

**MONTH-TO-MONTH
LIGHT AIRCRAFT COVER LEASE AGREEMENT**

This Month-to-Month Airport Hangar Lease Agreement (“Lease Agreement”) entered into this **day** day of **month, year** (“Execution Date”), by and between the City of Santa Monica (“Landlord” or “City”) and **Tenant’s name** (“Tenant”), for Light Aircraft Cover Space **Space No.** is made with reference to the following:

RECITALS:

A. Landlord is a municipal corporation duly organized and validly existing under the laws of the State of California with the power to carry on its business as it is now being conducted under the statutes of the State of California and the Charter of the City of Santa Monica.

B. Landlord is the owner and proprietor of the Santa Monica Municipal Airport located in the City of Santa Monica, and is the owner of certain real property described herein as the “Premises.”

C. Landlord intends to maintain its leasing operation of space at the Airport for viable light aircraft cover hangar structures for as long as the City continues to operate the Santa Monica Municipal Airport as a general aviation airport.

D. Tenant represents that the information contained in Exhibits 3 and 4 is true and correct.

E. The Landlord and Tenant desire to enter into this Lease Agreement for a month-to-month lease of the Premises on the terms and conditions set forth herein.

NOW, THEREFORE, for valuable consideration, the parties agree as follows:

AGREEMENT

SECTION 1. RECITALS

The above recitals are true and correct and are hereby incorporated as a term and condition of this Lease Agreement.

SECTION 2. PREMISES

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the portion of real property located at the Santa Monica Municipal Airport and commonly referred to as Light Aircraft Cover Space **Space No.** (the “Premises”), as identified in the Santa Monica Municipal Airport Map No. **Map No.** attached hereto as Exhibit 1 and incorporated herein by reference. At

all times mentioned herein, the leased Premises refers to the portion of real property or the land upon which the hangar structure resides and which Landlord is the owner. Tenant represents to Landlord, and Landlord accepts Tenant's representation, that Tenant is the owner of the hangar structure, with said structure being the personal property of Tenant.

2.1. Condition of the Premises. Tenant accepts the Premises "AS IS," subject to all applicable municipal, state and federal laws, ordinances, regulations and policies governing and regulating the use of the Premises, and any covenants or restrictions of record. Tenant acknowledges that neither the Landlord nor Landlord's agents have made any representation or warranty as to the physical state of the Premises, or any present or future suitability of the Premises.

SECTION 3. TERM; RIGHT OF FIRST REFUSAL

3.1 Term. The term of this Lease Agreement shall be on a month-to-month basis commencing from the Execution Date and continuing on a month-to-month basis thereafter, and may be terminated by either party by at least thirty (30) calendar days written notice pursuant to Section 17, below.

3.2 Right of First Refusal. Tenant hereby acknowledges that upon the termination of this Lease Agreement in the manner prescribed by Section 17 below, Landlord has an absolute and irrevocable right of first refusal as to any offer to purchase or sell any improvements on the Premises, including the hangar structure. Under this Section Landlord may make an offer to Tenant to purchase the hangar structure for an amount not less than the maximum purchase price in Exhibit 2. Landlord's right of first refusal under this Section may only be exercised once and shall terminate immediately thereafter. Notwithstanding any other Section of this Agreement, Landlord is not obligated to exercise its rights under this Section.

SECTION 4. BASIC RENTAL

4.1. Rental Amount. Tenant agrees to pay the sum of **amount** Dollars (**\$amount**) per month as Basic Rental, or such amount as later established by the Santa Monica City Council as Basic Rental and followed by a thirty (30) day written notice of rental increase to Tenant.

4.2. Payment of Basic Rental. Tenant agrees to pay the Basic Rental on or before the first of each month, without any set-off, deduction or offset. Basic Rental shall be paid by check, or by electronic debit, or in a manner deemed acceptable by the City's Finance Department. Basic Rental payments by check should be made payable to the City of Santa Monica and delivered to the following address, or other address later designated by the City:

Airport Director
Santa Monica Municipal Airport
3223 Donald Douglas Loop South
Santa Monica, California 90405-3279

Any payment by Tenant or acceptance by Landlord of a lesser amount than shall be due from Tenant shall be treated as a payment on account. The acceptance by Landlord of a check for a lesser amount with an endorsement or statement thereon, or upon any letter accompanying such check, that such lesser amount is payment in full shall be given no effect, and Landlord may accept such check without prejudice to any other rights or remedies which Landlord may have against Tenant. Landlord may, at its option, terminate the Lease Agreement in the event that Tenant fails to pay the Basic Rental obligation in a timely manner.

