

Lease Assignment  
Lease for Hangar A-5  
Transfer of Lease Dated OCTOBER 1, 2002

DENNIS CRUNK AND DIANNE CRUNK  
To  
JONATHAN S. KAGAN AND MONIQUE R. KAGAN, AS  
TRUSTEES OF THE KAGAN LIVING TRUST

1. DENNIS CRUNK AND DIANE CRUNK, hereby transfers and assigns to JONATHAN S. KAGAN AND MONIQUE R. KAGAN, AS TRUSTEES OF THE KAGAN LIVING TRUST, the hangar lease for hangar A-5.
2. JONATHAN S. KAGAN AND MONIQUE R. KAGAN, AS TRUSTEES OF THE KAGAN LIVING TRUST assumes all legal and financial responsibility for the lease.
3. JONATHAN S. KAGAN AND MONIQUE R. KAGAN, AS TRUSTEES OF THE KAGAN LIVING TRUST will adhere to all requirements within the lease to include, but not limited to, hangar fire and liability and an aircraft insurance naming the Town of Mammoth Lakes as additional insured.
4. JONATHAN S. KAGAN AND MONIQUE R. KAGAN, AS TRUSTEES OF THE KAGAN LIVING TRUST will adhere to airport rules, regulation, safety procedures, policies, gate access requirements, can obtain a security badge and access gate card from Mammoth Lakes Airport Staff. Said items are available at the airport office.
5. JONATHAN S. KAGAN AND MONIQUE R. KAGAN, AS TRUSTEES OF THE KAGAN LIVING TRUST has read and signed the attached Airport Rules and Safety Procedures, and has initialed each page of the lease being assigned.
6. For this lease assignment to be complete Inyo-Mono Title Company must mail to Mammoth Airport this page with original signatures along with the 2 attachments with each page initialed. JONATHAN S. KAGAN AND MONIQUE R. KAGAN, AS TRUSTEES OF THE KAGAN LIVING TRUST and DENNIS CRUNK AND DIANNE CRUNK signatures to be notarized.

THE KAGAN LIVING TRUST

BY: 

JONATHAN S. KAGAN, TRUSTEE

BY: 

MONIQUE R. KAGAN, TRUSTEE

DATE

5/15/14

  
DENNIS CRUNK

  
DIANNE CRUNK

DATE

05/20/14

MAMMOTH YOSEMITE AIRPORT

BY: 

NAME: Brian Picken

TITLE: Airport Manager.

# CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA )

COUNTY OF Los Angeles )

On May 15/2014 before me, Shawana Isaac, notary public  
DATE INSERT NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared, Jonathan Kagan and Monique Kagan

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Shawana Isaac  
NOTARY PUBLIC SIGNATURE

(SEAL)



## OPTIONAL INFORMATION

THIS OPTIONAL INFORMATION SECTION IS NOT REQUIRED BY LAW BUT MAY BE BENEFICIAL TO PERSONS RELYING ON THIS NOTARIZED DOCUMENT.

TITLE OR TYPE OF DOCUMENT \_\_\_\_\_

DATE OF DOCUMENT \_\_\_\_\_ NUMBER OF PAGES \_\_\_\_\_

SIGNERS(S) OTHER THAN NAMED ABOVE \_\_\_\_\_

SIGNER'S NAME \_\_\_\_\_ SIGNER'S NAME \_\_\_\_\_

RIGHT THUMBPRINT

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# CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA )  
COUNTY OF mono )

On May 20, 2014 before me, M. Forbis, notary public  
DATE INSERT NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared, Dennis Crunk and Dianne Crunk

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

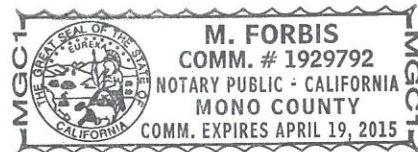
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[Signature]

NOTARY PUBLIC SIGNATURE

(SEAL)



## OPTIONAL INFORMATION

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TITLE OR TYPE OF DOCUMENT

Lease Assignment

DATE OF DOCUMENT

NUMBER OF PAGES

SIGNERS(S) OTHER THAN NAMED ABOVE

SIGNER'S NAME

SIGNER'S NAME

RIGHT THUMBPRINT

RIGHT THUMBPRINT

# CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

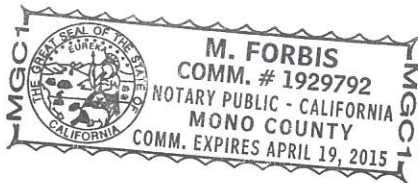
State of CALIFORNIA

County of Mono

On May 23, 2014 before me, M. Forbis, notary public,  
(Name & Title of Notary – "Mary Smith, Notary Public")

personally appeared Brian Picken,

who proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person (s), or the entity upon behalf of which the person (s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

