



COUNTY OF HUMBOLDT

AGENDA ITEM NO.  
**C-35**

For the meeting of: 06/27/2017

Date: 06/14/2017

To: Board of Supervisors

From: Thomas K. Mattson, Public Works Director *Hal Seeman, Deputy Director*

**SUBJECT:** Sublease Agreement between Cal-Ore Life Flight, LLC and KD2 Investments, LLC for Hangar B1 at the California Redwood Coast – Humboldt County Airport

RECOMMENDATION(S):

That the Board of Supervisors by a 4/5's vote:

1. Approve and authorize the Chair of the Board of Supervisors to execute the sublease agreement between Cal-Ore Life Flight, LLC and KD2 Investments, LLC.
2. Direct the Clerk of the Board to retain the original executed sublease agreement and return a copy of the same to the Land Use Division for further processing.

SOURCE OF FUNDING:

Aviation Enterprise Fund.

Prepared by Deb Vining, Sr. Real Property Agent *DV* CAO Approval Karen Clower TLR

REVIEW: Auditor MBH County Counsel JS Human Resources Ker Other \_\_\_\_\_

TYPE OF ITEM:  
 Consent  
 Departmental  
 Public Hearing  
 Other \_\_\_\_\_

**BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT**  
Upon motion of Supervisor Sundberg Seconded by Supervisor Fennell  
Ayes: Sundberg, Fennell, Bass, Bohn  
Nays \_\_\_\_\_  
Abstain \_\_\_\_\_  
Absent Wilson

PREVIOUS ACTION/REFERRAL:

Board Order No. \_\_\_\_\_  
Meeting of: \_\_\_\_\_

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: June 27, 2017  
By: Kathy Hayes  
Kathy Hayes, Clerk of the Board

DISCUSSION:

Hangar building B1 was constructed on county property at the California Redwood Coast – Humboldt County Airport (ACV) through a lease agreement with Westlog, Inc., dba Cal-Ore Life Flight (hereafter “Cal-Ore”), which was approved and authorized by the Board of Supervisors on February 15, 2011. (See Attachment 1.)

Pursuant to section 16 of the lease agreement, First Right of Refusal, Cal-Ore contacted the county with an offer to sell its hangar for \$140,000 on February 26, 2016. The county exercised its right of first refusal, declining to purchase the hangar from Cal-Ore on February 29, 2016.

KD2 Investments, LLC showed interest in purchasing the hangar from Cal-Ore and wrote a letter to the Land Use Division on March 8, 2016 expressing a desire to enter into a new lease agreement with the county. During the preparation of the agenda item, Land Use staff learned that KD2 Investments, LLC intended to finance the hangar. In early 2017, it was determined that the only way to work within the parameters of the original lease agreement, particularly section 15 of the original lease preventing encumbrance of the leasehold estate, was to have Cal-Ore sublease the hangar to KD2 Investments during the loan period. Cal-Ore wishes to enter into a sublease agreement with KD2 Investments, LLC. (See Attachment 2). The sublease will be effective until such time as the hangar is paid in full and KD2 Investments, LLC has expressed written interest in entering into a new lease agreement with the county. The sale price of the hangar to KD2 Investments, LLC is \$140,000 to be paid over a three-year period.

The Public Works Department supports approval of this sublease agreement between Cal-Ore and KD2 Investments, LLC.

FINANCIAL IMPACT:

If approved, this sublease agreement will continue to generate the same annual revenue as the original 30-year lease agreement, which is \$1,413.00 per year, plus any applicable Consumer Price Index (CPI) adjustments, to the Aviation Enterprise Fund. Rent for subsequent years through the termination will be adjusted per CPI changes. The total revenue over the remaining 24-years of the term of the lease agreement is \$33,912.00 plus any applicable CPI adjustments. This item conforms to the Board of Supervisors' Core Role of encouraging new local enterprise and ensuring proper operation of markets.

OTHER AGENCY INVOLVEMENT:

None.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board may choose to not approve and authorize the sublease agreement between Cal-Ore Life Flight, LLC and KD2 Investments, LLC. Pursuant to section 17 of the lease agreement, such consent shall not be unreasonably withheld.

ATTACHMENTS:

1. Lease agreement with Westlog Inc., dba Cal-Ore Life Flight.
2. Sublease Agreement between Cal-Ore Life Flight, LLC and KD2 Investments, LLC.

**ATTACHMENT 1**

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Lease Agreement with Westlog Inc, dba Cal Ore Life Flight

**LEASE**

This Lease is entered into on Feb. 15, 2011, between WESTLOG, INC., dba CAL ORE LIFE FLIGHT, an Oregon Corporation, herein called LESSEE, and the COUNTY OF HUMBOLDT, a political subdivision of the State of California, herein called COUNTY.