4.3. Invoices. The Landlord's issuance of any invoice is a courtesy performed for the Tenant and is not determinative of the amount of rent due and owing or the date such obligations accrue, which are specified in the Lease Agreement.

4.4. Late Charges. In the event that Tenant fails to pay the above-described Basic Rental within ten (10) calendar days after such payment is due, Tenant shall be obligated to pay a late charge in the amount of ten percent (10%) of the Basic Rental amount for that month ("Late Charges"). Late Charges shall constitute Additional Rental and shall be payable with the next installment of Basic Rental.

4.5. Rental Adjustments. Commencing every July 1, the Basic Rental shall be subject to annual increase ("Annual Increase") based upon the Consumer Price Index ("CPI") for Los Angeles-Riverside-Orange County in an amount equal to the change in said CPI for the proceeding February – January twelve (12) month period. Under no circumstances will the monthly Basic Rental be decreased even if the CPI change shows a decrease in affected fiscal period.

SECTION 5. SECURITY DEPOSIT

5.1. Amount of Security Deposit. Immediately upon execution of the Lease Agreement, Tenant shall deposit with Landlord one month's Basic Rental obligation, as security for Tenant's faithful performance of Tenant's obligations hereunder. If, at any time during the term of this Lease Agreement, the Basic Rental is increased above this amount, the Security Deposit shall be increased in the same manner such that the Security Deposit always equals one month's Basic Rental obligation.

5.2. Application of Security Deposit. If Tenant fails to pay Basic Rental or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease Agreement, Landlord may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default or for the payment of any other sum to which Landlord may become obligated by reason of Tenant's default, or to compensate Landlord for any loss or damage which Landlord may suffer thereby. If Landlord so uses or applies all or any portion of said deposit, Tenant shall within ten (10) days after written demand thereafter deposit cash with Landlord in an amount sufficient to restore said deposit to the full amount hereinabove stated and Tenant's failure to do so shall be a material breach of this Lease Agreement.

SECTION 6. PERMITTED USE AND ACTIVITY

6.1. Permitted Use. Tenant may use the Premises only for the storage of one (1) permitted aircraft, or with the prior approval of the Airport Director, which approval shall not be unreasonably withheld, two (2) permitted aircraft, listed herein in Exhibit 3 ("Permitted Aircraft") and for the storage of aircraft related equipment related to such Permitted Aircraft. Tenant represents that he/she has an ownership interest in said Permitted Aircraft. In the event that Tenant seeks to substitute aircraft other than those listed as Permitted Aircraft, Tenant must submit a proposed aircraft identification form (Exhibit 3) to the Airport Director, along with proof of insurance in compliance with Section 13, below, for the Airport Director's written consent. The Airport Director may request documents confirming an ownership interest in the proposed aircraft or other documents as deemed necessary in his/her reasonable discretion.

If Tenant stores, or permits the storage, of any aircraft that is not a Permitted Aircraft, at the Premises, such aircraft shall be subject to assessment of overnight transient aircraft fees and/or impoundment, at the discretion of the Airport Director. The assessment or collection of such fees shall not create any right for Tenant to continue to use the Premises for the storage of any aircraft that is not a Permitted Aircraft, nor shall it be deemed a waiver by Landlord of any rights hereunder.

Tenant may store inside Tenant's hangar one "passenger vehicle", as that term is defined by California Vehicle Code section 465. Commercial vehicles, large trucks with more than two axles, campers, busses, recreational vehicles or "RVs", farm labor vehicles, trailers, watercraft, and boats may not be stored inside Tenant's hangar and are prohibited under this section. Tenant's right to store a passenger vehicle inside Tenant's hangar is conditioned upon Tenant's maintaining of an ownership interest in the Permitted Aircraft that is registered with Airport staff for storage in Tenant's hangar.

