

**MONTH-TO-MONTH
HANGAR LEASE AGREEMENT**

THIS LEASE (hereinafter referred to as "Lease" or "Lease Agreement") is made and entered into this date _____, by and between the CITY OF TRACY, a municipal corporation ("Lessor" or "City"), _____, and aircraft owner ("Lessee") and _____, an aircraft owner ("Lessee").

RECITALS

- A. City owns real property located on South Tracy Blvd. in the City of Tracy, commonly referred to as the "Tracy Municipal Airport," on which Hangars are located.
- B. City intends to lease the Hangars solely for the storage of aircraft.
- C. Lessees wish to lease a Hangar to store the following aircraft:

Aircraft: Make _____ Model _____ Reg. No. _____

Category: _____ Year Built _____

Seating Capacity _____ Number Engines _____

Registered Owner of Aircraft _____

Address _____

Telephone _____

Legal Owner of Aircraft _____

Address _____

Telephone _____

Email address _____

All Registered Owners of aircraft must be listed (please attach additional sheets as necessary).

NOW, THEREFORE, City leases _____, ("Hangar" and/or "Premises") located at Tracy Municipal Airport, together with a non-exclusive right to use the taxiways for purposes incidental to this Lease Agreement, upon the following terms and conditions:

1. **Term:**

The term of this Lease will commence on _____ and will continue on a month-to-month basis unless either party terminates the Lease by serving upon the other at least thirty (30) days written notice of intention to terminate. Rent will be due and payable to and including the date of termination.

2. **Rental:**

Lessee agrees to pay City a monthly rental in an amount set by the City Council. The initial rental is \$_____ per month. The monthly rent shall increase annually, effective on the first day of each July, which falls after the commencement of this Lease Agreement. The amount of such annual increase in monthly rent shall be equal to the percentage increase in the Consumer Price Index each year for either San Joaquin County or the Greater Sacramento area, whichever is greater.

2.1 Rent for any partial month shall be pro-rated at the rate of 1/30th of the monthly rate for each day the Premises are occupied pursuant to this Lease Agreement. Rent is payable on or before the first day of each month to the following address:

Finance Division
City of Tracy
333 Civic Center Plaza
Tracy, CA 95376

2.2 In addition to the above annual rent increase provisions; the rental amount is subject to change from time to time as approved by the City Council of City. City shall provide to Lessee a minimum thirty (30) day written notice prior to any City Council approved rental amount changes.

3. **Security Deposit:**

Lessee agrees, on execution of this Lease and in addition to the first month's rent payment, to deposit with the City an amount of money equal to one-month of rent as a security deposit for Lessee's performance of the Lease provisions. If Lessee is in default, City may use the security deposit, or any portion of it, to cure the default or to compensate City for all damage sustained by City resulting from Lessee's default. Lessee shall within five (5) days of a written demand pay to City a sum equal to the portion of the security deposit expended or applied by City as provided in this paragraph so as to maintain the security deposit in the amount initially deposited with City. If Lessee is not in default at the expiration or termination of this Lease Agreement, City shall mail the security deposit to Lessee within thirty (30) days of expiration or termination of this Lease Agreement. City's obligation with respect to the security deposit are those of a debtor and not a trustee. City may maintain the security deposit separate and apart from City's general funds or may commingle the security deposit with City's general and other funds. City shall not be required to pay Lessee interest on the security deposit.

4. **Delinquent Rental:**

All charges become delinquent fifteen (15) days after the date they are due, at which time the City will impose a penalty charge of 10% on the amount owing. If all charges are not paid within thirty days from delinquent date, the City may terminate Lease Agreement as stipulated in Paragraph 16 of this Lease and may secure the Hangar in accordance with the provisions of Code of Civil Procedure, Section 1208.61 and following, until all amounts owing have been paid.

5. **Use:**

The Hangar shall be used only for storage of aircraft. Unless City and Lessee sign a Letter of Agreement authorizing another use, Lessee shall use the Hangar only to house the aircraft specified in paragraph "C" of the Recitals above. In the event Lessee is granted written permission to store substitute aircraft on the Premises, Lessee shall provide to City all information set forth in paragraph "C" of the Recitals above prior to a change in aircraft. All provisions of this Lease Agreement applicable to the original aircraft shall also apply to the substitute aircraft. Failure to provide such information shall be deemed a material breach of this lease. Unless City and Lessee sign a Letter of Agreement authorizing another use, the Hangar shall not be used for the repair, overhaul, or construction of any aircraft or equipment, nor shall any charter, rental, instructional or other commercial activity be conducted in the Hangar.