[Signature]  
Signature of Notary Public

## **Optional – DESCRIPTION of ATTACHED DOCUMENT**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer (s) Other Than Named Above: \_\_\_\_\_

### **Capacity(ies) Claimed by Signer**

- ☐ Individual
- ☐ Corporate Officer – Title (s) \_\_\_\_\_
- ☐ Partner - ☐ Limited ☐ General
- ☐ Guardian or Conservator
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Other: \_\_\_\_\_

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\_\_\_\_\_

Right Thumbprint of  
\_\_\_\_\_

Signer is representing: \_\_\_\_\_

**LEASE AGREEMENT FOR PERMANENT HANGAR  
LOCATED AT MAMMOTH YOSEMITE AIRPORT (KMMH)**

This Agreement, dated for reference purposes only October 1, 2002, is made and entered into between the Town of Mammoth Lakes, a California Municipal Corporation (as "Lessor"), and Dennis Crunk (as "Lessee").

**RECITALS**

- A. Lessor owns and operates a certified air-carrier airport known as Mammoth Yosemite Airport located at Mammoth Lakes, Mono County, California (the "Airport"); and
- B. Lessee is constructing, acquiring or has acquired certain permanent aircraft hangar improvements at the Airport, which improvements are described as Hangar Unit A5 (the "Hangar"). In connection with the construction or acquisition and ownership of the Hangar, Lessee desires to lease from Lessor the land upon which the Hangar is located and any appurtenant apron thereon, all of which are defined herein as the "Leased Premises". The Hangar and the Leased Premises are more particularly diagramed on "Exhibit A" which is attached to this Lease and incorporated herein by this reference.
- C. Additional Lease Information & Definitions:
- (a) Lease Commencement Date: January 1, 2003
  - (b) Hangar Area: 1,968 square feet.
  - (c) Initial Monthly Rent: \$ \$118.00 per month, subject to adjustment as provided below.
  - (d) Initial Monthly Rental Rate: \$ 0.060 per month per square foot.
  - (e) Lessee's address for notice: P.O. Box 2299, Mammoth Lakes CA 93546
  - (f) Lessee's telephone \_\_\_\_\_ and facsimile \_\_\_\_\_ numbers.
  - (g) Lessor's address for notice and payment of Rent: Office of the Airport Manager, Mammoth Yosemite Airport, Route 1, Box 209, Mammoth Lakes, California 93546
  - (h) Lessor's telephone and facsimile number: (760) 934-3813, fax (760) 934-3119

**AGREEMENT**

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, Lessor and Lessee agree as follows:

**1. Leased Premises.** Lessor hereby leases to Lessee for its exclusive use the Leased Premises for the term, for the rent and upon all of the terms and conditions described herein. The Leased Premises shall be deemed appurtenant to the Hangar and may not be transferred, conveyed, sublet, assigned, hypothecated or otherwise disposed of without the concurrent or companion transfer, assignment, or conveyance of the Hangar.

**1.1. Access.** Lessee shall have at all times the right of ingress to and egress from the Leased Premises. To ensure this right, Lessor shall make all reasonable efforts to keep the areas adjacent to the Leased Premises free and clear of all hazards and obstructions, natural or manmade.

**1.2. Snow Removal.** With respect to snow removal, "all reasonable efforts" shall be further defined as follows: Lessee agrees that snow removal is conducted on a priority basis and that hangar taxi lanes follow other primary paved airport areas in priority. Significant delays may occur during heavy snowfalls. Snow will be removed from the appurtenant apron areas of the Leased Premises only with Lessee's prior permission and in a manner consistent with safe airport operations.

**2. Term.** This Lease shall be for a term of thirty-five (35) years, commencing on the Lease Commencement Date and ending on the day that is thirty-five (35) years thereafter (the "Term"), unless sooner terminated pursuant to the terms of this Lease. Prior to the expiration of the Term, Lessee may apply to Lessor for an extension or renewal of this Lease at then current market rental rates. Lessor's consent to extension or renewal will not be unreasonably withheld.