Only for that period of time when the Permitted Aircraft is in use, Tenant may temporarily store no more than four (4) passenger vehicles inside Tenant's hangar.

6.2. Use Restrictions. Except as otherwise specified in Section 6.1, Tenant is expressly prohibited from conducting any other use, activity or operation in, on or about the Premises. Tenant shall be prohibited from: (i) conducting heavy maintenance or causing heavy maintenance to be conducted in, on or about the Premises; (ii) storing any item other than Permitted Aircraft or ancillary aircraft equipment related to Permitted Aircraft; (iii) conducting commercial activity of any nature whatsoever; (iv) storing of any vehicle except that of the tenant or his/her guest(s) while the aircraft is being used; (v) any type or form of residential use and (vi) using or occupying the Premises, or permit any act or omission in or about the Premises in violation of any Applicable Law as defined below. Tenant's failure to comply with this Section 6 shall be deemed a material breach of this Lease Agreement.

SECTION 7. COMPLIANCE

7.1. Applicable Law. Tenant shall comply with all applicable municipal, county, state or federal laws, ordinances, rules, regulations and programs in effect or hereinafter adopted by the City of Santa Monica, County of Los Angeles, State of California or the United States ("Applicable Law"). Tenant shall discontinue immediately any use of the Premises which is declared by any governmental authority to be a violation of Applicable Law.

7.2. Compliance with Noise Abatement Program. Tenant shall comply with all provisions of the Santa Monica Municipal Code, including Subchapter 10.04.04 (Aircraft Noise Abatement Code). Tenant shall also comply with all Santa Monica Airport rules, regulations, administrative instructions, and operations manuals.

7.3. Compliance with Cardkey Access System. Landlord has implemented security measures at the Santa Monica Municipal Airport to prevent unauthorized access to the Santa Monica Airport, including a Cardkey Access System. Tenant agrees to comply fully with all conditions of the Cardkey Access System and any other security program implemented by the Landlord. Tenant's guests and their vehicles may have authorized access to Airport property only when Tenant's guests' access occurs with and simultaneous to Tenant's access. Tenant assumes all responsibility for the acts and/or omissions of Tenant's guests while on Airport property.

SECTION 8. TENANT'S OBLIGATION TO PAY TAXES

The term "Tax Year" shall mean and refer to each twelve (12) month period (deemed, for the purpose of this Section, to have 365 days) established as the real estate tax year by the taxing authorities having lawful jurisdiction over the Airport.

Tenant shall pay in each Tax Year during the Term, directly to the appropriate taxing authorities, all due and owing taxes, including real estate taxes, bonds, levies or charges, ad valorem taxes and assessments, possessory interest taxes, general and special assessments, taxes on the Premises, or any other tax imposed upon or levied upon Tenant, including taxes upon leasehold improvements payable with respect to or allocable to the Premises, and all land and all buildings and improvements situated thereon.

SECTION 9. ASSIGNMENTS SUBJECT TO APPROVAL; EXPRESS RESTRICTION OF SUBLEASING

Tenant shall not assign, hypothecate, or in any manner transfer any interest in this Lease Agreement to any person or entity directly or indirectly, by operation of law or otherwise, without first securing Landlord's express and written approval of such transfer. Any attempt by Tenant to assign, hypothecate, or transfer an interest in this Lease Agreement, including transfers made at or after Tenant's death, and without the express written approval of Landlord, shall be null and void and any purported assignee shall acquire no right or interest by reason of such attempted assignment or transfer. Any purported assignee who improperly receives or makes a transfer of Tenant's interest in this Lease Agreement, and does so in violation of this Agreement,

shall be jointly and severally liable with Tenant for contract damages under California Civil Code Sections 1995.330 and 1995.320.

The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Tenant or of any general partner or syndicate member of Tenant, if a partnership or joint venture or syndicate exists, which shall result in changing the control of Tenant, shall be construed as an assignment of this Lease Agreement. "Control" means fifty percent (50%) or more of the voting power of the corporation.

Tenant agrees to be bound by an express restriction on any and all forms of subleasing of the leased Premises as required by this Lease Agreement. This express restriction on subleasing contained herein is consistent with California Civil Code section 1995.230.