WHEREAS, COUNTY owns and operates an airport known as Arcata/Eureka Airport, hereinafter called Airport; and

WHEREAS, pursuant to Government Code Section 25536, the Board of Supervisors, by a four-fifths vote, may enter into leases of County Airport property without competitive bidding; and

WHEREAS, LESSEE desires to build a hangar for the private storage of its aircraft; and

WHEREAS, it is deemed mutually desirable by the parties hereto that LESSEE be permitted to build the hangar at the Airport.

NOW, THEREFORE, it is mutually agreed as follows:

1. **LEASED PREMISES**

COUNTY leases to LESSEE 3,750 square feet, site B1, of Airport property located at the Arcata/Eureka Airport, McKinleyville, California, as shown on Exhibit A, which is attached hereto and incorporated herein.

2. **USE OF PREMISES**

The premises shall be used by LESSEE to construct a private hangar for the storage of private aircraft. LESSEE, except as allowed by separate agreement, shall not conduct any other activities on Airport. LESSEE'S aircraft are identified in the Aircraft Information Form(s) as shown on Exhibit B, which is attached hereto and incorporated herein. LESSEE shall not use the premises for commercial use as commercial use requires stricter building codes and regulations and different Airport charges and fees.

3. **TERM**

The term of this Lease shall commence on acceptance by the Board of Supervisors and shall terminate Thirty (30) Years from date of commencement.

LESSEE shall have the option to extend this Lease under the same terms and conditions for two (2) ten (10) year terms. Each option may be exercised by LESSEE giving COUNTY written notice of its intent to extend the Lease. The notice shall be in writing and shall be given to COUNTY one hundred twenty (120) days prior to the end of the initial or extended term. In the event LESSEE exercises such option, the terms, conditions, and covenants of the Lease shall apply to any and all extensions.

4. **BASE RENT**

Commencing on the date the Board of Supervisors signs the lease, LESSEE shall pay rent to COUNTY in the amount of One Thousand Three Hundred Twenty-Three Dollars and Twenty-Eight Cents (\$1,323.28) per year, which shall be due regularly thereafter on each anniversary of the Commencement

Date. Said rent is based upon Thirty-Five Cents (\$0.35) per square foot. Rent is an annual rent and shall be paid in advance without prior notice or demand.

The Base Rent will be increased on each anniversary of the commencement date during the term of the Lease.

For purposes of this Section:

A. "Base Year" means the full calendar year during which the term of this Lease commences.

B. "Price Index" means the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor, U.S. City Average, All Items and Major Group Figures for Urban Wage Earners and Clerical Workers (1982-84=100).

C. "Base Price Index" means the Price Index for the month (the "Base Month") nearest before the commencement date for which the Price Index is published.

The Base Rent payable will be increased as of each anniversary of the commencement date by a fraction whose numerator is the Price Index published for the then most recent anniversary month of the Base Month and whose denominator is the Base Price Index. The Base Rent will not be reduced below the amount first due.

#### **5. LATE FEE AND PENALTY**

All rent and/or fees not paid by date due shall be considered delinquent and a late charge of twenty percent (20%) of delinquency shall be assessed.

#### **6. HANGAR CONSTRUCTION**

LESSEE shall, at LESSEE'S sole cost and expense, construct or cause to be constructed on the premises an aircraft storage hangar two thousand five hundred (2,500) square feet (50' X 50'), in the manner and according to the terms and conditions specified in this Section. The duty to construct the hangar includes the duty for site preparation, including the removal, if necessary, of any buildings or other structures located on the premises, the installation or relocation of any utilities, and obtaining any and all necessary permits, including building permits.

LESSEE shall, at LESSEE'S own cost and expense, engage a licensed contractor, architect, or engineer to prepare plans and specifications for the hangar and shall submit for approval to Airports Manager within ninety (90) days from the effective date of this Lease three copies of

A. Drawings and materials in the form of preliminary plans and elevations sufficient to convey the architectural design of the hangar to COUNTY.

B. A statement of estimated construction costs for the hangar prepared by the engaged contractor, architect, or engineer.

