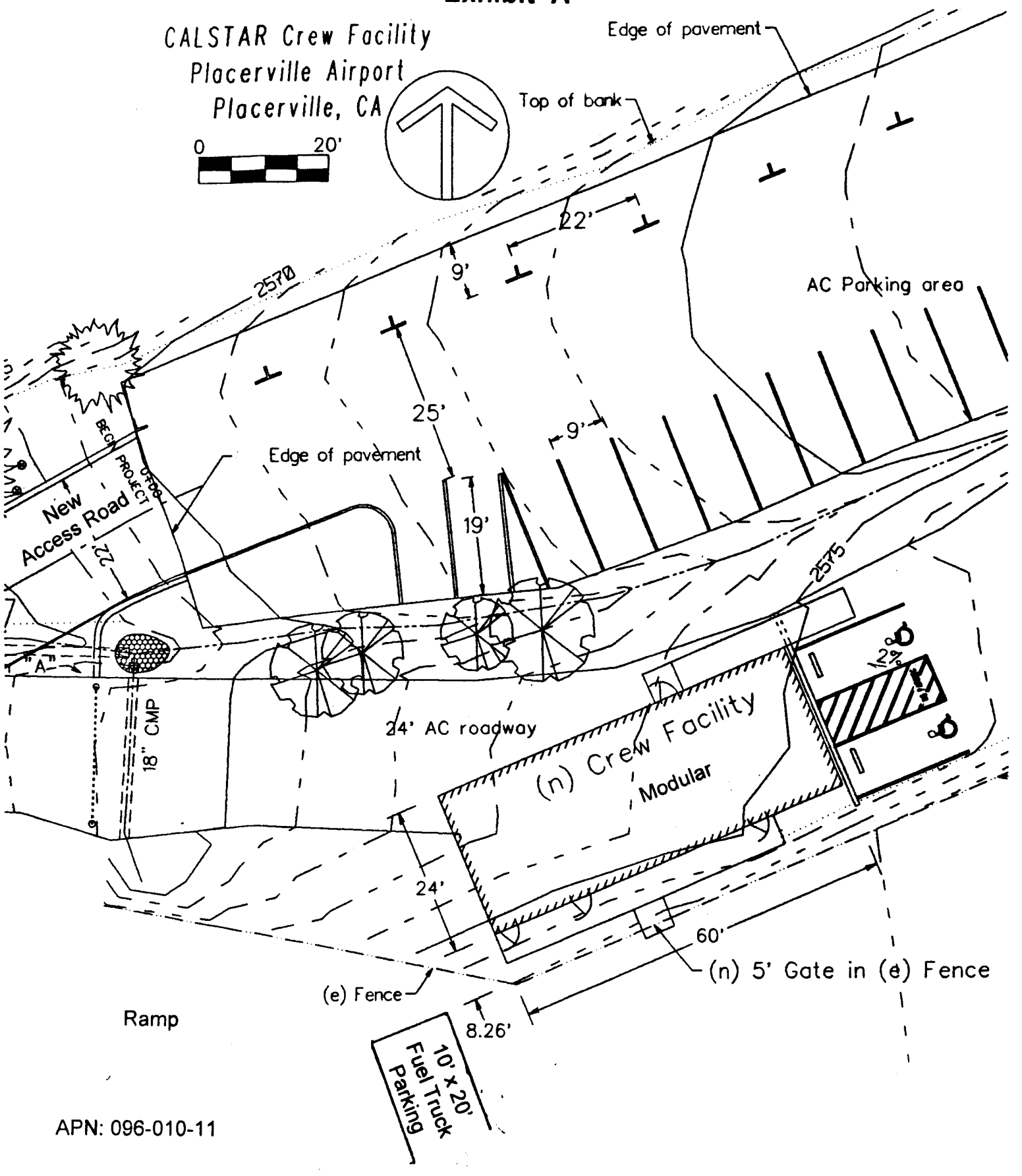
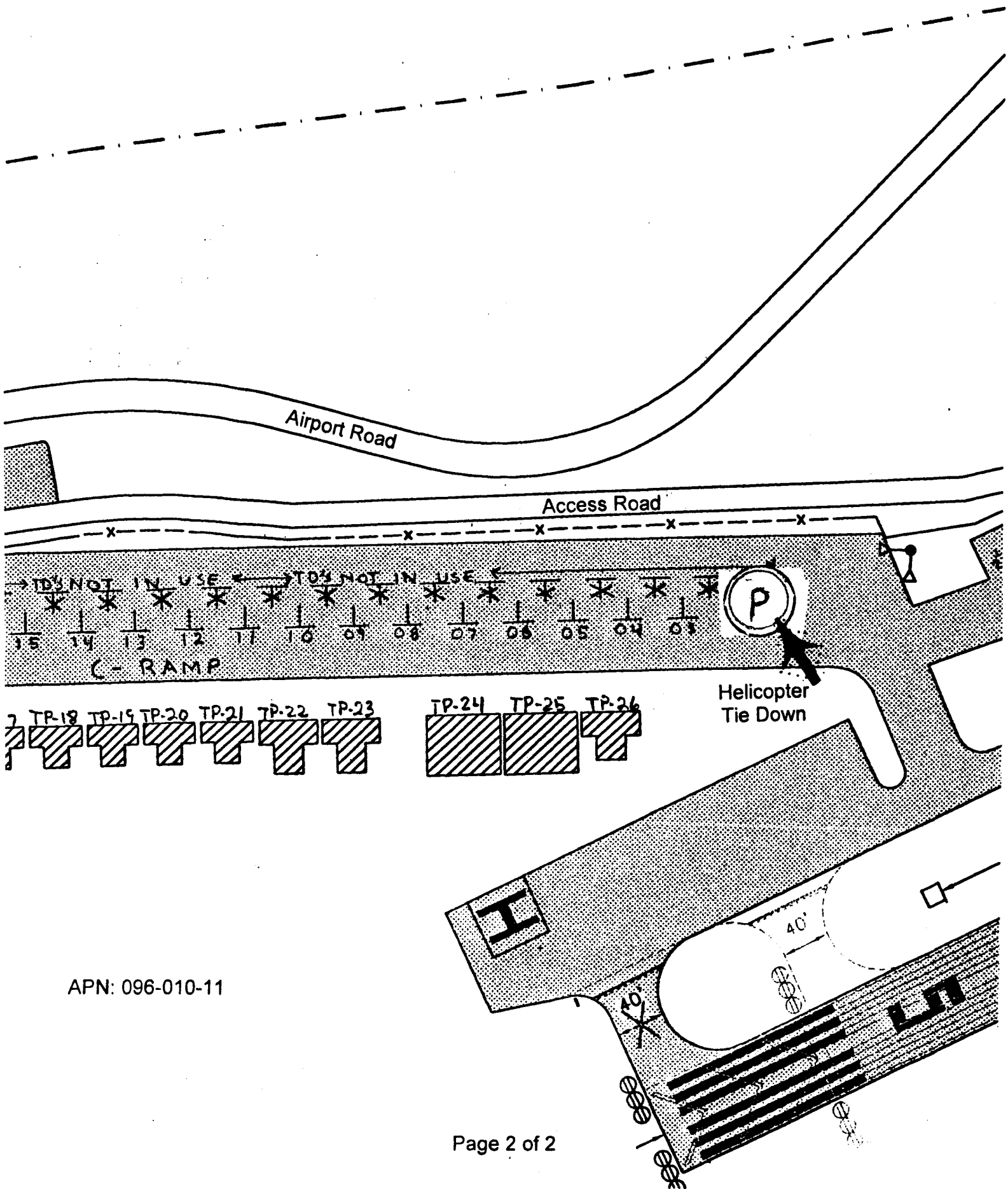


