

FIXED BASE OPERATOR LEASE AGREEMENT
SKYWAGONS.COM, LLC
#10-52980

This Lease, 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 SKYWAGONS.COM, a Limited Liability Company, 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 operate as a Fixed Base Operator (FBO) for the general public of 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 as a FBO pursuant to Federal, State, and local laws, rules, ordinances, and policies (including but not limited to, Board of Supervisors Policy F-10), for the purpose of conducting aircraft sales, detailing, maintenance and flight instruction.

B. LESSEE may conduct other activities at said AIRPORT 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 as a FBO, consisting of a 3000 square foot hangar commonly designated as County Hangar CH-01, office space designated as building B-02 which is

approximately 564 square feet and approximately 880 square feet of undeveloped land which is currently occupied by an existing modular office that is personal property of the LESSEE and six (6) parking spaces, 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 Lease will commence upon execution hereof by the Board of Supervisors and end on December 31, 2015. LESSEE shall have the option to Lease the subject Leased 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 five (5) 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 Lease.

4. BASE RENT:

In consideration of the rights and privileges herein granted, LESSEE shall pay to COUNTY Thirty-Five ½ cents (\$0.355) per square foot for four thousand four hundred and forty four (4444) square feet for a total of **One Thousand Five Hundred Seventy Seven dollars and Sixty Two cents (\$1,577.62)**. 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 Leased 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
Or
Airports Office

The Base Rent will be adjusted as specified herein each year 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 beginning on the first day of the second year of the Lease and every subsequent year thereafter from the commencement date of this Lease 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. SECURITY DEPOSIT

Not later than the effective date of this Lease and /or assignment of this Lease, LESSEE shall deposit with COUNTY the sum of One Thousand Five Hundred and Seventy Seven dollars (\$1,577.00) as security for the full and faithful performance by LESSEE of the terms, conditions, and covenants of the Lease. The deposit may be in the form of: cash; a certificate of deposit with a recognized financial institution, payable to COUNTY, and in a form acceptable to COUNTY; or an unconditional irrevocable letter of credit from a recognized financial institution, in a form acceptable to COUNTY which provides for payment upon submittal of written claim by COUNTY stating that LESSEE has failed to perform its obligations under this agreement, specifying the nature of the breach, and the amount due.

If at any time during the term of this Lease LESSEE defaults in the payment of rent, or any portion of rent, under this Lease, COUNTY may appropriate and apply any portion of the security deposit reasonably necessary to remedy any such default in the payment of rent.

If on termination of this tenancy LESSEE fails to leave the Leased Premises in a clean condition (*i.e.*, comparable to the condition of the Leased Premises at the time COUNTY delivered possession to LESSEE at the commencement of this Lease, excepting ordinary wear and tear), then COUNTY may appropriate and apply any portion of the security deposit reasonably necessary to put the Leased Premises in clean condition.

COUNTY agrees to hold the security deposit for LESSEE, free from the claim of any creditor of COUNTY'S except a trustee in bankruptcy.

COUNTY shall return to LESSEE the portion of the security deposit remaining after any deductions authorized by this article or otherwise authorized by law, if any, within thirty (30) days from the date the COUNTY receives possession of the Leased Premises. LESSEE shall not be entitled to any interest on any portion of the security deposit.

If, during the term of this Lease, COUNTY applies all or any portion of the security deposit for a purpose authorized by this Section or otherwise authorized by law, LESSEE agrees to restore the amount of the security so applied by COUNTY with the next due payment of rent under this Lease.

Alternatively, COUNTY may agree to accept a Certificate of Deposit, in an interest bearing account from a recognized financial institution acceptable to COUNTY in the amount specified above and made payable to the COUNTY of EL Dorado, in lieu of the surety bond required herein. Said Certificate of Deposit shall be maintained during the term hereof for the

purpose of ensuring the faithful performance of LESSEE herein. COUNTY may upon prior written notice to LESSEE apply to proceeds of such Certificate of any obligation owing by LESSEE pursuant to this agreement and in such event, LESSEE may be required by COUNTY, in its sole discretion, to obtain and provide surety bond or an additional Certificate as a material covenant of this agreement.