The plans and specifications may be submitted to the Humboldt County Community Development Services Department, Building Division concurrent with Airports Manager's approval. After approval by Airports Manager of the documents described in Section 6 (A) of this Lease, any material change in the plans or specifications for the hangar shall be approved by Airports Manager. Airports Manager shall give written notice to LESSEE of any objections Airports Manager may have to any proposed changes within twenty (20) days after a written statement of the proposed changes has been given to Airports Manager by LESSEE. Minor changes in work or materials need not be approved by Airports Manager, but a copy of the altered plans and specifications reflecting those changes shall be given to Airports Manager. For the purposes of

this Section, "minor change" means one that does not materially change the exterior appearance, internal plan, location on the premises, or result in a change in the cost construction of more than Ten Thousand Dollars (\$10,000.00).

**7. CONTRACTOR**

All work required in the construction of the hangar, including any site preparation work and utility installation work, as well as actual construction work on the hangar or any other improvements, shall be performed under the direction and supervision of a competent contractor(s) or agent(s) licensed and in good standing under the laws of the State of California.

A. LESSEE shall record a Notice of Completion promptly within the time specified by law for the recording of that notice; and

B. LESSEE shall settle and discharge all liens of record claimed by persons who supplied either labor or materials for the construction of the hangar or any other improvements.

The hangar or any other improvements shall be constructed, all work on the premises shall be performed, and all buildings or other improvements on the premises shall be erected in accordance with all valid laws, ordinances, regulations, and orders of all federal, state, county, or local governmental agencies or entities having jurisdiction over the premises. Any structure or other improvement erected on the premises shall be deemed to have been constructed in full compliance with all such valid laws, ordinances, regulations, and orders when a valid final Certificate of Occupancy has been issued by proper governmental agencies or entities that entitle LESSEE and SUBLESSEES to occupy and use the structure or other improvements. All work performed on the premises pursuant to this Lease, or authorized by this Lease, shall be done in a good workmanlike manner and only with new materials of good quality and high standard.

**8. TIME FOR COMPLETION**

LESSEE shall cause construction of the hangar to be commenced no later than one hundred twenty (120) days after approval by COUNTY of the documents described in Section 6 of this Lease, shall cause construction of the hangar to thereafter be diligently pursued without unnecessary interruption, and shall cause the hangar to be completed and ready for occupancy not later than one hundred eighty (180) days after commencement of its construction. LESSEE shall be excused for any delays in construction or commencement of construction caused by the act of any public enemy, acts of God, the elements, war, war defense conditions, litigation, strikes, walkouts, or other causes beyond LESSEE'S control. LESSEE shall, however, use reasonable diligence to avoid any such delay and resume construction as promptly as possible after the delay.

**9. MECHANICS' LIENS**

A. At all times during the term of this Lease, LESSEE shall keep the premises and all improvements now or hereafter located on the premises free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the premises.

B. Should LESSEE fail to pay and discharge or cause the premises to be released from any such lien or claim of lien within twenty (20) days after service on LESSEE of written request from COUNTY to do so, COUNTY may pay, adjust, compromise, and discharge any such lien or claim of lien on any terms and in any manner COUNTY may deem appropriate unless LESSEE is in good faith contesting, opposing, or objecting to such lien or claim of lien in compliance with Subsection (C) below. In the event LESSEE fails to pay and discharge or cause the premises to be released from any such lien or claim of lien, LESSEE shall, on or before the first day of the next calendar month following any such payment by COUNTY, reimburse COUNTY for the full amount paid by COUNTY in paying, adjusting, compromising, and discharging that lien or claim of lien, including any attorneys' fees or other costs expended by COUNTY, and late fees and

penalty charges, as appropriate, as shown in COUNTY'S then current Schedule of Fees, together with interest at the then maximum legal rate from the date of payment by COUNTY to the date of repayment by LESSEE.

C. LESSEE shall have the right to contest, oppose, or object in good faith to the amount or the validity of any liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the premises, provided that written notice of the contest, opposition, or objection must be given to COUNTY at least five (5) days prior to LESSEE making or filing the contest, opposition, or objection. LESSEE shall be responsible for and shall pay all costs and expenses in any contest or legal proceeding instituted by LESSEE. In no event shall COUNTY be subjected to any liability for costs or expenses connected to any contest, and LESSEE agrees to indemnify and hold COUNTY harmless from any such costs and expenses. Furthermore, no such contest, opposition, or objection shall be continued or maintained unless LESSEE has provided to COUNTY such further written assurances as COUNTY may require within ten (10) days of COUNTY'S written request.

#### **10. ZONING AND USE PERMITS**

Should LESSEE deem it necessary or appropriate to obtain any building permit, use permit, variance, rezoning, or administrative permit of the premises in order to construct or operate the hangar, COUNTY agrees to execute any documents, petitions, applications, and authorizations that may be necessary or appropriate; provided, however, that any such permits, variances, or rezoning shall be obtained at the sole cost and expense of LESSEE and LESSEE agrees to protect and save COUNTY and the property of COUNTY, including the premises, free and harmless from any such cost and expense. LESSEE shall be required to file form 7460-1 with the Federal Aviation Administration prior to construction.

