AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

Agenda Item: Ground Lease Agreement; Ray Hernandez; 20 Year Lea

Action Requested: Board of County Commissioners' Signature

Parties to the Agreement: Gunnison County and Ray Hernandez

Term Begins: **Term Ends:** **Grant Contract #:**

Summary:

Ray Hernandez is seeking a 20 year ground lease for use of a hangar at the Gunnison Crested Butte Regional Airport

Fiscal Impact: Increase in revenue

Submitted by: Stephanie Williams **Submitter's Email Address:** swilliams@gunnisoncounty.org

Finance Review: (●) Required ( ) Not Required

Comments:
No concerns. ln

Reviewed by: GUNCOUNTY1\lNienhueser Discharge Date: 7/27/2017

County Attorney Review: (●) Required ( ) Not Required

Comments:
ok db 7/27/17

Reveiwed by: GUNCOUNTY1\dBaumgarten Discharge Date: 7/27/2017 Certificate of Insurance Required Yes (●) No ( )

County Manager Review:

Comments:

Reveiwed by: GUNCOUNTY1\mbirnie Discharge Date: 7/28/2017

(●) Consent Agenda ( ) Regular Agenda ( ) Worksession Time Allotted: 0

Agenda Date: 8/1/2017

Revised April 2015

GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT is made and entered into effective August _____, 2017, by and between the Board of County Commissions of Gunnison County, Gunnison Colorado, ("Gunnison" or "Lessor"), and Ray Hernandez ("Lessee").

RECITALS

WHEREAS, Lessor owns and operates the Gunnison/Crested Butte Regional Airport ("Airport") in Gunnison County, Colorado**;** and

WHEREAS, Lessee desires to lease from Lessor certain land located at the Airport;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, the parties agree as follows:

1. Grant of Lease. Lessor hereby leases (the "Lease") to Lessee, its heirs, successors and assigns, that certain land located at the Airport and identified on Exhibit A attached hereto and integrated herein and more particularly described on Exhibit B attached hereto and incorporated herein (the "Premises"). The Lease shall include all rights normally incident to the use and enjoyment of the Premises for the intended purpose, including the right to enter upon Airport Premises to access the Premises during the normal hours of operation at the Gunnison-Crested Butte Airport. In addition, subject to the provisions hereof, Lessee shall be entitled to use all other existing and future Airport facilities on the same basis as such facilities are made available to private aviation generally. The Premises shall be used and occupied by Lessee exclusively for the construction at the Airport of the Improvements (the "Hanger") described on Exhibit B.

2. Lease Term. The Lease pursuant to this Agreement shall commence upon mutual execution hereof by both Lessor and Lessee, beginning the date this agreement is made and entered into. The Lease shall continue for **20 years** (the "Lease Term") unless sooner terminated as provided herein. So long as the Lessee has been in full compliance with the terms of the Lease, and the Lessor has determined in its reasonable discretion that the Hangar is in good repair, the Lessee may extend the term of this Lease one time for an **additional twenty (20) year period** ("Twenty-Year Extension") that will commence, if at all, at the termination of the original Lease Term described above. This Lease will terminate automatically at the end of the original Lease Term or at the end of the Twenty-Year Extension if Lessee exercises that option. If Lessee holds over and remains in possession of the Premises with the consent of Lessor after expiration of the Lease Term or the Twenty-Year Extension, such holding over shall not be construed as a renewal of the Lease Term or any further extension of the Lessee's right to possession, but instead shall constitute a month to month Lease ("Month-to-Month Holdover") with rent payable to Lessor at 150% of the Lease rate then in effect, otherwise subject to all of the terms and conditions of this Agreement. The Month-to-Month Holdover is revocable by either party by giving notice of termination at least ten days prior to the end of any month.

