681-4400

# LEASE

THIS LEASE is made this 12th January, 2004 by and between **KINGMAN AIRPORT AUTHORITY, INC.** ("**LESSOR**"); and **Carl W. Hays** ("**LESSEE**").

WITNESSETH:

WHEREAS, **LESSOR** operates the KINGMAN ARIZONA AIRPORT (the "Airport"); and

WHEREAS **LESSEE** desires to lease a "T-Hangar" at the Airport for storage of aircraft;

NOW, THEREFORE, in consideration of the conditions and covenants hereinafter set forth and for the rents reserved herein, it is mutually agreed as follows:

1. *Property*: **LESSOR** hereby leases to **LESSEE**, and **LESSEE** hereby leases from **LESSOR**, for the term and subject to the agreements herein set forth, that certain Executive Hangar identified as **Unit C3** located at the Airport (the "Leased Premises").

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2. *Term*: The term of this Lease shall be for twelve (12) months, commencing January 12, 2004 (the "Commencement Date") and expiring January 11, 2005, subject to the rights of renewal hereinafter set forth.

3. *Renewal*: Provided Lessee is not in default under this Lease, this Lease shall be automatically renewed for successive twelve (12) month terms (each a "Renewal Term") unless either party gives written notice to the other of its intention not to renew not less than ninety (90) days prior to anniversary of the Commencement Date of each year.

4. *Rent*: **LESSEE** shall pay to **LESSOR** a rent of $364.00 per month, payable in advance on or before the first (1st) day of each and every month during the term of this Lease, provided that **LESSOR** shall increase the rent in an amount **of three percent (3%)** per year, effective **the first day of July each and every year during the term or any renewal term** of this Lease. If **LESSEE** fails to pay any sums owing hereunder within five (5) calendar days after the due date, **LESSEE** shall pay **LESSOR** a late charge of TWENTY FIVE DOLLARS ($25.00) per month for each late or past due payment of rent, which shall accrue until such late payment of rent has been paid.

Lessee Carl

5. *Use*. **LESSEE** shall be entitled to use the Leased Premises solely for the storage of aircraft owned or leased by **LESSEE,** aircraft tail number **N45747 & N39757** (the "Stored Aircraft"). **LESSEE** shall not:

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a. Conduct any commercial operations from or in the Leased Premises;

b. Store any personal property in the Leased Premises which is unrelated to the ownership, operation or maintenance of the Stored Aircraft;

c. Conduct or permit any hazardous or dangerous operations or activities on the Leased Premises including, without limitation, welding, painting, opening fuel or hydraulic lines, doping or maintenance or repairs of the fuel systems on any aircraft;

d. Store any hazardous, flammable or explosive substances, except that lubricants and solvents necessary for aircraft maintenance or repairs may be stored in a cumulative amount not to exceed five (5) gallons, provided that such storage is in compliance with all applicable Laws (hereafter defined).

e. Store any aircraft fuel or other fuel on the Leased Premises, except aircraft fuel in the Stored Aircraft's fuel tanks;

f. Fuel any aircraft in the Leased Premises or conduct any major maintenance or repair on any aircraft fuel systems; or,

g. Install or use inside the Leased Premises any heating or cooling devices or systems such as heaters or air conditioners. Appliances such as portable fans, televisions, refrigerators, radios, power tow bars, battery chargers, vacuum cleaners, small air compressors and small electric powered hand tools are permitted. Any appliances not having any explosion proof motor must be elevated at least eighteen (18) inches above the floor. No extension or power cords for appliances shall remain connected to any electrical receptacle when the Leased Premises is not being used and occupied by **LESSEE**, except for refrigerators. **LESSEE** shall not permit the use of the electrical power supply for the Leased Premises by any other person.

6. *Utilities*. **LESSOR** shall pay all reasonable and ordinary charges for utility services for the Leased Premises while this Lease is in force between the parties. **LESSEE** shall be responsible for any excessive charges for utility services.