SECTION 10. MAINTENANCE, REPAIR AND ALTERATION OF TENANT IMPROVEMENTS

At Tenant's sole cost and expense, Tenant agrees to maintain, repair, and keep in good order, condition, and appearance, the Premises and the improvements constructed thereon, including the hangar structure, in a safe, clean and sanitary condition. Tenant is expressly prohibited from materially altering the hangar structure, floor, walls, exterior or adjoining common use areas, or constructing any structure or facility within the hangar, without the expressed written consent of the Airport Director. For the purposes of this section a material alteration is defined as any alteration requiring the issuance of a permit from the City, or that which significantly alters the appearance, character, or composition of the hangar or of any of its structural components.

Failure to receive prior written consent shall be considered a material default of this Lease Agreement. This section shall only apply to new improvements undertaken by Tenant following the execution of this Lease. Upon providing Tenant with reasonable written notice, Landlord may enter the Premises for the purpose of inspection, or to make alterations, repairs, improvements, or additions to the Premises as Landlord deems necessary or desirable. Upon determination of the existence of maintenance or repair violations, Tenant agrees to correct immediately each and every violation. Tenant also agrees to not allow refuse, garbage, or trash to accumulate on or adjacent to the Premises. Such waste materials must be kept in appropriate receptacles located in areas designated for such purposes and approved by Landlord.

SECTION 11. UTILITIES

Tenant shall pay for all utilities supplied to the Premises. If electricity or other utility has been installed on the Premises with the prior permission of the Airport Director, and if such utility is separately metered, then the Tenant shall pay for all charges for electricity used by and supplied by the public utility, public authority, or utility provider. Where there are no separate meters, actual utility costs to Tenant will be calculated proportionally and based upon the actual number of interior square feet occupied by Tenant's hangar structure.

SECTION 12. INDEMNIFICATION

Tenant hereby agrees to defend, indemnify, and hold harmless the Landlord, its City Council, boards and commissions, officers, agents, employees, volunteers and contractors from and any and all loss, damage, cost, expense, liability, claims, demands, suits, attorneys' fees and judgments arising directly or indirectly from or in any manner related to Tenant's possession, occupancy or use of the Premises, regardless of any active or passive negligence by the City, except as otherwise stated herein.

SECTION 13. INSURANCE

Prior to the commencement of the term of this Agreement, Tenant shall procure and maintain at Tenant's own cost and expense, for the duration of this Agreement, the following insurance against claims for injuries or death to persons or damages to property that may arise from or in connection with the possession, occupancy, operations and use of the Premises by the Tenant, its agents, representatives, employees, contractors, guests, and invitees.

13.1. Minimum Limits/Scope of Insurance. Tenant shall obtain and maintain insurance of the types and in the amounts described below:

A. Aircraft or General Liability Insurance

Aircraft or general liability insurance against liability for financial loss resulting from bodily injury, including death or personal injury, and damage to property caused by the ownership, operation, storage, and use of aircraft arising from or related to this lease agreement. The policy shall provide limits of no less than \$1,000,000 per occurrence and include coverage for fire damage legal liability at the full \$1,000,000 policy limit.

B. Property Insurance

Property insurance covering the building, hangar structure and contents, in an amount equal to 100% of the hangar sale price under the Hangar Purchase Program.

13.2 Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions in excess of \$1,000 must be declared to and approved by the City. At the option of the City, either: (a) the insurer shall reduce or eliminate such deductible or self-insured retention as respects the City, its officials, employees or volunteers; or (b) Tenant shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigation, claim administration and defense expenses.

13.3 Other Insurance Provisions. The general liability and aircraft liability policies

shall contain or be endorsed to contain the following provisions:

- A. City of Santa Monica, its City Council, its officers, officials, employees, and volunteers are to be covered as additional insureds with respect to liability arising out of the use of the premises leased to Tenant.
- B. For any claims related to this Agreement, Tenant's insurance coverage shall be primary as respects the City of Santa Monica, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the City of Santa Monica, its officers, officials, employees or volunteers shall be excess of Tenant's insurance and shall not contribute with it.