**3. Rent.** Lessee shall pay to Lessor in lawful money of the United States, in advance on the first day of each month of the Term of this Lease, Base Rent for the Leased Premises according to the following schedule:

**3.1. Initial Monthly Rent.** For the first twelve (12) months of the Lease Term the monthly Base Rent shall be equal to the Initial Monthly Rent shown on the first page of this Lease.

**3.2. Annual Cost of Living Adjustment.** The monthly Base Rent for the Leased Premises shall be adjusted annually beginning on the first anniversary of this Lease by multiplying the Initial Base Rent by a fraction, the numerator of which is the most recently available

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Index (as defined elsewhere in this paragraph 3) on the date of the subject anniversary of the Lease and the denominator of which is the Index for the same month of the year closest to the Lease Commencement Date.

3.3. **Minimum Annual Cost of Living Adjustment.** This paragraph 3.3 shall only apply if the Initial Monthly Base Rental Rate shown on the first page of this Lease is less than ten cents (\$0.10) per square foot per month. Until the Monthly Base Rental Rate first reaches ten cents (\$0.10) per square foot per month, the monthly Base Rent shall be increased annually by the greater of (i) the Annual Cost of Living Adjustment and (ii) five percent (5%) per annum. (Note: The Monthly Base Rental Rate shall be computed by dividing the monthly Base Rent by the Hangar Area.)

3.4. **Index.** The index used for the Annual Cost of Living Adjustment to the Base Rent shall be the Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised) (All Items) for the Los Angeles / Long Beach / Anaheim metropolitan area (Base Period 1988=100) as published by the U.S. Department of Labor, Bureau of Labor Statistics (the "Index").

3.5. **Substitute Index.** In the event that the Base Period of the Index is changed, the Index shall be adjusted to the Base Period 1988=100 by the method specified by the publisher of the Index. In the event the Index is discontinued, then Lessor shall select a substitute U.S. Government index that measures materially the same items as the Index and apply it in a manner that will give substantially the same result as if the original Index were still published.

4. **Late Charge.** A late charge of five percent (5%) of the late amount may be charged by Lessor to Lessee for any installment of Base Rent which is received after the tenth (10<sup>th</sup>) day of the month in which it is due.

5. **Use.** All use of the Leased Premises shall conform to the applicable ordinances and regulations of the Town of Mammoth Lakes, the local fire district, the State of California, federal rules and regulations, and the applicable provisions of property and liability insurance policies required by this Lease.

5.1. **Permitted Use.** The Leased Premises shall be used primarily for aeronautical purposes, as follows:

(a) **Storage.** The Leased Premises shall be used for the storage of aircraft and for such other uses, equipment and materials reasonably required for aircraft operation, support, and maintenance. Lessee may also keep other items of personal property (including but not limited to motor vehicles) on the Leased Premises provided that such uses do not exceed 25% of the Leased Premises or materially interfere with the primary aeronautical use of the Leased Premises and are not otherwise prohibited by law or this Lease.

(b) **Maintenance.** Pursuant to FAA order 5190.6A, Lessee with its own equipment, employees or agents may perform service, maintenance and repair on aircraft and related support equipment owned or operated by Lessee within and on the Leased Premises. All such maintenance and repair shall be conducted in a manner which is not unsafe, unsightly, or detrimental to the efficient use of the airport facilities by others. Lessee shall dispose of all used oil only in approved receptacles. Notwithstanding the foregoing, no aircraft maintenance for hire shall be conducted upon the Premises unless written permission has been received from Lessor pursuant to section 5.2 of this Lease.

(c) **Airport Rules and Regulations.** Lessee shall comply with the Mammoth Yosemite Airport Rules and Regulations established by Lessor for the management, care and safety of the Airport, as amended from time to time in Lessor's sole discretion.

5.2. **Conditionally Permitted Use.** The following activities shall not be permitted on the Leased Premises unless Lessee obtains the express written permission of Lessor in advance:

(a) **Hazardous Substances.** The storage, use or disposal of substances that are hazardous to human health or to the environment due to their explosive, flammable, radioactive, irritant, carcinogenic or toxic properties; provided however that small amounts of such materials commonly required to be used in the conduct of the activities permitted in this Lease may be kept and used on the Leased Premises provided that such activity is in compliance with all laws and regulations, is conducted in such a manner as to not expose persons, property or the environment to meaningful risk of injury, and does not cause the Leased Premises to be identified on any governmental list as a site for the storage, use or disposal of hazardous substances [by way of example the foregoing exemption applies to hazardous materials contained in reasonable quantities of commonly utilized products such as aerosol spray cans, cleaning products, smoke detectors, office machines and copiers, and the like]. Specifically; fuel and oil may be stored in the tanks of aircraft, ground vehicles, and towing devices and reasonable quantities of fuel, lubricating oil and greases for use in said vehicles may be stored in approved containers but shall not exceed 10 gallons.