3. Ground Rent. Lessee shall pay to Lessor ground rent ("Ground Rent") for use of the Premises. Ground Rent in the amount of **$0.35 (thirty five cents)** per square foot per annum based on the floor area of the hanger to be built. Ground Rent for the first year shall be payable in advance and shall be due upon the issuance of a building permit for the Hangar and prorated from the date the building permit is issued to December 31, 2017. Subsequent annual Ground Rent shall be adjusted annually by the Denver/Boulder CPI. Ground Rent shall be due and payable, whether or not Lessee receives a bill. Ground Rent shall be prorated on a daily basis for the portion of the first calendar year that Lessee begins construction of the Premises and the Lessor shall return any prepaid rent to the Lessee for any portion of a year that the Ground Lease is not in effect. Ground Rent shall be made payable to Gunnison County and shall be delivered to the County's Finance Director at Gunnison County Courthouse, 200 E. Virginia, Gunnison, CO 81230, or such other address as the County may designate in writing from time to time. Ground Rent shall be paid annually, in one lump sum, in advance, on April 1st of the calendar year the Ground Rent is due. Lessor shall attempt to notify Lessee in March of every calendar year for the Ground Rent Denver/Boulder CPI adjustment. Any portion of the Ground Rent not paid when due shall bear interest from the due date until paid at the rate of 15% per annum. Failure of the County to notify Lessee of the Ground Rent due on April 1st shall not waive the obligation for payment, nor shall such failure delay the due date for payment of the Ground Rent. Failure to timely pay the Ground Rent shall be a default event.

4. Inconvenience During Construction. Lessee recognizes that from time to time during the term of this Lease it may be necessary for the County to initiate and carry forward extensive programs of construction, reconstruction, expansion, relocation, maintenance and repair in order that the Gunnison-Crested Butte Airport and its facilities may continue to be a safe and efficient facility for aviation activity and therefore will require accommodation that such construction, reconstruction, expansion, relocation, maintenance, and repair may inconvenience Lessee in its operation at the Airport. Lessee agrees that no liability shall attach to the County, its officers, agents, employees, contractors, subcontractors and representatives by reason of such inconvenience or interruption; provided, however, Lessor agrees to use its best efforts to perform such activities in a manner and at such times that will minimize interference to the extent possible with Lessee's use and enjoyment of the Premises.

5. Certain Obligations of Lessee.

(a) Construction of the Hangar. Lessee agrees to begin construction no later than 30 days after the issuance date of the Building Permit and to complete the construction within 120 days after the date construction begins unless extensions to complete construction have been approved by the airport manager which will not be unreasonably denied. In the event Lessee fails to begin and complete construction within the period specified above, the County shall have the right to terminate this lease pursuant to the provisions of paragraph 7. The Hangar described in Exhibit B, will be built at Lessee's sole expense and in accordance with the current Gunnison-Crested Butte Regional Airport Master Plan for Aeronautical Land use at the Airport, and Construction Guide at the Gunnison Crested Butte Regional Airport in accordance with the specifications described in Exhibit C attached hereto and incorporated herein. The hangar must meet current NFPA and ARIS standards. Any amendment to the construction specifications on

Exhibit C shall require the prior written consent of Lessor which may be with held in "Lessors" reasonable discretion.

(b) Approval of Plans. Lessee covenants and agrees that prior to the preparation of detailed construction plans, specifications and architectural renderings of any such building, structure, roadway, utility line, addition or improvement and their locations, relative to the Leased Premises including location of drainage, utilities and roadways will be submitted to the County's Airport Manager for approval. Lessee's plans shall meet all requirements/limitations imposed by the Federal Aviation Administration (FAA) for the type of development proposed. Lessee covenants and agrees that prior to the installation or construction of any such building, roadway, structure, utility line, addition or improvement on the Leased Premises, it shall first submit to the County for approval, final detailed construction plans and specifications and architectural renderings prepared by registered architects and engineers, and that all construction will be in accordance with such plans and specifications and the current land use development criteria established by Gunnison County, Colorado and all requirements/limitations imposed by the FAA.

(c) As-Build Drawings. Within thirty (30) days following completion of the initial construction and any subsequent additions, alterations or improvements, Lessee shall present to the County a complete set of reproducible drawings including, but not limited to, specifications and shop drawings.