13.4 All Coverages.

- A. Each insurance policy required by this Section shall be endorsed to state that coverage shall not be cancelled except after ten (10) days prior written notice and given to Santa Monica Airport to the attention of the Airport Director.
- B. The minimum amounts of insurance may be increased in accordance with increases, if any, reasonably determined by City to be necessary to maintain policy limits from time to time in amounts customary and usual for premises comparable to the Premises, and such increases, if any, are to be made on a yearly basis on or about the commencement of each Rental Year.
- C. If Tenant, for any reason fails to maintain insurance coverage which is required pursuant to this Agreement, the same shall be deemed to be a material breach of contract. City, at its sole option, may terminate this Agreement and obtain damages from Tenant resulting from said breach. Alternatively, City may purchase such coverage (but has no special obligation to do so), and the cost of same, including any interest on insurance premiums paid by City shall be deemed Additional Rent and shall be payable upon City's demand.

13.5 Acceptability of Insurers. Insurance is to be placed with insurance with a current A.M. Best's rating of no less than A:6 unless otherwise approved by the City's Risk Manager.

13.6 Verification of Coverage. Tenant shall furnish the City of Santa Monica with original certificates and amendatory endorsements or copies of the applicable policy language providing the insurance coverage required herein. All certificates and endorsements are to be received and approved by the City before this Lease is executed. However, failure to obtain required documents prior to execution of the Lease shall not waive Tenant's obligation to provide them. The City reserves the right to require complete certified copies of all required insurance policies, including the endorsements required herein, at any time.

13.7 Modification of Insurance Requirements. The City's Risk Manager is authorized

to review proposed revisions to the insurance requirements described in this Section 13 and approve or reject any proposed revisions as deemed appropriate, in his or her discretion.

SECTION 14. NOTICES

All notices, demands, requests or approvals to be given under this Lease Agreement shall be given in writing and shall be given by hand delivery, overnight mail service, registered or certified mail, or regular first-class mail. Notice shall be deemed given if by hand delivery, on the date of delivery; if by overnight mail service, on the date of delivery; if by registered or certified mail, on the date indicated on the receipt for delivery; and if by regular first-class mail, five days after deposit of the notice with postage fully prepaid, in a mailbox maintained by the United States Postal Service. Notices shall be addressed as follows:

All notices, demands, requests or approvals from Tenant to Landlord shall be addressed to:

Santa Monica Municipal Airport
3223 Donald Douglas Loop South
Santa Monica, California 90405
Attention: Airport Director

with a copy to:

City of Santa Monica
1685 Main Street
Santa Monica, California 90401
Attention: City Attorney's Office

All notices, demands, requests or approvals from Landlord to Tenant shall be addressed to Tenant's business or home address listed in Exhibit 4. Either party may change the addresses upon written notify to the other party.

SECTION 15. DEFAULTS

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

A. The abandonment of the Premises by Tenant.

B. The failure by Tenant to make any payment of Basic Rental; or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of three calendar days after written notice thereof from Landlord to Tenant. In the event that Landlord serves Tenant with a Notice to Pay Rent or Quit pursuant to applicable unlawful detainer statutes, such Notice to Pay Rent or Quit shall also constitute the notice required by this subsection.

C. Tenant becomes a “debtor” as defined in 11 U.S.C. Section 101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days).

D. The filing or execution of attachment, encumbrance, lien or stop notice either against the Premises, Landlord or Tenant related to the use or possession of the Premises.

E. The discovery by Landlord that any material information provided by Tenant related to this Lease Agreement is materially false.

F. The failure by Tenant to comply with Section 7.1 (Applicable Law) of this Lease.

G. An unapproved or unauthorized transfer of any interest acquired under this Lease Agreement.

H. The failure to comply with any of the insurance requirements stated in this Lease Agreement.

I. The failure to comply with any other provision of this Lease Agreement other than as described above where such failure shall continue for a period of fourteen (14) calendar days after written notice hereof from Landlord to Tenant.