(b) **Commercial Activities.** All commercial activity, including but not limited to the use of the stored aircraft for hire.

(c) **Repair and Maintenance.** Repairs or maintenance to aircraft, vehicles or equipment, except for maintenance and repair permitted by 5.1.(b) above.

(d) **Modification or Alteration.** Material modification or alteration of the Hangar or the Leased Premises, provided that a request by Lessee for Lessor's permission to make modifications or alterations to the Hangar or the Leased Premises shall not be unreasonably withheld.

(e) **Fuel Storage.** Bulk storage of aviation fuel.

6. **Prohibited Use.** The following activities are prohibited on the Leased Premises:

6.1. **Starting Engines.** At no time shall aircraft engines be started or run within the Hangar.

6.2. **Violation of Law.** All activities that are illegal under the laws of the State of California or the United States or that create a material hazard to the health, safety, and welfare of persons, property or the environment.

7. **Maintenance of Hangar.**

7.1. **Maintenance.** At Lessee's sole cost and expense Lessee shall at all times during the Term of this Lease maintain in good order, condition, and repair the Hangar and any appurtenant apron on the Leased Premises. Said maintenance and repairs shall be conducted in a manner so as to ensure an attractive and safe airport development.

7.2. **Exterior Paint Color.** [Intentionally Deleted].

7.3. **Lessor's Right to Perform Repairs.** If Lessee fails to perform Lessee's obligations under this paragraph 7, then pursuant to the provisions of paragraphs 21.1.(b) and 21.2.(a) below Lessor may enter upon the Leased Premises and put the same in good order, condition and repair and the cost thereof shall be due and payable as additional Rent to Lessor together with Lessee's next rental installment.

8. **Indemnity.** Lessee shall indemnify and hold harmless Lessor from and against any and all claims arising from Lessee's use of the Premises, or from any activity, work or things done, permitted or suffered by Lessee in or about the Premises or elsewhere and shall further indemnify and hold harmless Lessor from and against any and all claims arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease, or arising from any negligence of the Lessee, or any of Lessee's agents, contractors, or employees, and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against Lessor by reason of any such claim, Lessee upon notice from Lessor shall defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor. Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises arising from any cause under the reasonable control of Lessee and Lessee hereby waives all claims in respect thereof against Lessor.

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**9. Assumption of Risk; Insurance.** Lessee assumes all risk of damage to or loss of the Hangar and its contents.

**9.1. Insurance.** During the Term of this Lease, Lessee shall maintain in full force and effect (a) a policy of public liability insurance insuring Lessee's use of the Leased Premises in the following minimum coverage amounts: \$500,000 per person and \$500,000 per occurrence for bodily injury or death; and \$500,000 for property damage, and (b) a policy of insurance covering loss or damage to the Hangar from all risks, in the amount of the full replacement value thereof. The policies shall contain (i) a provision requiring the insurance carrier to give Lessor thirty (30) days prior written notice of any cancellation of the insurance, any reduction in coverage, and any other major change in the terms of the policy, and (ii) a provision naming the Town of Mammoth Lakes as an additional insured. Nothing herein shall require Lessee to insure the Hangar against the perils of earthquake or flood.

**9.2. Lapse.** If Lessee fails to provide Lessor with evidence of renewal or replacement coverage during the thirty (30) day period prior to policy expiration or cancellation, Lessor may at Lessor's sole option i) declare Lessee in default of this Lease, or ii) obtain replacement insurance and the premiums thereof shall be payable as Additional Rent to Lessor together with Lessee's next rental installment.

**9.3. Increase in Coverage.** On the fifth anniversary of the Commencement Date of this Lease, and on every fifth-year anniversary thereafter, Lessor may require a commercially reasonable increase in the dollar amount of the liability insurance coverage.

**9.4. Waiver of Subrogation.** Lessee and Lessor each hereby waive any and all right of recovery against the other, or against the officers, employees, agents and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured against under any insurance policy benefiting such waiving party. Lessee and Lessor shall upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing waiver of subrogation is contained in this Lease.