7. *Maintenance*. During the Term of this Lease., **LESSEE** shall keep the Leased Premises clean and neat and free of grease, oil, trash and debris. Oily rags shall be kept in metal containers with tight fitting lids. **LESSOR** shall be responsible for all maintenance and repairs to the Leased Premises provided that such repairs and maintenance are not caused by **LESSEE**'s negligence or misuse of the Leased Premises, or due to any damage caused by **LESSEE.** In such event, said repairs or maintenance shall be **LESSEE**'s obligation. Without limiting the foregoing, **LESSEE** agrees to operate the bifold doors to the Leased Premises in accordance with the posted operating instructions, which include releasing the side latches and cane bolt and closing the personal entry door. **LESSEE** acknowledges that failing to operate the door in this manner can result in personal injury or severe damage to the door for which **LESSEE** shall be responsible.

8. *Assignment and Sublease*. **LESSEE** shall not transfer, assign or sublet this Lease or any portion or privilege hereunder, either voluntarily or involuntarily.

9. *Compliance with Laws; Waste and Nuisance Prohibited*. During the term of this Lease, **LESSEE** shall comply with all applicable federal, state and local laws, ordinances, orders, rules and regulations (collectively, "Laws") and all restrictive covenants governing the Leased Premises, including without limitation, Federal Aviation Laws, state and local zoning and building and safety Laws, and Laws relating to use and storage of hazardous or regulated materials or substances and other environmental matters. **LESSEE** hereby agrees to indemnify and hold **LESSOR** harmless from and against any claims, damages or liability of any kind arising from or related to **LESSEE**'s failure to comply with applicable Laws. **LESSEE** shall not commit or permit any waste or nuisance on the Leased Premises.

10. *Liability Insurance*. **LESSOR** shall not be liable for damage or injury to persons or property occurring or arising upon the Leased Premises; nor shall **LESSOR** be liable for damage or injury to persons or property occurring or arising from acts or events of any kind upon said premises; and **LESSEE** shall keep and save harmless **LESSOR** from any suit or claim for damages or injury sustained upon or about said Leased Premises during the term of this Lease and renewals and extensions thereof. **LESSEE** shall secure adequate public liability and property damage insurance during the term of this Lease in such amount as determined by **LESSEE**.

11. *Fire Insurance*. **LESSOR** will procure fire and extended coverage insurance on the insurable portions of the Leased Premises in the amount determined by **LESSOR**. All proceeds from any loss shall be payable to **LESSOR**. **LESSEE** shall obtain, at its expense, fire and casualty insurance on **LESSEE**'s personal property located thereon and hereby releases **LESSOR** from any claims, damages or liability related thereto.

12. *Taxes*. **LESSEE** hereby assumes full responsibility for and shall pay prior to delinquency any and all personal property taxes and sales taxes which may be levied on the Leased Premises or LESSEE's personal property at any time during the term of this Lease.

13. *Parking*. **LESSEE** shall be entitled to park a motor vehicle in the area or areas designated by **LESSOR** and at no time shall **LESSEE** block a designated taxilane at the Airport. **LESSEE** may utilize the Leased Premises for parking of **LESSEE**'s vehicle when the Stored Aircraft is being used or is not on the Airport property.

14. *Alterations*. **LESSEE** shall not make any alterations or installations of any kind to the Leased Premises without the express written consent of **LESSOR**, which **LESSOR** may withhold in its sole and absolute discretion. Without limiting the foregoing, **LESSEE** shall not install any hoisting, winching or holding mechanism to any part of the Leased Premises.

15. *Surrender*. At the expiration or termination of this Lease, **LESSEE** shall surrender the Leased Premises to **LESSOR** in clean, neat and good condition, reasonable wear and tear excepted.