J. The occurrence of any other event described as constituting an “Event of Default” elsewhere in this Lease Agreement.

SECTION 16. REMEDIES

In the event of any material default or breach by Tenant, Landlord may at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of such default or breach, avail itself of the following remedies, which are cumulative and not exclusive:

A. Landlord may seek to reenter and recover possession of the Premises by any lawful means available to it, in which case this Lease Agreement shall terminate immediately and Tenant shall immediately remove all personal property, including aircraft, from the Premises. Tenant may choose to surrender possession of the Premises to Landlord by giving Landlord notice of its intent to do so. Landlord may choose to accept Tenant’s surrender of the Premises and agree not to evict Tenant on condition of Tenant’s surrender. Upon Landlord’s acceptance of Tenant’s surrender of possession of the Premises, Tenant’s tenancy terminates and Tenant is no longer obligated to pay rent to Landlord for the remainder of the Lease term. However Tenant would still be obligated to pay Landlord any and all outstanding unpaid rental amounts, fees, or late charges.

B. Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including, but not limited to, the cost of recovering possession of the Premises, amount of delinquent rent, interest at the maximum amounts allowed by law on the delinquent rent, and reasonable attorneys' fees.

C. Landlord may elect to maintain and continue to recognize Tenant's right to possession in accordance with Civil Code section 1951.4, in which case this Lease Agreement shall continue in effect whether or not Tenant's breach or default remains uncured and whether or not Tenant is in actual possession of the Premises. In such event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease Agreement, including the right to recover the rent as it becomes due hereunder for the duration of the Lease term.

D. Landlord may elect to pursue any other legal or equitable remedy now or hereafter available to Landlord under the laws of the state of California. Unpaid installments of Basic Rental or other unpaid monetary obligations of Tenant under the terms of this Lease Agreement shall bear interest from the date due at the maximum rate then allowable by law.

SECTION 17. TERMINATION

This Lease Agreement is terminable with or without cause by either party upon thirty (30) calendar days written notice setting forth a date of termination of the Lease Agreement (the "Date of Termination"). Upon notice of termination, Tenant shall be obligated to pay immediately any Basic Rental, obligations or other fees due and owing to Landlord. Upon the Date of Termination, Tenant shall vacate the Premises and immediately remove all personal property, including aircraft and the hangar structure (also commonly referred to as "light aircraft cover"), from the Premises. If Tenant fails to vacate the Premises or fails to remove all personal property from the Premises, Landlord may seek to reenter and recover possession of the Premises by any lawful means. Landlord may also, at its election, dispose of any remaining personal property in the appropriate manner provided for by law, and charge all costs associated with such disposal to Tenant. Landlord will deem any personal property remaining on the Premises as having been abandoned by Tenant.

If after termination of the Lease Agreement Tenant desires to sell his or her hangar, Tenant must do so in accordance with Section 3.2 and Exhibit 2 of the Lease Agreement. Within fifteen (15) calendar days of giving Tenant notice of termination of the Lease, Landlord will notify Tenant in writing if it intends to exercise its option under Section 3.2 of the Lease to purchase any improvements on the Premises, including the hangar structure. If Landlord elects not to purchase the hangar, Tenant must attempt to sell the hangar to the next person on the City of Santa Monica's Hangar Purchase Program public waiting list in the manner provided for in Exhibit 2 of the Lease Agreement.

If Landlord elects to purchase the hangar structure from Tenant, Landlord shall offer a tender to Tenant in an amount no less than the purchase price in effect for the then-current calendar year, as described in Exhibit 2. Tenant shall have fifteen (15) calendar days to accept Landlord's offer. In the event Tenant fails to accept Landlord's offer within such time, Tenant shall have sixty (60) days to remove the hangar structure and other personal property from the Premises and from the Santa Monica Airport. Tenant shall also restore the Premises to its original condition and must continue to pay the Basic Rental amount to Landlord during this sixty (60) day period. Tenant's removal of the hangar structure and other personal property must be completed during this period.

Tenant expressly agrees that upon the termination of this Lease Agreement Tenant's failure to accept Landlord's offer to purchase the hangar, and failure to sell the hangar in accordance with the terms of Exhibit 2 of the Agreement, and failure to remove Tenant's personal property from the Premises, including the hangar structure itself, represents a waiver by Tenant of all Tenant's rights to any and all improvements on the Premises, and that Landlord shall thereafter be the owner of all improvements on the Premises, including the hangar structure. If Landlord acquires ownership of the hanger in this manner, Tenant may within one (1) year of the Date of Termination notify Landlord in writing that Tenant accepts Landlord's previous offer to purchase. Landlord shall pay the offered amount to Tenant, less any costs incurred by Landlord for the removal of Tenant's personal property or for the restoration of the Premises, within forty-five (45) days of its receipt of such notice.