5.1 Use of the Premises shall conform to all airport rules and regulations and local building and fire codes. All repairs and maintenance work done on the Premises is subject to FAA and airport regulations in addition to applicable local, county and state laws.

5.2 No commercial activity of any kind whatsoever shall be conducted by Lessee, its employees, agents or invitees in or around the Premises unless previously approved in writing by City.

5.3 No maintenance on the aircraft(s) shall be performed on the Premises without prior written approval of the City, except such minor maintenance as would normally be performed by an aircraft owner without the benefit of an aircraft mechanic. Minor maintenance will consist of minor tune-ups, oil changes and any preventative maintenance measure required to prevent failure of the aircraft.

5.4 Motor vehicles may only be parked in the Hangar and on the taxiways on a temporary basis. Motor vehicles may be stored in a Hangar while the plane is in use. Motor vehicles may be used to transport passengers and/or baggage to the Hangar.

5.5 Lessee, or any later City approved sub-lessee, must be listed as one of the registered owners of the aircraft listed in the Recitals above. Any change

of ownership which removes Lessee or approved sub-lessee as registered owner of the aircraft listed in paragraph "C" of the Recitals above shall constitute a material breach of this Lease Agreement. The parking in the Hangar of any aircraft (a) not listed in paragraph "C" of the Recitals above, or (b) not owned or leased by Lessee, or (c) not registered to Lessee, without prior written permission by City shall constitute a material breach of this Lease Agreement

5.6 No person shall store combustible materials or other hazardous materials in an aircraft Hangar, except in locations and containers approved by the Fire Chief per the Uniform Fire Code as it may be amended from time to time. This section shall not be construed to limit, in any manner, paragraph 5.1 above and the City Fire Department may require additional and/or more stringent requirements at any time for health and/or safety reasons.

5.7 Lessee is responsible for safely securing aircraft within the Hangar. City agrees to provide necessary tie-down ropes or chains, which are subject to approval of the Transportation Coordinator.

6. Acceptance and Maintenance of Premises:

Lessee's taking possession of the Premises on commencement of the term shall constitute Lessee's acknowledgment that the Hangar is in good condition. Lessee further agrees that:

6.1 Lessee shall accept the Premises in its present condition without any liability or obligation on the part of City to make any alterations, improvements or repairs of any kind which would constitute a change to the present condition of the Premises.

6.2 Lessee shall keep the Hangar clean and free of any debris at all times and shall report to the Transportation Coordinator any defects in the Hangar which Lessee believes require maintenance.

6.3 City reserves the right to assess maintenance fees for damages to the Premises beyond normal wear and tear.

6.4 Lessee shall be liable for any and all damage to the Premises caused by the Lessee, its employees, agents or invitees.

7. Alterations and Modifications:

Lessee covenants and agrees not to install any fixtures or make any alterations, additions or improvements to the Premises without the prior written approval of City. All fixtures installed or additions and improvements made to the Premises shall become City's property and shall remain on the Premises at the termination of this Lease Agreement, however such is terminated, without compensation or payment to Lessee.

Lessee further agrees that Lessee shall not:

7.1 Paint, remove, deface, modify, bend, drill, cut or otherwise alter any part of the Hangar without prior written permission of the City or its representative.

7.2 Use any high voltage electrical equipment or machinery in or about the Hangar or modify existing wiring, or install additional outlets or fixtures without the prior written consent of the City.

7.3 Attach any hoisting or holding mechanism to any part of the Hangar or pass any such mechanism over the struts or braces. (For purposes of this Lease, 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 device.)

7.4 Make, or cause to be made, any electrical, plumbing or structural modifications or improvements to the Hangar, without official authorization by the Transportation Coordinator and the City of Tracy Building Department as evidenced by a City of Tracy Building Permit.

8. **Utilities:**

If Lessee, by modification approved by permit of existing electrical wiring, or by use of high voltage or high amperage equipment or machinery, or by installing additional outlets or fixtures approved by permit, incurs additional utility bills, City may at its discretion install or cause Lessee to install at his expense an electrical meter and require Lessee to pay for the meter and power usage. Lights, heaters, fans, compressors, or other equipment shall not be left on when the Hangar is not occupied.

9. **Sublease:**

Lessee may not voluntarily or involuntarily assign or sublease this Lease without first obtaining City's written consent.

10. **Regulations:**

Lessee's use of the Hangar shall comply with all federal, state and local rules, regulations, laws, ordinances, and directives of competent authority applicable to the use of the Hangar at the Tracy Municipal Airport.