16. *Security Deposit*. **LESSEE** shall pay **LESSOR** a security deposit in the amount of FIVE HUNDRED DOLLARS ($500.00) to ensure **LESSEE**'s full and prompt performance under

this Lease. If **LESSEE** defaults under this Lease, **LESSOR** shall be entitled to use the security deposit as required to cure or partially cure the default and if so used, **LESSEE** shall restore the security deposit to the original amount as a cure of any such default. If **LESSEE** fully performs all of its obligations under this Lease, **LESSOR** will release any balance of the security deposit to **LESSEE** upon the expiration or termination hereof.

17. *Breach*. If at any time the rent or any money payments hereunder, or any part thereof, shall remain unpaid for a period of five (5) days after the same become due (in which case no notice of default shall be required); or if **LESSEE** shall fail to fulfill or perform or is in default of any of the other agreements or provisions hereunder, and if **LESSEE** does not cure and completely remedy any said default within ten (10) days after **LESSOR** gives **LESSEE** written notice of such default, then, without further notice or demand **LESSOR** shall be entitled to:

(a) Terminate **LESSEE**'s right to possession of the Leased Premises by legal process or otherwise, with or without terminating this Lease, and retake exclusive possession of the Leased Premises.

(b) With or without terminating this Lease and without waiving or affecting **LESSOR**'s right to terminate this Lease, from time to time relet all or portions of the Leased Premises, using reasonable efforts to mitigate **LESSOR**'s damages.

(c) From time to time recover accrued and unpaid rent and damages arising from **LESSEE**'s breach of this Lease, regardless of whether this Lease has been terminated, together with applicable interest at the rate of ten percent (10%) per annum.

(d) Terminate this Lease. No such termination shall relieve **LESSEE** of **LESSEE**'s liabilities and obligations hereunder.

(e) Recover all reasonable attorneys' fees and other expenses incurred by **LESSOR** in connection with enforcing this Lease, recovering possession and collecting amounts owed.

(f) Pursue any other remedies available at law or in equity.

18. *Applicable Law*: This Lease shall be governed by and interpreted and enforced under the laws of the State of Arizona.

19. *Successors and Assigns*: This Lease shall be binding upon the heirs, successors and assigns of the parties hereto.

20. *Attorney's Fees*: In the event that either party hereto institutes an action or other proceeding to enforce any rights arising under this Agreement, the party prevailing in such action or other proceeding shall be paid all reasonable costs and reasonable attorneys' fees by the other party.

21. *Notice*: All notices to be given by one party to the other under this Lease shall be in writing, mailed or delivered to the following addresses or at a changed address if notice of the change is given to the other party in writing:

**LESSOR**: Kingman Airport Authority
7000 Flightline Drive
Kingman, Arizona 86401

**LESSEE**: Carl W. Hays
8951 Geraldine Avenue
San Diego, Ca 92123

Any notice provided hereunder shall be deemed to have been given upon posting in the United States mail. Actual notice shall be no substitute for written notice under any provision of this Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

**LESSOR:**

Kingman Airport Authority,
Inc., an Arizona corporation

By: Brenda Chastain
Its: Director, Corp. Admin

**LESSEE:**

Carl W. Hays

By: Carl W. Hays

STATE OF ARIZONA )
) ss
COUNTY OF MOHAVE )

The foregoing Lease was acknowledged before me this 5th day of January, 2004, by Brenda Chastain as _____ of Kingman Airport Authority, Inc., an Arizona corporation, **LESSOR,** on behalf thereof.

Janice Platt
Notary Public

My Commission Expires:

STATE OF ARIZONA )
) ss
COUNTY OF MOHAVE )

The foregoing Lease was acknowledged before me this 5th day of January, 20 04, by Carl W Hays as **LESSEE,** whose identity I proved on the basis of satisfactory evidence to be the signer of the above instrument, and he/she acknowledged that he/she executed said instrument.

Janie C Platt
Notary Public

My Commission Expires:

OFFICIAL SEAL
JANIE C. PLATT
NOTARY PUBLIC-ARIZONA
MOHAVE COUNTY
My Comm. Expires Sept. 13, 2006