If a payment due from LESSEE under this Lease is past due, the COUNTY may by written demand thereon obtain such payment. Should COUNTY be required to make demand on said bond or should LESSEE fail to maintain said bond in full force and effect as required herein, then COUNTY may terminate this Lease immediately by giving written notice for LESSEE.

7. MAINTENANCE OF LEASED PREMISES:

At all times during the term of this Lease, LESSEE shall, at LESSEE'S own cost and expense, keep and maintain the Leased Premises, all COUNTY improvements, and all appurtenances now or hereafter on the Leased 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 Leased Premises for any purpose, including, but not limited to the following purposes:

- A. Upon twenty-four (24) hours notice, to inspect the Leased 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 Leased Premises, on an annual basis, to determine whether the Leased Premises comply with the Uniform Fire Code.

No entry by or on behalf of COUNTY within or upon the Leased 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 Leased Premises necessary or convenient for the conduct, safety, improvement, or preservation of the AIRPORT and Leased 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.

8. 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.

9. FIRST RIGHT OF REFUSAL:

If LESSEE wishes to sell its modular office it must give COUNTY the right to purchase the modular 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 modular office:

LESSEE is free to sell its modular 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 modular 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 modular office this Lease shall be amended by both parties.

Should the third party purchasing the modular office wish to use and occupy the Leased Premises they must apply for a new Lease, and provide the necessary documents to enter into a Lease with COUNTY.

If the modular 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 modular office and restore the Leased Premises to its original condition. All utility connections shall be left in place.

10. SUBLEASE OF PREMISES:

LESSEE shall not sublease to any other party.

11. ASSIGNMENT:

This Lease shall not be assigned by either party.

12. 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.

13. 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.

14. 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.

15. 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 Lease, 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.

16. FIRE HAZARD:

LESSEE shall keep the Leased Premises 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.

17. 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.

18. 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 Lease shall be construed as a relinquishment of any rights now held by COUNTY.

19. 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 Leased Premises, including without limitation:

- A. The use or occupancy, or manner of use or occupancy, of the Leased 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 Lease 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 Leased 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.

20. 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 \$1,000,000 combined single limit per occurrence for bodily injury and property damage.
- C. Aircraft Hull and Liability Insurance of not less than \$1,000,000 is required on owned, hired, leased, and non-owned aircraft used in connection with the LESSEE.

- D. Automobile Liability and property damage coverage of not less than \$1,000,000 combined single limit per occurrence for bodily injury and property damage.
- E. 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.
- F. 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.
- G. LESSEE agrees that the insurance required above shall be in effect at all times during the term of this Lease. In the event said insurance coverage expires, exclusive of renewal, at any time or times during the term of this Lease, 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 Lease, 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 Lease upon the occurrence of such event.
- H. 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 Lease are concerned. This provision shall apply to all liability policies except worker's compensation and professional liability insurance policies.
- I. 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.
- J. 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.
- K. 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.
- L. 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.

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

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

O. 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.

21. 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.

22. 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.

23. 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.

24. 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: Skywagons.com
3501 Airport Road Ste 2
Placerville, CA 95667
ATTN: Mark Pilkington

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.

25. 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.

26. NON-EXCLUSIVE RIGHTS:

This Lease 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).

27. 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.

28. TERMINATION:

Except as provided elsewhere herein, COUNTY reserves the right to terminate this Lease on ten (10) days notice for any cause or reason provided by the Lease 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 Lease. 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 Lease.
- D. The failure of LESSEE to pay promptly when due all rents, charges, fees, or other

payments in accordance with this Lease.

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 Lease 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.

29. LESSEE'S DEFAULT:

LESSEE shall be in default of this Lease if it fails or refuses to perform any material provision of this Lease 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 Lease if LESSEE commences to cure the default within the ten (10) day period and diligently and in good faith continues to cure the default.

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

At any time after LESSEE is in default and has failed to cure the default within ten (10) days of written notice, COUNTY can terminate this Lease in accordance with Section 28 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 Lease or by law.

31. 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 Lease 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.

32. NON-DISCRIMINATION AND COMPLIANCE WITH LAWS:

This Lease 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 Leased 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 Lease.

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 (32)(A) and (32)(B).

D. TERMINATION

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

33. 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.