Exhibit 'A'
Placerville Airport



APN: 096-010-11

EXHIBIT "B"

FEDERAL AVIATION ADMINISTRATION AGREEMENT COVENANTS

1. The County reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of the LESSEE, and without interference or hindrance.
2. The County reserves the right, but shall not be obligated to the LESSEE to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of the LESSEE in this regard.
3. This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between the County and the United States, relative to the development, operation, or maintenance of the Airport.
4. There is hereby reserved to the County, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the premises herein permitted. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation on the Placerville or Georgetown Airports.
5. LESSEE agrees to comply with the notification and review requirement covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the permitted premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the permitted premises.
6. The LESSEE by accepting this Lease expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object, nor permit the growth of any tree on the land permitted hereunder in excess of twenty (20) feet. In the event the aforesaid covenants are breached, the County reserves the right to enter upon the land permitted hereunder and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of the LESSEE.
7. The LESSEE by accepting this Lease agrees for itself, its successors and assigns that it will not make use of the permitted premises in any manner which might interfere with the landing and taking off of any aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, the County reserves the right to enter upon the premises hereby permitted and cause the abatement of such interference at the expense of the LESSEE.
8. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349a).
9. This Lease and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of said Airport or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

EXHIBIT "C"

STORM WATER POLLUTION PREVENTION PLAN REQUIREMENTS, BMP'S

These requirements are intended to enforce compliance with The Placerville Airport Storm Water Pollution Prevention Plan (SWPPP). The SWPPP is a Federal **and State** requirement on all facilities considered to be industrial sites.

The Best Management Practices (BMP's) are the conditions that the plan uses to prevent and eliminate the introduction of pollutants into the Storm Water runoff and drainage areas of the Placerville Airport. The BMP's are not optional and must be adhered to for compliance with the Airport SWPPP. Any non-compliance may result in fines and or the need to obtain a separate Storm Water Pollution Prevention Plan and Discharge Permit at the Operators own expense. If this option is chosen no work may be performed until such time as a copy of the approved Permit is provided to the County of El Dorado. Following are the requirements and procedures that must be met to be in compliance.

REQUIRED BMP's:

1. The work area must be kept clean and free of oil, fluids, and cleaners. The area must be swept and materials removed after work is completed.
2. A drip pan must be used under the work area if any possibility of fluid escape is present. This applies both inside a County owned hangar, clients hangar and outside on the ramp.
3. Spill clean up materials/equipment must be readily available at work site at all times.
4. All used oil is to be placed in the oil recovery site or disposed of off the airport. A sixty (\$60.00) dollar per year fee is charged for use of the site by Commercial Operators.
5. All hydraulic fluids are to be disposed of off site by operator.
6. If fuel is to be removed from the aircraft this must be done in doors or in a location designated by the Airport Operations Supervisor. Appropriate materials must be on hand to control and clean up any spills that may occur.
7. No stripping or painting of any type is allowed in the tie down area.
8. No use of solvents or grease remover is allowed out doors. No engine washing or engine and belly degreasing allowed.
9. Cleaning of parts is allowed only with the use of a self contained parts cleaning unit or by hand with rags.
10. All hazardous material must be disposed of off-site; this includes oil and fluid containers.
11. No out door work is to be performed during periods of precipitation. Work performed outdoors during periods of precipitation must be conducted in such a manner as to preclude escape of contaminates into the storm water flow and drop inlets. Use of a tarp to prevent rain from falling on the work area may be required. Inspections, lubrication, and addition of fluids during preflight operations are not considered to be a maintenance activity.
12. The Airport Operations Supervisor reserves the right to perform compliance inspections at any time without notice.