11. **Hold Harmless:**

Lessee shall defend, indemnify, and hold the City, its officials, employees, agents and volunteers harmless from any and all claims, injuries, damages, losses, or suits, including attorneys' fees, arising out of or in connection with the performance of this Lease, including, but not limited to, those claims, injuries, damages, losses, or suits, and attorneys' fees based upon nuisance or inverse condemnation, excepting however,

those claims, injuries, damages, losses, or suits, including attorneys' fees, for injuries and damages caused by the sole negligence of the City.

12. **Access:**

Lessee shall not park or leave aircraft or vehicles on the taxiways or on the pavement adjacent to the Hangar door in a manner which interferes with access to any other Hangars or tie-down facilities. Nothing in this paragraph shall be construed to expand upon the limitations on parking set forth in paragraph 5.4 of this Lease Agreement.

13. **Taxes:**

Lessee shall pay, when due, all taxes and assessments levied upon the Hangar and personal property situated in the Hangar.

14. **Possessory Interest Subject to Taxation:**

Lessee recognizes and understands that this Lease Agreement may create a real property possessory interest in Lessee that may be, but is not intended to be, subject to real property taxes levied on such interest. City shall not be responsible for payment of any such tax. No such tax shall in any way reduce or substitute for the charges or fees required to be paid as a condition of this Lease or as otherwise required by the City.

15. **Entry and Inspection:**

City reserves the right to enter the Hangar at any time and by whatever means necessary, including, but not limited to, the following situations: (a) in case of emergency, (b) to make necessary repairs and improvements, (c) to supply necessary services, (d) when City reasonably believes that the Lessee has abandoned or surrendered the Premises, (e) to inspect the Hangar for Lease compliance, (f) pursuant to court order, or (g) to exhibit the Hangar to prospective or actual tenants, workers, and contractors at any reasonable time. If a leased Hangar has a lock which is provided by Lessee to prevent unauthorized entry to the Hangar, then Lessee shall provide a key to unlock that lock to the Transportation Coordinator prior to the lock being placed on the Hangar. If Lessee fails to provide a key which unlocks any lock placed on the Hangar, Lessee agrees that City may use whatever means necessary to open such a lock, including, but not limited to, cutting off such lock.

16. **Default:**

If Lessee defaults on the payment of any installment or rent or of any amount owed to City, or defaults on the performance of any covenants or conditions of this Lease Agreement, City may:

16.1 At any time while any default exists, serve on Lessee a three-day notice in writing to cure the default or quit the Premises. If Lessee fails to do either, City may bring a statutory proceeding in unlawful detainer to regain possession of the Premises.

16.2 At any time while any default exists, City shall also have such other remedies for default by Lessee as may be provided by law including the attachment of property in the Hangar.

17. Attorney's Fees:

If any action at law is commenced by City or Lessee to collect any amount of rent due, to dispossess Lessee, to recover possession of the Hangar, or to enforce any of the terms or provisions of, or any act or omission concerning, this Lease Agreement, the prevailing party shall be entitled to payment from the other party of all costs in connection therewith, including reasonable attorney's fees and any other damages imposed by law.

18. Insurance:

Lessee shall procure and maintain, for the duration of the Lease Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Lessee's operation and use of the leased Premises. The cost of such insurance shall be borne by the Lessee.

18.1 Coverage shall be at least as broad as:

18.1.1 Aviation Liability insurance coverage on a per occurrence basis which insures against all liability of City and its agents arising out of and in connection with Lessee's use of the aircraft listed in paragraph "C" of the Recitals above.

18.1.2 Property insurance against all risks of loss to any tenant improvements or betterments.

18.2 Lessee shall maintain limits no less than:

18.2.1 Aviation Liability: \$1,000,000 per occurrence for bodily injury or property damage.

18.2.2 Property Insurance: Full replacement cost with no coinsurance penalty provisions.

18.3 Any deductibles or self-insured retentions must be declared to and approved by City. At the option of City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City, its officers,

officials, employees, and volunteers; or the Lessee shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

18.4 Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to City, its officers, officials, employees or volunteers.

18.5 Each insurance policy required under this Lease Agreement shall be endorsed to state that coverage shall not be suspended, voided, canceled, reduced in coverage, scope or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to City.

18.6 Each insurance policy required under this Lease Agreement shall name City as an additional named insured.

18.7 Insurance is to be placed with insurers authorized to do business in the State of California with a current A.M. Best's rating of no less than A:VII.