Tenant's Initials, acknowledging and agreeing to this Section 17: _____

SECTION 18. TENANT'S OFFER TO SELL THE HANGAR STRUCTURE TO LANDLORD DURING TENANCY PERIOD

While not in default of any term or obligation under the Lease Agreement, and if Landlord has not given Tenant a notice of termination under Section 17, Tenant may elect to give Landlord written notice of Tenant's desire to sell the hangar structure (also commonly referred to as "light aircraft cover") to Landlord at the purchase price provided for in Exhibit 2 of the Agreement. Within 15 days of receipt of such notice, Landlord will inform Tenant of whether it intends to purchase the hangar. Neither Landlord nor Tenant is obligated by this Agreement to purchase or sell the hangar.

Should Landlord opt to purchase Tenant's hangar, Landlord and Tenant shall execute a separate purchase agreement for the sale and transfer of the hangar. Prior to executing the purchase agreement, Tenant shall make the hangar available for Landlord's inspection and Landlord shall have the opportunity to determine if the hangar is in good and saleable condition.

Upon completion of the sale of the hangar to Landlord, Tenant shall have a right of first refusal to re-lease the Premises and the hangar from Landlord at the prevailing market rate for similarly sized hangars at other general aviation airports in the region. However, Tenant and Landlord must execute a new lease agreement following the sale of the hangar under this Section. Landlord shall present Tenant with the new lease agreement and the new lease

agreement will recognize Landlord as the owner of the hangar. If tenant fails to execute a new lease agreement with Landlord following the sale of the hangar, Landlord may take action to recover possession of the Premises and terminate the Lease Agreement. Nothing in this Section permits Tenant to sell the hangar to a third party who is not on the City of Santa Monica's Hangar Purchase Program public waiting list and in a manner not provided for in Exhibit 2 of this Agreement.

SECTION 19. INSPECTIONS AND ACCESS BY LANDLORD

Tenant will permit Landlord, its agents, employees and contractors to enter all parts of the Premises to inspect the same and to enforce or carry out any provision of this Lease Agreement, including, without limitation, enforcement of the terms of this Lease Agreement and any access necessary for the making of any repairs which are Landlord's obligation or right hereunder.

SECTION 20. CONTROL OF ACCESS

Landlord, at its option and in its sole discretion, may at any time control and limit access to, in or about, the Santa Monica Airport for the public health, safety, welfare, or any public purpose. Landlord shall not be liable or responsible for any damages arising therefrom to the Premises, buildings, structures, installations or improvements thereon. Tenant further agrees any such action by Landlord does not entitle Tenant to a proration of any Basic Rental.

SECTION 21. REMEDIES CUMULATIVE

No reference to any specific right or remedy shall preclude Landlord from exercising any other right or from having any other remedy or from maintaining any action to which it may otherwise be entitled at law or in equity. No failure by Landlord to insist upon the strict performance of any agreement, term, covenant or condition hereof, or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial Rental during the continuance of any such breach, shall constitute a waiver of any such breach, agreement, term, covenant or condition. No waiver by Landlord of any breach by Tenant under this Lease Agreement or of any breach by any other tenant under any other lease of any portion of the Santa Monica Airport shall affect or alter this Lease Agreement in any way whatsoever.

SECTION 22. CITY MUNICIPAL POWERS

The Landlord is entering into this Lease Agreement in its proprietary capacity, and not in its regulatory or governmental capacity. Nothing in this Lease Agreement shall be construed as restraining, impairing or restricting the City in its regulatory capacity, or granting any rights upon the Tenant with respect to the use, occupancy or operation of the Premises in a manner inconsistent with Law. This Lease Agreement does not grant any development rights upon the

Tenant with respect to the Premises and any such development shall be subject to all applicable provisions of the Santa Monica Municipal Code, including, but not limited to the Technical Code and the Zoning Ordinance.

SECTION 23. COUNTERPARTS

This Lease Agreement may be executed in several counterparts, each of which is an original, and all of which together constitute but one in the same document.

SECTION 24. NONDISCRIMINATION

In connection with the use of the Premises, Tenant agrees to not to discriminate against any individual on the basis of race, color, national origin, ancestry, gender, religion, age, or disability, in accordance with the requirements of state and federal law.