(d) Maintenance of Hangar and Premises. From and after the date construction is completed on the Hangar, Lessee shall maintain the Hangar and Premises, including the roof and structural components of the Hangar, at Lessee's sole expense in a neat, clean and safe condition and in good repair, normal wear and tear excepted. Lessee shall not make structural alterations to the Hangar and/or Premises without making application, and receiving from, the Airport Manager approval in the County's reasonable discretion for such proposed structural alteration. All alterations shall be at Lessee's sole expense. In the event Lessee fails to commence any repair or maintenance of the Hangar and/or Premises required pursuant to this Agreement within thirty (30) days after written notice from Lessor requesting the repair or maintenance in question, Lessor may undertake the specified repair or maintenance for the account of Lessee, and Lessee shall promptly reimburse Lessor's actual costs and expenses incurred in connection therewith. Lessee shall follow all local, state and federal life and fire safety and environmental and other applicable codes and regulations and minimum standards. Lessee shall notify the County of all construction, reconstruction, repair, or any work whatsoever related to the Hangar and/or Premises, the name of the contractors or subcontractors performing such work, and shall defend, indemnify and hold the County Harmless at Lessee's sole expense from any claims whatsoever concerning the Hangar and/or Premises except those caused by Lessor's negligence or willful misconduct.

(e) Use of Premises. The Lessee shall use the Hangar and Premises exclusively for the storage and protection of serviceable aircraft, aircraft parts and other activities generally carried on at aircraft hangars by the Gunnison County minimum standards. Lessee may also store personal vehicles or other miscellaneous personal items owned by the Lessee. Not withstanding anything in this Agreement to the contrary, the Lessee shall not carry on any

commercial activity whatever with respect to the Hangar or Premises. The Lessee shall not use the Hangar or Premises for any activities in competition with normal fixed base operation activities conducted at the Airport by or under concession with Lessor unless Lessee enters into a separate operating agreement with the Airport and the activity is in compliance with the Airport minimum standards. However this will not prevent the Lessee from leasing hangar space on a short term or long term basis for storage of aircraft. Lessee shall not install, operate or permit to be used at the Hangar or Premises any signs or similar advertising devises without the written approval of the Airport Manager. Additionally, Lessee shall have a fire extinguisher and any other equipment on the Hangar and Premises at all times in accordance with the appropriate life and fire safety codes.

(f) Laws and Regulations. In using the Premises, the Hangar and the Airport, Lessee shall comply with all applicable laws, regulations and rules of general applicability that may be in effect from time to time, including without limitation rules of federal, state, county and municipal governments and all applicable life, fire and safety codes. Lessee shall also fully and promptly comply with the Rules and Regulations and Minimum Standards of the Gunnison/Crested Butte Regional Airport, existing, amended or future.

(g) Utilities. Lessee shall be responsible for all utility charges, including connection fees incurred after the date hereof for utility service to the Premises. Any future utilities shall be underground, within 60 days pavement or ground disturbed in the process returned to its original condition.

(h) Insurance for Hangar and Premises. Throughout the term of the Lease, Lessee shall maintain property insurance in the amount of $40,000 covering the Hangar and Lessee's interest in the Premises and shall provide insurance protection from fire and such other casualties as Lessor may determine, which insurance shall be in the amount of the reasonably anticipated replacement costs of the Hangar. The County shall be named as an additional insured under any insurance policy issued to Lessee at Lessee's sole cost, if any. In the event of damage or destruction to the Hangar, the proceeds of such insurance shall be applied to the repairs and/or replacement, and any excess shall be payable to Lessee. In no event shall the County be obligated to repair or replace the Hangar after damage or destruction. In any event, Lessee shall be obligated to repair and replace the Hangar after damage or destruction unless the County agrees otherwise.

(i) Ownership. Lessee shall own the Hangar

(j) Construction by County. There are no facilities to be constructed by County under this Lease. All construction will be made by Lessee.

(k) Encumbrance. Lessor's interest in the Premises may not be encumbered by Lessee and shall not be subject to any mechanic's, materialmen's or similar liens with respect to Lessee's interest in the Hangar. If any such liens are asserted against Lessor's interest in the Premises, Lessee shall promptly cause the same to be removed or shall provide Lessor with adequate security therefore. Lessee shall not encumber Lessee's interest in the Premises except in accordance with the provisions of this Lease. Any encumbrance of Lessee's interest in the

Hangar permitted pursuant to this Lease shall expressly exclude any interest of Lessor in the Hangar.

(l) Taxes. The Lessee shall pay all real and personal property and other taxes that are assessed against the Hangar and/or Premises.

(m) Financing.