34. DISADVANTAGED BUSINESS ENTERPRISES:

This Lease 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.

35. HOLDING OVER:

If LESSEE holds over following expiration of Lease with consent of COUNTY, LESSEE'S occupancy shall be as a holdover tenant with a month to month term and LESSEE'S occupancy of Leased Premises after expiration shall be subject to compliance with all otherwise applicable terms and conditions of this Lease including, but not limited to, payment of the monthly lease fees.

36. SOLE AND ONLY AGREEMENT:

The Lease contains the entire agreement of the parties with respect to the matters covered by this Lease and no other agreement, statement or promise made by any party or to any employee, officer or agent of any party which is not contained in this Lease shall be binding or valid.

37. NO CONTINUING WAIVER:

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

38. GENERAL PROVISIONS:

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

B. Incorporation of Prior Agreements; Amendments: This Lease contains all the agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease 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 Lease shall be binding upon and inure to the benefit of the parties, their personal representatives, successors, and assigns. This Lease 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 Lease shall be litigated in the State of California and venue shall lie in the County of El Dorado.

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

E. Construction of Lease; Severability: To the extent allowed by law, the provisions in this Lease shall be construed and given effect in a manner that avoids any violation of statute, regulations, or law. COUNTY and LESSEE agree that in the event any provision of this Lease is held to be invalid or void by any court of competent jurisdiction, the invalidity of any such provision shall in no way affect any other provision of this Lease.

F. Relationship: The parties intend by this Lease to establish the relationship of COUNTY and LESSEE only, and do not intend to create a partnership, joint venture, joint enterprise, or any business relationship other than that of COUNTY and LESSEE.

39. INTERPRETATIONS:

As this Lease was jointly prepared by both parties, the language in all parts of this Lease shall be construed, in all cases, according to its fair meaning, and not for or against either party hereto.

40. COUNTY ADMINISTRATOR:

The COUNTY Officer or employee with responsibility for administering this Lease is Russell Nygaard P.E., Supervising Civil Engineer, Department of Transportation, or successor.

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

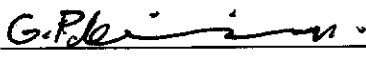
LESSEE:

SKYWAGONS.COM
A Limited Liability Company

Date: 11/5/2010 ^{mp}

By: 
Mark Pilkington
Managing Member

Date: 11/5/2010 ^{GP}

By: 
Gaynor Pilkington
Managing Member

COUNTY OF EL DORADO:

Date: _____

By: _____
Norma Santiago, Chair of the Board
Board of Supervisors

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

By: _____

PLACERVILLE AIRPORT

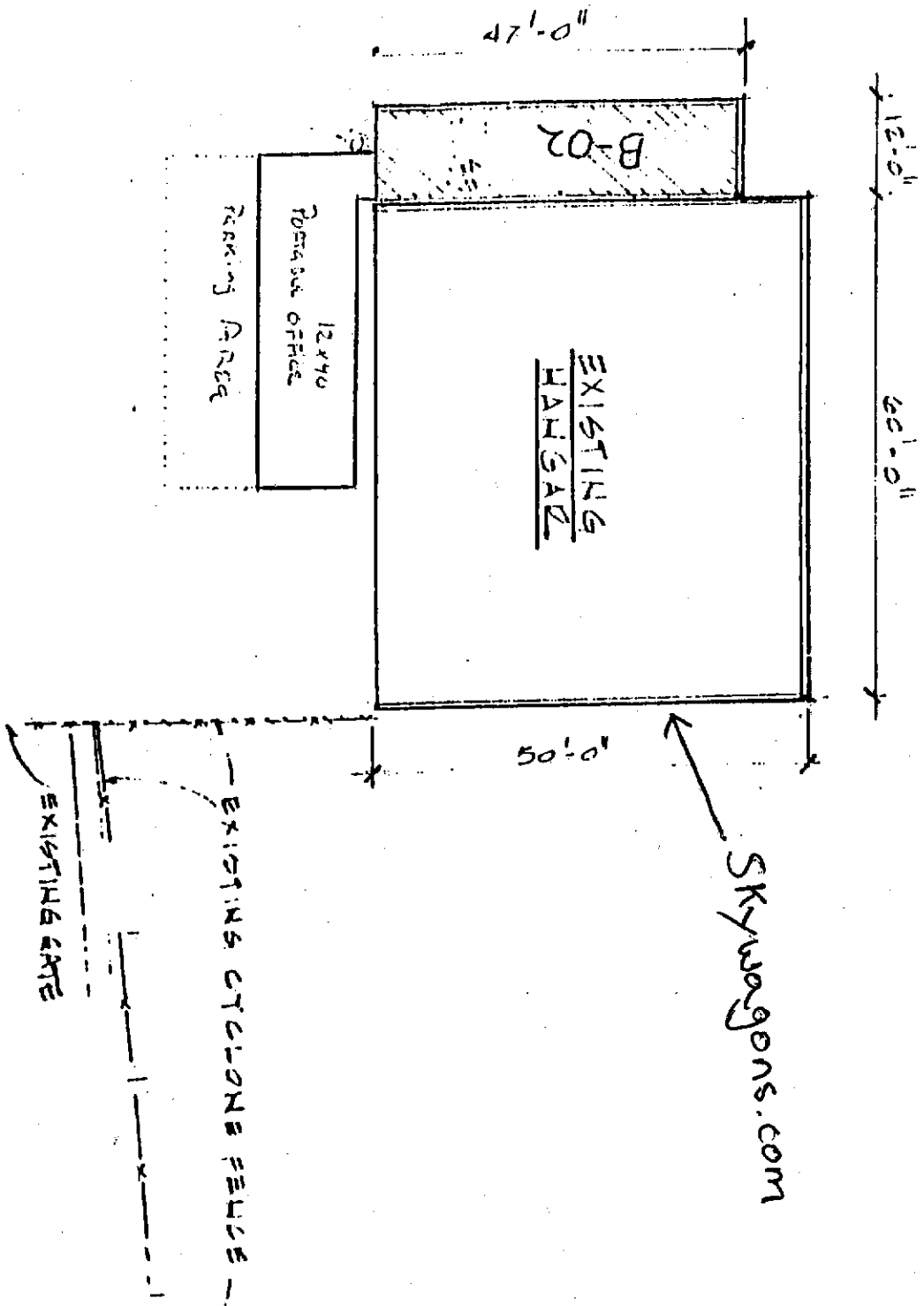


EXHIBIT A -

SCALE: 1" = 30'-0" VIII LEASE SPACE

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.



Multiple Maturity Certificate of Deposit

BANKING CENTER Peacerville No. 877
 CUSTOMER NAME Skyaugona, Cem, LLC
 PLEDGED TO El Morado Community
 AUTHORIZED SIGNATURE Debra Beth

DATE	<u>11-3-10</u>
INTEREST RATE	<u>5.00</u>
ANNUAL PERCENTAGE YIELD	<u>5.13</u>
\$ AMOUNT	<u>1577.⁰⁰</u>
ACCOUNT TERM	<u>12 months</u>
MATURITY DATE	<u>11-3-11</u>
ACCOUNT #	<u>08773 - 056910</u>

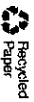
On each maturity date this certificate is reinvested automatically for the same rate and term unless the account is closed by the Bank or is presented for redemption during a grace period. The grace period is seven calendar days and starts on each maturity date. Interest is compounded daily. Interest is paid at maturity to the customer named above by crediting the customer's checking or savings account with us or by official check.

IMPORTANT INFORMATION

The customer may not withdraw funds from the account referred to in this certificate unless the certificate is presented to us with the endorsement of the person to whom the certificate is pledged.

(SEE IMPORTANT INFORMATION ON REVERSE)

NOT NEGOTIABLE





Bill White Insurance Agency 1307A WEST 6TH STREET #201 CORONA CA 92882-3173

(800) 666-4359 • (951) 734-1180 • FAX (951) 735-9301 • www.bwhiteinsurance.com

**CONFIRMATION
OF INSURANCE**

SKYWAGONS.COM, LLC
3501 AIRPORT ROAD BLG # 2
PLACERVILLE CA 95667

Date: 11/4/2010

Effective
Date: 12/1/2010

Expiration
Date: 12/1/2011

CUSTOMER#: 1947-15

INSURANCE COMPANY: NONE

COVERAGES:

**AIRPORT PREMISES LIABILITY:
LIMITS \$1,000,000 BI & PD**

**COVERAGE IS PRIMARY
30 DAY NOTICE OF CANCELLATION INCLUDED**

**THE COUNTY OF ELDORADO AS ADDITIONAL INSURED
The County, its Officers, Officials, Employees, or volunteers
are included as additional insureds, but only insofar as the operations
under this Lease are concerned**

**The county, its Officers, Employees, or Volunteers are included as Additional Insureds but
only insofar as the operations under this Lease are concerned**

LOSS PAYABLE: Breach of Warranty \$ with 30 days notice of cancellation in favor of:
N/A

ADDITIONAL INSUREDS OR CERTIFICATES OF INSURANCE IN FAVOR OF:

(1) THE COUNTY OF EL DORADO (2)
P.O. Box 85
Placerville CA 95667

(3) (4)
Bill White - Broker



Bill White Insurance Agency

1307A WEST 6TH STREET #201 CORONA CA 92882-3173

(800) 666-4359 • (951) 734-1180 • FAX (951) 735-9301 • www.bwhiteinsurance.com

**CERTIFICATE
OF INSURANCE**

THIS IS TO CERTIFY TO:

**THE COUNTY OF EL DORADO
P.O. Box 85
Placerville CA 95667**

**Certificate
Date: 11/4/2010**

**Coverage Effective
Date: 12/1/2010**

**Coverage Expiration
Date: 12/1/2011**

**THAT THE FOLLOWING INSURANCE COVERAGE IS IN EFFECT AS OF
THE DATE OF THIS CERTIFICATE FOR:**

Customer # 1947 - 15

INSURED:

**SKYWAGON, COM, LLC
3501 AIRPORT ROAD BLG # 2
PLACERVILLE CA 95667**

**WRITTEN COVERAGE INS. CO.: NONE
AIRPORT PREMISES LIABILITY:
LIMITS \$1,000,000 BI & PD**

**COVERAGE IS PRIMARY
30 DAY NOTICE OF CANCELLATION INCLUDED**

**THE ABOVE CERTIFICATE HOLDER:, THE COUNTY OF ELDORADO, is
included as an additional Insured.
The County, Its Officers, Officials, Employees, or volunteers
are included as additional insureds. but only insofar as the operations under**

**THIS CERTIFICATE IS NOT AN INSURANCE POLICY AND DOES NOT AMEND, EXTEND, OR OTHERWISE
ALTER THE TERMS AND CONDITIONS OF THE POLICY REFERRED TO HEREIN**

Bill White - Broker

EVIDENCE OF INSURANCE - STATE OF CALIFORNIA

SKYWAGONS.COM LLC
3501 AIRPORT RD HNGR 2
PLACERVILLE, CA 95667

NAIC Number: 21652
Policy Number: 604861515
Effective Date: 11/15/2010
Expiration Date: 11/15/2011

Vehicle I.D. No: 1FMDA41XXSZA31204

Year: 1995 Make: FORD

Model: AEROSTAR

Farmers Insurance Exchange, Los Angeles, California, an authorized California Insurer, in compliance with the California Financial Responsibility Act, certifies that it has issued a policy in an amount not less than that required by the California Financial Responsibility Law for the described motor vehicle.

Agent Name: Robert Lenoil

Phone No: (530) 344-9400

**DMV
REGISTRATION
COPY**

DMV COPY

PRESENT THIS COPY TO THE DMV FOR REGISTRATION OF YOUR VEHICLE.

25-7040 5-06

A7040601

The California Department of Motor Vehicles (DMV) now requires proof of insurance when registering your vehicle. On the back side of this page is the DMV's copy of the Evidence of Insurance form. Please provide this form to the DMV when registering your vehicle.

THE EXPIRATION DATE LISTED HEREON APPLIES IF THE PREMIUM HAS BEEN PAID.

EVIDENCE OF INSURANCE - STATE OF CALIFORNIA

SKYWAGONS.COM LLC
3501 AIRPORT RD HNGR 2
PLACERVILLE, CA 95667

NAIC Number: 21652
Policy Number: 604861515
Effective Date: 11/15/2010
Expiration Date: 11/15/2011

Vehicle I.D. No: 1FMDA41XXSZA31204

Year: 1995 Make: FORD

Model: AEROSTAR

Farmers Insurance Exchange, Los Angeles, California, an authorized California Insurer, in compliance with the California Financial Responsibility Act, certifies that it has issued a policy in an amount not less than that required by the California Financial Responsibility Law for the described motor vehicle.