**9.5. Damage or Destruction.** In the event the Hangar is damaged, Lessee shall first apply any insurance proceeds payable under policies required herein in the prompt repair of the Hangar. In the event the Hangar is substantially damaged or is destroyed, or in the event said insurance proceeds are inadequate to repair the Hangar, then Lessee may elect to terminate this Lease and Lessor may require Lessee to remove all debris and restore the surface of the Leased Premises and Lessee shall first apply said insurance proceeds to such removal and restoration.

**10. Acceptance of Leased Premises.** Lessee accepts the Leased Premises on an "as is" basis. Lessor disclaims, and Lessee accepts the disclaimer, any warranty, express or implied, regarding the condition, use or fitness of the Leased Premises.

**11. Lessor's Right to Enter Leased Premises.** Lessor has the right to enter onto the Leased Premises in order to secure its rights under this Lease and determine whether prohibited activities are being conducted on the Premises. Lessee shall provide to Lessor a duplicate key or the combination to the Hangar for the foregoing purposes and for emergency access.

**12. Compliance with Codes.** Lessee at Lessee's sole cost and expense shall equip the Hangar with fire extinguisher(s) as required by the Fire Code. Lessee's occupancy of the Hangar and the Leased Premises shall at all times be conducted in compliance with the applicable fire code and building code, and shall be subject to and available for periodic inspection by municipal building inspectors and fire district inspectors for determining compliance of the Leased Premises and the structures and uses thereon with the code.

**13. Assignment and Subletting.**

**13.1. Assignment of Lease; Subletting in Entirety.** Lessee shall not, without the prior written permission of Lessor, assign this Lease or sublet in its entirety the Leased Premises. In the event Lessee desires at any time to assign this Lease or sublet in its entirety the Leased Premises, it shall first provide Lessor with the name of the proposed assignee or subtenant along with evidence that the proposed assignee or subtenant is financially responsible to meet the obligations of this Lease. Lessor may not unreasonably withhold its consent to such assignment or subletting.

**13.2. Subletting.** Lessee is the owner of the Hangar improvements on the Leased Premises, and Lessor is being fairly compensated for the Leased Premises by the Base Rent payable under this Lease; therefore Lessor and Lessee agree that Lessee may from time to time, without notice or monetary compensation to Lessor, sublease portions of the Leased Premises for aviation purposes only provided that all subtenants shall be given notice of and shall comply with all applicable terms and conditions of this Lease.

**13.3. Transfer of Control.** If Lessee is a corporation or partnership, the transfer of more than fifty percent (50%) of the ownership, shares or voting control of Lessee shall be considered an assignment within the terms and conditions of this Lease. However, any transfer of the ownership, shares, or voting control of Lessee to a trust, partnership or other entity for estate planning purposes, at least 75% of the ownership of which is held by the original owner of the transferred ownership, shares or voting control, his estate, immediate family members or their estates, shall not be deemed a transfer of control for the purposes of this paragraph 13.

**14. Taxes, Assessments, and Licenses.** Lessee shall pay when due all lawful taxes, including possessory interest taxes, assessments, fees or charges, which may be levied or assessed upon any personal property, improvements or fixtures installed by or belonging to Lessee and located on the Leased Premises. Lessee shall also pay when due all license and permit fees required by law for the conduct of its operations on the Leased Premises. Lessee acknowledges that this Lease and the ownership, construction or acquisition of the Hangar may create interests subject to taxation.

**15. Prior Agreements.** Any prior contracts, leases, or agreements, whether written or oral, between the parties and relating to the Leased Premises are superceded by this Lease for all purposes and are of no further legal effect.

**16. Attorney's Fees and Costs.** In the event any legal action is instituted to enforce or have interpreted the terms and provisions of this Lease, the prevailing party shall be entitled to reasonable attorney's fees and costs.

**17. Binding Effect.** This Lease shall be binding upon, and inure to the benefit of, the respective heirs, successor, assigns, and personal representatives of each of the parties hereto.

**18. Title; End of Term.** Ownership of the Hangar improvements shall remain vested in Lessee during the Term of this Lease. Ownership and title of the land comprising the Leased Premises shall remain vested in the owner of the Airport during the Term of this Lease. Neither this Lease, the Hangar improvements, or the Leased Premises may be transferred, assigned, conveyed, hypothecated, or otherwise disposed of separate and apart from each other; they shall be deemed appurtenant to each other and shall not be severable. Upon termination of this Lease all rights of Lessee in and to the Hangar improvements shall extinguish and title to the Hangar improvements shall pass to the owner of the Airport.

**19. Liens.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Leased Premises, which claims are or may be secured by any mechanics' or materialman's lien against the Leased Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work of improvement in the Leased Premises, and Lessor shall have the right to post notices of non-responsibility in or on the Leased Premises as provided by law.