(i) Lessee's Right to Finance. Lessee may, at any time or from time to time mortgage the leasehold estate, so long as Lessee is in compliance with all terms, conditions, and provisions of this Lease. Such right of Lessee to mortgage the Hanger leasehold estate shall be a continuing right and shall not be deemed to be exhausted by the exercise thereof on one or more occasions. Any such mortgage shall be expressly subject to the provisions of this Lease, and only with prior written notice to Lessor and only with the consent of the Lessor which Lessor will not reasonably be withheld. No mortgage shall to any extent encumber all or any portion of Lessor's fee simple interest in the Premises.

(ii) Mortgagee's General Cure Rights. Lessor, prior to terminating this Lease or exercising any other right or remedy hereunder for a default by Lessee (as defined below), shall give each holder of a deed of trust or mortgage encumbering the Hanger leasehold estate created hereby ("Leasehold Mortgagee") written notice of the pertinent default by Lessee and thirty (30) days thereafter in which to cure the same, or, if the subject default by Lessee is of such a nature that the same cannot reasonably be cured within said thirty (30) day period, then the Leasehold Mortgagee's cure period shall be extended for so long as the Leasehold Mortgagee diligently pursues the cure to completion. Furthermore, if such default requires the Leasehold Mortgagee to be in possession to affect a cure, Leasehold Mortgagee's cure period shall be extended to afford Leasehold Mortgagee time to obtain possession of the Premises. In the event this Lease is terminated in accordance with this Lease or by provision of Law, or in the event Lessor dispossesses Lessee, Lessor shall give each Leasehold Mortgagee written notice thereof within ten (10) days after the termination or dispossession. Lessor and Lessee agree that any mutual termination, cancellation or rescission of this Lease by Lessor and Lessee shall be effective only if the same is given the prior written approval of any Leasehold Mortgagee. Provided, however, Leasehold Mortgagee shall be deemed to have approved of any mutual termination, cancellation, or rescission, if Leasehold Mortgagee has failed to approve or disapprove of said termination, cancellation, or rescission within 30 of the actual receipt of notice of the parties' intent to terminate, cancel, or rescind the Lease.

(iii) New Lease. If Lessor terminates this Lease, Lessor agrees to enter into a new lease for the Premises with any Leasehold Mortgagee or its designee, for the remainder of the term of this Lease, effective as of the date of such termination at the same rent, and otherwise upon the same terms, covenants and conditions contained herein, provided that (i) such Leasehold Mortgagee shall make written

request for such new lease within thirty (30) days after the date of such termination, and (ii) such mortgagee will pay or cause to be paid to Lessor within the same period as in (i) above all sums unpaid which at such time would have been payable under this Lease but for such termination, and shall cure all defaults of Lessee under this Lease which remain uncured as of that date to the extent the same can be reasonably cured, all other non-monetary defaults being waived by Lessor, (iii) such Leasehold Mortgagee shall pay or cause to be paid to Lessor on that date all expenses, including reasonable attorney's fees, court costs, and disbursements reasonably incurred by Lessor in connection with any such default any termination as well as in connection with the execution and delivery of such new lease, and (iv) such lease shall be made without any warranty to the Leasehold Mortgagee as to rights Lessee may continue to have or assert as to the Premises. If more than one Leasehold Mortgagee shall desire to enter into such new lease under the circumstances outlined hereinabove, the Leasehold Mortgagees in the order of the priority of their mortgages (i.e., first mortgage, second mortgage) shall have the first opportunity to do so. However, irrespective of any other provisions in this Lease to the contrary, if a Leasehold Mortgagee does not exercise its right to enter into a new lease with Lessor within the time periods and in accordance with the provisions set forth hereinabove, such Leasehold Mortgagee shall not thereafter have any rights whatsoever in this Lease or in the Premises, all interest therein having reverted to Lessor as a result of the termination of this Lease.

(iv) Casualty. In case any leasehold mortgage made by Lessee shall be in force at the time of any damage to or destruction by fire or otherwise of the Hangar, then the Leasehold Mortgagee is hereby authorized, at its sole expense, to repair or restore the Hanger or to replace the hangar under the same terms and conditions of this Lease as would be applicable in the case of a repairing, restoring or replacement by Lessee. The Leasehold Mortgagee so repairing, restoring or replacing any part of said Hangar shall, subject to compliance with all the conditions contained in this section, be subrogated to the rights of Lessee to all the insurance proceeds payable as a result of the damage or destruction, and shall be entitled to have all said insurance proceeds paid out upon architect's certificates in the same manner in every respect as if said Leasehold Mortgagee were Lessee under this Lease.