#### **11. NO MODIFICATION ONCE COMPLETED**

Once the hangar is completed, LESSEE shall not modify or change in any material manner the improvements or hangar without the prior written consent of Airports Manager, or without securing all appropriate and required permits.

#### **12. OWNERSHIP OF IMPROVEMENTS**

Title to all improvements, including the hangar, to be constructed on the premises by LESSEE shall be owned by LESSEE until expiration of the initial thirty (30) year term and either of the two (2) ten (10) year options exercised by LESSEE or earlier termination of this Lease. All improvements, including the hangar, on the premises at the expiration of the term or earlier termination of this Lease shall, without compensation to LESSEE, then automatically and without any act of LESSEE or any third party become COUNTY'S property. LESSEE shall surrender the improvements to COUNTY at the expiration of the term or earlier termination of this Lease, free and clear of all liens and encumbrances, other than those, if any, permitted under this Lease or otherwise created or consented to by COUNTY. LESSEE agrees to execute, acknowledge, and deliver to COUNTY any instrument requested by COUNTY as necessary in COUNTY'S opinion to perfect COUNTY'S right, title, and interest to the improvements and the premises.

LESSEE shall have the right to remove such personal property, machinery, and equipment as may be removed without threat to the structural integrity of any building or improvement. If damage results from the removal of any such items, LESSEE shall repair such damage at its sole expense.

#### **13. PERFORMANCE BOND**

LESSEE shall, prior to construction, provide a performance bond in the amount of Two Hundred Thousand Dollars (\$200,000.00). The use of a cash deposit, pledged savings account, or time certificate will be acceptable in lieu of a performance bond. For the purpose of this Lease, this is construed to mean a negotiable instrument issued by a National or State insurance company or bank doing business within the



State of California in a form acceptable to COUNTY. Cancellation of the performance bond, cash deposit, pledged savings account, or time certificate for whatever reason shall forthwith terminate this Lease.

Once LESSEE has obtained a certificate of occupancy and provided all contractor lien releases to COUNTY, COUNTY shall release performance bond to LESSEE within thirty (30) days of a written request by LESSEE.

**14. HANGAR MAINTENANCE**

At all times during the term of this Lease, LESSEE shall, at LESSEE'S own cost and expense, keep and maintain the premises, all improvements, and all appurtenances now or hereafter on the premises, in good order and repair, and in a safe and clean condition.

The COUNTY and its authorized officers, agents, employees, volunteers, contractors, subcontractors, and other representatives shall have the right to inspect the premises for any purpose, including, but not limited to the following purposes:

A. Upon twenty-four (24) hours notice, to inspect the premises at reasonable intervals during regular business hours (or at any time in case of emergency) to determine whether LESSEE has complied with or is complying with the terms and conditions of this Lease; and

B. Upon twenty-four (24) hours notice, to make repairs, additions, or alterations as may be necessary or convenient for the conduct, safety, improvement, or preservation of the Airport; and

C. For emergency purposes; and

D. In the exercise of COUNTY'S police power; and

E. To inspect the premises, on an annual basis, to determine whether the premises comply with the Uniform Fire Code.

No entry by or on behalf of COUNTY within or upon the premises shall cause or constitute a termination of this Lease, or be deemed to constitute an interference with LESSEE'S possession thereof.

COUNTY, in writing, shall request LESSEE to perform any maintenance or repairs to premises necessary or convenient for the conduct, safety, improvement, or preservation of the Airport and premises. LESSEE shall have sixty (60) days to complete such maintenance or repairs after receiving notice from COUNTY. If LESSEE does not complete such maintenance or repairs within sixty (60) days, COUNTY may terminate this Lease.

**15. ENCUMBRANCE OF LEASEHOLD ESTATE**

During the term of this Lease, LESSEE, shall not encumber to any institutional lender regulated by state or federal authority, by deed of trust or mortgage or other security instrument, all or any of LESSEE'S interest under this Lease and the leasehold estate hereby created in LESSEE for any purpose or purposes.