Agent Name: Robert Lenoil
Phone No: (530) 344-9400

**KEEP WITH
VEHICLE**

25-7040 5-06

READ IMPORTANT INFORMATION BELOW.

A7040601

READ CAREFULLY

THE CALIFORNIA FINANCIAL RESPONSIBILITY ACT, (SECTION 16020) OF THE VEHICLE CODE, REQUIRES EVERY OWNER OR OPERATOR OF A VEHICLE SUBJECT TO THE REQUIREMENTS OF THE FINANCIAL RESPONSIBILITY ACT SHALL CARRY EVIDENCE OF FINANCIAL RESPONSIBILITY IN THE VEHICLE AT ALL TIMES. UNDER VEHICLE CODE (SECTION 16025) EVERY DRIVER INVOLVED IN AN ACCIDENT MUST PROVIDE EVIDENCE OF FINANCIAL RESPONSIBILITY AT THE SCENE. FAILURE TO COMPLY IS AN INFRACTION AND SHALL BE PUNISHABLE BY A FINE OF NOT MORE THAN TWO HUNDRED FIFTY DOLLARS (\$250).

What to do in case of accident

1. Stop and check for injuries. Call an ambulance, if anyone is injured.
2. Warn other drivers to prevent further damage. Set flares. Signal with flashlight at night.
3. Notify the police. Many times a passing driver or bystander will do this for you.
4. Gather the facts. Be sure to get the names of witnesses, as well as other pertinent information. (i.e. driver's license #, insurance information and description of the other vehicle)
5. Be careful what you say. Don't admit responsibility. Investigation may show you were not responsible.
6. Report to proper authorities. Each state has its own requirements for such reports. Know the law for your state and comply.
7. CONTACT HELPPPOINT® IMMEDIATELY FOR 24 HOURS CLAIM SERVICE, CALL US TOLL FREE AT 1-800-HELPPPOINT® (1-800-435-7764) FOR ASSISTANCE, PARA ESPANOL LLAME AL 1-877-RECLAMO.

FARMERS INSURANCE GROUP OF COMPANIES • 4680 WILSHIRE BLVD, LOS ANGELES, CA 90010

C. L. RAFFETY, C.P.A.
TREASURER AND TAX COLLECTOR
360 FAIR LANE
PLACERVILLE, CALIF. 95667-4197
(530) 621-5800 Placerville
(530) 573-3011 South Lake Tahoe

County of El Dorado BUSINESS LICENSE

Business
License No. 2010-046565

ORDINANCE 3515

INDIVIDUAL	PARTNERSHIP	CORPORATION
		XXX

Business Name SKYWAGONS.COM
Mailing Address 3501 AIRPORT RD STE 2
City PLACERVILLE CA 95667 Phone (530) 642-2806
Type of Business AIRCRAFT: DEALERS/ SALES/ SERVICE/ FIXED BASE OPERATORS
Business Street Location 3501 AIRPORT RD STE 2

Business Owners (Attach list of additional
owners, partners or corporate officers)
PILKINGTON, MARK
PLIKINGTON, GAYNOR

Contractor's License Number

Signature of Owner

Date

The person, partnership or corporation above named is hereby granted a license to engage in, carry on or conduct in the unincorporated area of the County of El Dorado, California the business, trade, calling, profession, exhibition or occupation described above for the period indicated. Granting of this license does not entitle the licensee to operate or maintain a business in violation of any other law or ordinance.

POST IN A CONSPICUOUS PLACE

APPLICATION DATE	EXPIRATION DATE	FEE PAID
11-02-2010	11-01-2011	\$32.00

NOTE: No business license issued for any itinerant business shall be valid unless accompanied by an El Dorado County Itinerant Business Permit issued by the Sheriff of El Dorado County.

By C. L. RAFFETY
TAX COLLECTOR

SHOP EL DORADO COUNTY FIRST

ORIGINAL