(n) Security. Lessee shall have entrances and gates to the Air Operations Area and agrees to comply with the FAA regulations, 49 CFR Part 1542, as may be amended from time to time, and TSA regulations as may be amended from time to time, which requires Lessee to control and regulate any doors, openings or entrances to the Air Operations Area. Lessee shall comply with all applicable regulations required by the federal Department of Homeland Security.

6. Conditions of Use.

(a) Lessee shall not store gasoline, solvents, explosives, flammable paints, other flammables, or other hazardous materials in the Hangar or on the premises without the prior

written approval of the Airport Manager. However it is recognized and understood that fuel contained in the fuel tanks of aircraft and vehicles is permitted. The parties understand that the Airport Manager is authorized by this provision to require safety containers or other safety measures are followed by Lessee as a condition of such approval. Written approval of the Airport Manager shall not be required for the storage of less than a total of five gallons of engine oil or other engine lubricants, hydraulic fluids, and cleaning fluids necessary and incidental to the normal use of private aircraft.

(b) Lessee shall control the conduct and demeanor of its employees, guests, and invitees in and around the Hangar and Premises and shall take all steps necessary to remove persons whom Lessor may, for good and sufficient cause, deem objectionable.

(c) Lessee shall keep the Hangar and Premises clean and free of debris at all times, and Lessee shall not place any trash or debris on the airport grounds except in containers provided for trash by the Lessor.

(d) Lessee shall not use any high wattage electrical equipment, heat lamps, or machinery in or about the Hangar. Any modification to existing wiring or the installation of additional outlets or fixtures must be in compliance with current codes. Any device the use of which requires modification to the capacity of the existing electrical system shall be deemed to be high wattage.

(e) Lessee shall not attach any hoisting or holding mechanism to any part of the Hangar or Premises or pass any mechanism over the struts or braces therein without the prior written permission of the Airport Manager, which permission shall only be granted after Lessee provides written evidence from a Colorado licensed Professional Engineer that such activity will cause no damage to the structure. For purposes of this Agreement, a hoisting or holding mechanism shall be deemed to include, but shall not be limited to, a chain-ball, block and tackle, or other hoisting or winching device. Lessee shall be responsible for any and all damage to the Hangar and Premises occasioned by such conduct, whether or not Lessee obtains the permission of the Airport Manager.

(f) Lessee shall not paint, remove, deface, modify, bend, drill, cut or otherwise alter or modify any part of the Premises or Hangar without the prior written permission of the Airport Manager, which permission shall only be granted after Lessee provides written evidence from a Colorado licensed Professional Engineer that such activity will cause no damage to the structure.

(g) Lessee shall not park or leave Aircraft or vehicles on the taxilane or on the pavement adjacent to the Hangar door in a manner that unduly interferes with or obstructs access to adjacent Hangars. Aircraft parked for more than 30 minutes in the taxilane area shall constitute an obstruction.

(h) In utilizing the Hangar and Premises, Lessee agrees to and shall comply with all applicable ordinances, resolutions, rules regulations and minimum standards established by any federal, state or local government agency.

7. Termination . Either party shall have the right to terminate the Lease in its entirety if the other party breaches any provision of this Agreement or fails to perform any obligation hereunder and if such breach or failure continues for a period of thirty (30) days after receipt by notice from the other party specifying the breach or failure to perform in question. In the event of a non-monetary default, if it is not possible to cure the breach within thirty (30) days, the breaching party must commence work to cure the breach within thirty (30) days of receiving notice, and must diligently pursue work to cure the breach. Failure to diligently pursue curing the breach shall be grounds for termination.

8. Certain Rights and Obligations on Termination. Upon expiration or earlier termination of this Lease, Lessor shall be deemed the owner of the Hangar and any and all alterations, additions or fixtures installed in or on the Premises by Lessee, except for those which Lessor requires to be removed at the end of the Lease term. Lessee shall remove all such alterations, additions or fixtures at the end of the Lease term unless Lessor conditioned its consent upon Lessee leaving a specified alteration, addition or fixture in or on the Hangar and or Premises, in which case Lessee shall not remove such alteration, addition or fixture. Lessee shall immediately repair any damage to the Hangar and Premises caused by such removal.