SECTION 25. GOVERNING LAW

This Lease Agreement has been made and shall be construed and interpreted in accordance with the laws of the State of California.

SECTION 26. MERGER OF NEGOTIATIONS

This Lease Agreement represents the full and complete understanding of every kind or nature whatsoever between the parties hereto and all preliminary negotiations and agreements of whatever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof.

SECTION 27. EXHIBITS

The following exhibits are attached to this Agreement and are incorporated herein.

Exhibit 1 - Santa Monica Municipal Airport Map No. **Map No.**

Exhibit 2 - Hangar Purchase Program

Exhibit 3 - Permitted Aircraft

Exhibit 4 - Tenant Information

IN WITNESS WHEREOF, the parties have executed this Lease Agreement on the date set forth above.

APPROVED AS TO FORM:

CITY OF SANTA MONICA,
a California municipal corporation

MARSHA JONES MOUTRIE
City Attorney

By: _____
ROD GOULD
City Manager

ATTEST:

TENANT:

SARAH P. GORMAN
City Clerk

EXHIBIT 1
SANTA MONICA MUNICIPAL AIRPORT MAP
(TO BE ATTACHED)

EXHIBIT 2

HANGAR PURCHASE PROGRAM

This Lease Agreement provides the terms and conditions for the use of a light aircraft hangar (also commonly referred to as "light aircraft cover") on City-owned property. The purpose of this exhibit is to describe the process by which Tenant may sell the light aircraft cover through a public waiting list maintained by the City. Unless the City purchases the light aircraft cover as provided in Section 3.2 of this Lease Agreement, the light aircraft cover must be sold to an individual on the public waiting list at the specified terms described herein.

The City of Santa Monica Airport Division has established a public waiting list for interested persons desiring to purchase a light aircraft cover located on the Santa Monica Airport property. Tenant shall notify the Airport Manager in writing of his or her desire to sell the light aircraft cover. Such notice shall be given a minimum of thirty (30) days prior to Tenant's expected termination of Tenant's tenancy at the Airport. The City will contact the first person on the public waiting list to notify him or her of the availability of a light aircraft cover space and that person will have seven (7) days to decide whether to purchase the light aircraft cover. Tenant and the prospective purchaser have thirty (30) additional days to complete the sale and transfer of the light aircraft cover. Tenant must provide the Airport Manager with a copy of a bill of sale that shows a transfer of ownership to the purchaser.

If after being contacted about the availability of a light aircraft cover the next person on the waiting list declines or fails to respond, or if the prospective purchaser and Tenant fail to complete the transaction within the prescribed period for doing so, the City will contact the next person on the public waiting list. Tenant must continue to pay the Basic Rental amount to Landlord for as long as Tenant remains in possession of the Premises.

In the event Tenant sells the light aircraft cover during calendar year 2013, whether to the City or to a person on the public waiting list, the total purchase price of the light aircraft cover shall not exceed **amount** Dollars (**\$amount**) (the "Maximum Purchase Price"). Beginning on January 1, 2014, and on each January 1 thereafter, the Maximum Purchase Price shall be increased by two percent (2%).

Nothing in this Exhibit 2 or in this Lease Agreement shall prevent Tenant from selling the light aircraft cover to the City or to the next person on the public waiting list for less than the Maximum Purchase Price in effect at the time of sale.

EXHIBIT 3
PERMITTED AIRCRAFT

The following aircraft shall be designated as the Permitted Aircraft pursuant to this Lease Agreement:

Aircraft Make and Model: _____

Aircraft Registration No.: _____

Name (s) of Registered Owner (s): _____

EXHIBIT 4
TENANT INFORMATION

TENANT'S LEGAL NAME: _____

TENANT'S PILOT LICENSE NUMBER: _____

TENANT'S HOME ADDRESS: [P.O. Boxes are not permitted]:

TENANT'S BUSINESS ADDRESS: [P.O. Boxes are not permitted]:

TENANT'S TELEPHONE NUMBERS:

HOME TELEPHONE: _____

BUSINESS TELEPHONE: _____

MOBILE NUMBER: _____

EMAIL ADDRESS _____