**20. Waiver.** Any waiver of a provision of this Lease by a party hereto shall not be deemed to be a future or continuing waiver of that or any other provision. Any consent granted hereunder shall not render unnecessary the obtaining of consent for any subsequent act.

**21. Defaults; Remedies.**

**21.1. Defaults.** Lessor at its option may declare the occurrence of any one or more of the following events to be a material default of this Lease by Lessee:

(a) **Monetary.** The failure by Lessee to make any payment of Base Rent or additional Rent hereunder when and as due where such failure shall continue for a period of ten (10) days after written notice thereof from Lessor to Lessee.

(b) **Non-Monetary.** The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee other than the payment of Rent where such failure shall continue for a period of thirty (30) days after written notice thereof from Lessor to Lessee; provided that if the nature of Lessee's default is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commenced such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

**21.2. Remedies.** In the event that any such material default remains uncured past the period provided for its cure, Lessor may declare Lessee to be in Breach of this Lease and avail itself of the following remedies:

(a) **Cure by Lessor.** If the default may reasonably be cured by Lessor, Lessor may at Lessor's sole option, upon an additional thirty (30) days written notice to Lessee, pay those amounts, perform those acts or remedy those omissions that are necessary to cure the default; and Lessor may charge the costs and expenses thereof to Lessee as additional Rent which shall be payable to Lessor with the next installment of Base Rent. In such event this Lease shall continue in full force and effect.

(b) **Recovery of Possession.** Upon an additional sixty (60) days written notice to Lessee Lessor may terminate Lessee's right to possession of the Leased Premises by any lawful means, in which case this Lease shall terminate and Lessee shall surrender possession of the Leased Premises to Lessor as required by law. If the remaining Term of the Lease does not exceed twelve (12) months, then title to the Hangar improvements on the Leased Premises shall pass to Lessor as liquidated damages. If the remaining Term of the Lease exceeds twelve (12) months, Lessor shall advertise and sell at public auction in a commercially reasonable manner Lessee's leasehold interest and its ownership interest in the Hangar improvements pursuant to the applicable provisions of California Law and, after deducting the costs of the sale, distribute the proceeds of the sale first to all lien holders and lenders as their interests may appear, then to any past due amounts owed Lessor pursuant to this Lease with reasonable interest thereon, and the remainder, if any, to Lessee. Either Lessee or Lessor may bid on the Hangar facilities at the auction. If Lessor avails itself of the remedies specified in this paragraph 21.2(b), then Lessor shall have no other right of recovery against Lessee.

(c) **Other Remedies.** Pursue any other equitable remedy now or hereafter available to Lessor under the law or judicial decisions of the State of California; however, except in the case of waste or fraud by Lessee, in any such action Lessor's only recourse shall be against Lessee's leasehold interest in this Lease and its ownership interest in the Hangar improvements.

**22. Quiet Possession.** So long as Lessee shall timely perform and keep all of its covenants herein and pay the Rent on the Leased Premises as it becomes due, Lessee shall be entitled to quiet possession of the Leased Premises for the Term hereof.

**23. Time of Essence.** Where a date or period of time is specified in this Lease for performance of any obligation herein, time shall be of the essence.

**24. Lessee's Further Obligations.** It is the policy of the U.S. Department of Transportation that minority business enterprises as defined in 49 CFR part 23 shall have the maximum opportunity to participate in the performance of leases as defined in 49 CFR Part 23.5. Consequently, this Lease is subject to 49 CFR part 23 as applicable. Lessee and Lessor agree that no person shall be excluded from participation in, denied the benefits of, or otherwise discriminated against in connection with the award and performance of any contract, including this Lease, covered by 49 CFR Part 23 on the grounds of race, color, national origin or sex. This clause shall also be included in any sublease permitted hereunder.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the dates shown next to their signatures below and certify that they have the authority to execute the same.

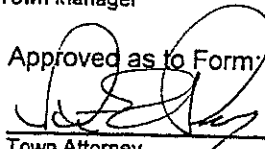
**Lessor:**

TOWN OF MAMMOTH LAKES, a California Municipal Corporation

  
Town Manager

12/02/02  
Date

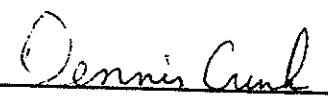
Approved as to Form:

  
Town Attorney

12/31/02  
Date

**Lessee:**

Dennis Crunk

By 

10/30/02  
Date

Title

Owner