9. Inspection. County's authorized representatives shall be allowed access to the Hangar and/or Premises at all reasonable times, for the purpose of examining and inspecting the Hangar and/or Premises. Except in cases of emergency, no inspection shall be made without reasonable prior notice to the Lessee. At all times, Lessee shall provide and Lessor shall have means of access to the interior of the Hangar Lessee's Hangar Complex (i.e. Key, lock combination, etc.).

10. Ingress- Egress. Lessee, its agents and servants, patrons and invitees, and its suppliers of service and furnishers of materials shall have the right of reasonable ingress to and egress from the Hangar or Premises, subject to generally applicable rules and regulations governing use of the Airport in effect from time to time.

11. Utilities. Lessee shall have the right at its sole cost to install utility and related facilities at the Airport to provide utility services to the Hangar and shall have the right to access all utilities servicing the Airport at Lessee's expense and with Lessor's permission. Lessee shall give Lessor at least thirty days prior written notice of any proposed construction together with a construction plan showing any areas outside of interior of the Hangar that may be affected by such construction. Airport Manager shall have ten days to approve or deny the construction plan based on the anticipated disruption to the current or reasonably anticipated use of the Airport, which approval shall not be unreasonably denied. If and when a construction plan is agreed upon between the Lessee and the Airport Manager, any such construction shall be conducted in a reasonable manner and in compliance with the construction plan so as to minimize the disruption of normal Airport operations. After construction, Lessee shall restore the construction site to its condition prior to construction. In exercising its rights hereunder, Lessee agrees to avoid areas which are paved or otherwise improved, whenever possible.

12. Assignment, Subletting, Change of Ownership.

(a) Lessee may, upon prior written approval of the County, which approval shall not be unreasonably withheld, assign use of Lessee's rights and obligations arising under this Agreement if Lessee transfers its ownership in the Hangar to that same party.

(b) Lessee may sublease all of or a portion of the Hangar; provided, however, the Lessee shall be obligated to notify the Airport Manager of any sublease and of the name of the sublessee and the owner, make, model, and tail number of any aircraft stored in the hangar on a monthly or longer basis. Failure to notify the Airport Manager of all subleases, the name(s) of the sublessee(s), the owner(s), make, model, and tail number of any Aircraft stored in the hangar at any time shall constitute an event of default under this Lease. The parking of Aircraft not owned by or leased by Lessee within the Hangar shall constitute a sublease except an Aircraft titled in the name of a corporation or other entity controlled by lessee shall not constitue a sublease. Any transferee, assignee, sublessee, or any person or owner of an Aircraft stored in the Hangar shall be subject to and bound by all the provisions of this Agreement.

(c) The following events shall be referred to herein as a "Transfer": (i) a transfer or conveyance of title (or any portion thereof, legal or equitable) of the Premises (or any part thereof or interest therein), (ii) the execution of a contract or agreement creating a right to title (or any portion thereof, legal or equitable) in the Premises (or any part thereof or interest therein), (iii) or an agreement granting a possessory right in the Premises (or any portion thereof), in excess of three (3) years, (iv) a sale or transfer of, or in the execution of a contract or agreement creating a right to acquire or receive, more than fifty percent (50%) of the controlling interest or more than fifty percent (50%) of the beneficial interest in the Lessee, (v) the reorganization, liquidation or dissolution of the Lessee. The County shall not consider a transfer by devise, descent or by operation of the law upon the death of a joint tenant as a Transfer.

13. Nondiscrimination and FAA Requirements. This Agreement involves the use of or access to space on, over or under real property acquired or improved pursuant to the Airport Improvement Program and agreements with the Federal Aviation Administration and, therefore, involves activities that serve the public. Accordingly, Lessee agrees that (1) no person shall be excluded from participation in, denied benefits of, or otherwise be subjected to discrimination in the use of the Premises on the grounds of race, color, physical or mental handicap or national origin; (2) that in constructing any improvements or furnishings services at the Premises, no person shall be excluded from participation in, denied benefits of, or otherwise be subjected to discrimination on the grounds of race, color or national origin; and (3) that Lessee shall use Premises in compliance with all other requirements imposed by or pursuant to applicable Department of Transportation regulations. The failure to remedy any breaches of any of the above non-discrimination covenants shall constitute cause for Lessor to terminate this Agreement under the provisions of paragraph 7.