18.8 Lessee shall furnish City with original certificates and endorsements effecting coverage required under this Lease Agreement. The certificates and endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. All documents are to be received and approved by City before this Lease commences.

19. **Reassignment:**

If in the sole judgment of the airport management it is necessary to take possession of the leased Hangar, City reserves the right to reassign a different Hangar to Lessee, even though Lessee may consider the different Hangar not to be of equal quality or suitable location and size. City shall provide to Lessee a minimum thirty (30) day written notice prior to any such reassignment unless, for health and/or safety reasons, City reasonably deems a shorter notice period, or no notice period, to be necessary.

20. **Surrender of Premises:**

On termination of tenancy, Lessee shall surrender Hangar to City in good condition.

20.1 Upon the termination of this Lease Agreement, by expiration or otherwise, Lessee shall immediately surrender possession of the Premises and shall remove the Aircraft and all other property therefrom, leaving the Premises in the same condition as when received, ordinary wear and tear excepted. Lessee shall, at its expense, return the Premises to its original state except for ordinary wear and tear. All personal property left on the Premises upon termination of

lease shall be deemed to be property abandoned by Lessee and may be disposed of by City in accordance with California Civil Code section 1980 et seq., as in effect at any given time.

20.2 Lessee agrees to vacate said Premises at the termination of the Lease Agreement, by expiration or otherwise, and failing to vacate as herein provided, agrees that City, or its authorized agents, may enter upon the leased Premises and remove all personal property therefrom in accordance with California Civil Code section 1980 et seq., as in effect at any given time, and in this event, Lessee waives any and all claims from damages against City, its agents or employees. Nothing herein shall be deemed a waiver of any rights of City to demand and obtain possession of said Premises in accordance with law in the event of a violation of Lessee's part of any of the terms or conditions of this Lease Agreement.

21. **Acceptance:**

If this Lease Agreement is not approved and accepted within ten (10) working days from the date hereon by City, the Lease Agreement shall be deemed invalid and City shall refund any and all monies paid or deposited by Lessee within thirty (30) days.

22. **Waiver:**

The waiver by either party of any provision or condition of this Lease Agreement shall not be construed to be a waiver of any other provision or condition of this Lease Agreement and shall not preclude the other party from demanding performance in accord with the other terms thereof nor shall any such waiver be construed to be permanent unless such waiver is in writing and signed by both City and Lessee.

23. **Force Majeure:**

Except as to the payment of rent and for damages chargeable to the responsible party, neither City nor Lessee shall be chargeable with, liable for, or responsible to the other for anything or in any amount for any delay caused by fire, earthquake, explosion, the elements, acts of God, riots, strikes, lockouts and any delay due to said causes or any of them shall not be deemed a breach of or default in the performance of this Lease Agreement.

24. **Lessee's Default:**

The occurrence of any of the following events shall constitute a default by Lessee:

24.1 Failure to pay rent when due, if the failure continues for fifteen (15) days after said due date; or

21.2 Failure to perform any other provision of this Lease Agreement, if the failure to perform is not cured within thirty (30) days after written notice thereof is given by City to Lessee; if the failure to perform cannot reasonably be cured within thirty (30) days Lessee shall not be in default if Lessee commences to cure the default within the thirty (30) day period and diligently continues to cure the default.

25. **Relationship Of Parties:**

The relationship between City and Lessee shall always and only be that of lessor and lessee. Lessee shall never at any time during the term of this Lease Agreement become the agent of City, and City shall not be responsible for the acts or omissions of Lessee or its agents.

26. **Headings:**

The paragraph headings and numeration in this Lease Agreement are for ease of reference only and shall not be construed as having any substantive effect on the terms of this Lease Agreement.

27. **Severability:**

The unenforceability, invalidity, or illegality of any of provision herein shall not render the other provisions unenforceable, invalid, or illegal.

[INTENTIONALLY LEFT BLANK]

28. **Notices:**

All notices to the parties shall be in writing and shall be addressed and mailed to their representatives as follows:

City (Lessor):
City of Tracy
Parks and Recreation Department
Attn.: Airport Manager
333 Civic Center Plaza, Tracy, CA 95376

Lessee:

Lessee:

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written:

LESSEE:

LESSOR: CITY OF TRACY

By: _____
(Signature)

By: _____
Parks & Recreation Director

(Typed or Printed Name)

APPROVED AS TO FORM:

Its: _____

City Attorney

Address: _____

(City) (Phone No.)

LESSEE:

By: _____
(Signature)

(Typed or Printed Name)

Its: _____

Address: _____

(City) (Phone No.)