14. Non-Waiver. Failure or delay on the part of either party to complain of any action or non-action on the part of the other shall not be deemed to be a waiver of their respective rights hereunder. The consent or approval by either party to or of any action by the other requiring consent or approval shall not be deemed to waive or render unnecessary the

consent or approval to or of any subsequent similar action. All waivers must be in writing and signed by the party against whom such waiver is sought to be enforced.

15. Notices. Notices to Lessor provided for herein shall be deemed received when actually received by the following individuals:

Airport Manager
Gunnison/Crested Butte Regional Airport
519 W. Rio Grande
Gunnison, CO 81230

and

County Manager
Gunnison County
200 E. Virginia
Gunnison, CO 81230

Notices to the Lessee will be deemed received:

(a) if personally received by the individual named below, or

(b) three days after being sent by certified mail, postage prepaid, addressed to:

Ray Hernandez
3413 South Hills Ave
Ft Worth, TX 76109

or to such other addresses as the Lessee may designate in writing from time to time.

16. Paragraph Headings. The paragraph headings contained herein are for convenience of reference and are not intended to define or limit the scope of any provision of this Agreement.

17. Invalid Provisions. In the event any covenant, condition or provision contained herein is held to be invalid by any court of competent jurisdiction, the invalidity of any such covenant, condition or provision shall in no way affect any other covenant, condition or provision herein contained; provided that the invalidity of such covenant, condition or provision does not materially prejudice either Lessor or Lessee in their respective rights and obligations contained in the valid covenants, conditions or provisions of this Agreement.

18. Attorneys' Fees. In the event of litigation or other proceedings to enforce or interpret this Agreement, each party shall be required to pay its own fees and costs and expenses, including its own attorneys' fees, and there shall be no award of fees to the putative "prevailing party."

19. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs, legal representatives and assigns.

20. Estoppel Certificate. At any time and from time to time either party shall execute, acknowledge and deliver to the other a written statement certifying that this Agreement is in effect without modification of the provisions hereof (or if there have been modifications, a statement thereof), and that neither party is in default hereunder (or if any such default exists, a description thereof). Any such certificate shall be delivered within ten days after request is made therefore.

21. Miscellaneous. In this Agreement, the singular shall include the plural; the singular in reference to one gender shall include the other and the neuter, as appropriate. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado. Any action concerning this Agreement may be brought in Gunnison County, Colorado.

22. Airport Closure – Mandatory Buyback Schedule. In the event the Lessor permanently terminates the use of the Airport for general aviation purposes with no intent to reopen the Airport for general aviation purposes, the parties agree that the Lessee shall sell and the Lessor shall buy the Hangar from the owner based on the following formula:

The Fair Market Value of the Hanger on the date of receiving the Certificate of Occupancy shall constitute the Purchase Price and will be multiplied by a fraction, the numerator of which is the number of years remaining on the Ground Lease (assuming a Twenty-year lease), and the denominator of which is 20.

For example, if the Initial Purchase Price were $200,000, and the County closed the Airport with 10 years remaining on the 20-year lease, the Lessee would be required to sell and the County would be required to buy the Hangar for $100,000 ($200,000 x 10 ÷ 20 = $100,000).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed under their respective seals on the day and year first written above.

LESSOR:

GUNNISON COUNTY,

By: _____
Phil Chamberlain, Chairman Board of County Commissioners

ATTEST_____
Katherine Haase, Deputy Clerk

LESSEE:

By: _____
Ray Hernandez

EXHIBIT A
DEPICTION OF HANGAR CONSTRUCTION AREA

Exhibit 1 of the Northwest General Aviation Development Plan Dated: xxxxx

EXHIBIT B

Details of development plan showing placement of hangar on lot and apron measurements

EXHIBIT C

HANGAR SPECIFICATIONS

Hangar Size:

Building Manufactured by:

Snow Load: ?? pounds

Wind Velocity: ?? pounds

Color:
Hangar: Roof:
Walls:
Trim:

Hangar Number: Located with Airport approval