**16. FIRST RIGHT OF REFUSAL**

If LESSEE wishes to sell its hangar it must give COUNTY the right to purchase the hangar with the following procedures:

A. LESSEE shall give COUNTY a sixty (60) day notification of the selling price.

B. Should COUNTY accept the amount, COUNTY has an additional sixty (60) days to close the transaction.

C. If COUNTY declines to purchase the hangar:

LESSEE is free to sell its hangar to a third party within twelve (12) months provided the selling price is not less than eighty-five percent (85%) of the amount offered to COUNTY. If the selling price is less than eighty-five percent (85%) of the amount offered to COUNTY then LESSEE must give that price to COUNTY and COUNTY must accept or reject the new amount on the same sixty (60) day terms in Subsections A and B above.

Prior to sale of hangar to a third party, the third party must apply for a new Lease, and provide the necessary documents to enter into a Lease with COUNTY. New Lease will be equivalent to this Lease and such consent shall not be unreasonably withheld.

#### **17. SUBLEASE OF HANGAR**

LESSEE shall not sublease the hangar without the prior written approval of COUNTY. Should LESSEE sublease the hangar, SUBLESSEE shall be required by LESSEE to enter into a written agreement with LESSEE. The agreement between LESSEE and SUBLESSEE shall have no effect until it is reviewed and approved by COUNTY. Such consent shall not be unreasonably withheld. The written agreement between LESSEE and SUBLESSEE shall include the following:

A. SUBLESSEE shall acknowledge that no employee/employer relationship exists between LESSEE and SUBLESSEE and that no workers' compensation, unemployment benefits, or other personnel benefits are required by or available to SUBLESSEE through LESSEE or COUNTY.

B. SUBLESSEE shall indemnify and hold harmless and, at its own risk, cost, and expense defend LESSEE and COUNTY, its Board of Supervisors, officers, agents, and employees from and against any and all liability expense, including defense costs, legal fees, and claims for damage arising from SUBLESSEE'S negligence, intentional acts, or breaches of this Lease. Indemnification with respect to defense costs shall be made at the time LESSEE and/or COUNTY incur such costs.

C. SUBLESSEE shall abide by the terms and conditions of LESSEE'S Lease.

D. SUBLESSEE shall waive any and all claims against LESSEE and COUNTY for any loss of profits or increased expenses due to COUNTY'S making repairs or improvements on or about the Airport.

E. SUBLESSEE, at its own expense, and for the life of this Lease, agrees to obtain and maintain policies of insurance as indicated in Section 32, Insurance.

#### **18. ASSIGNMENT**

This Lease shall not be assigned by either party.

#### **19. OPERATIONAL OBLIGATIONS**

LESSEE must conform to all applicable federal/state/county/municipal building, safety, health, fire, sanitary codes, ordinances, and Airport rules and regulations that are in effect or that may be hereafter adopted pertaining to LESSEE'S activities on Airport. To the extent necessary to protect the rights and interests of COUNTY or to ascertain compliance with the standards and rules and regulations, the Director of Public Works or his authorized representative shall have the right to inspect, during reasonable hours, all premises and facilities on the Airport.

LESSEE shall place a placard in said hangar for the control of contaminating spills. The placard shall have the following instructions:

Immediately contain all oil and fuel spills within the hangar.  
Thoroughly clean-up spill with an absorbent cloth or absorbent dry chemical and dispose of the contaminated cloth or chemical at an approved disposal site.  
DO NOT wash oil or fuel contaminants to the outside of building.

LESSEE shall provide a fire proof cabinet for the storage of any volatile materials as determined by the County Fire Marshal.

**20. EMERGENCY CONTACTS**

LESSEE shall provide to Airports Manager, and keep current, a list of telephone numbers and street addresses for emergency use.

**21. UTILITIES**

LESSEE is responsible for payment of, and shall have all utilities in LESSEE'S name.

**22. NO SMOKING ORDINANCE**

Pursuant to Humboldt County Code Section 971-1 et seq., COUNTY owned or leased premises are smoke free. LESSEE shall comply with said provision.

**23. SIGNS**

LICENSEE shall not install any signs without prior approval of the Director of Public Works or his authorized representative.

**24. IMPROVEMENTS AND ALTERATIONS**

LESSEE may make non-structural alterations or improvements to the premises to accommodate LESSEE'S use of the premises. However, LESSEE shall not make any alterations or improvements to the leased premises without the prior written consent of COUNTY. Such consent shall not be unreasonably withheld.

**25. POSSESSORY INTEREST**

This Lease may create a possessory interest, as described in Section 107 et seq of the Revenue and Taxation Code of the State of California, in tax exempt property. If such an interest is created, it may be subject to property taxation and the party in whom the possessory interest is vested may be subject to the payment of taxes on such interest.

**26. NUCLEAR FREE CLAUSE**

LESSEE certifies by its signature below that LESSEE is not a nuclear weapons contractor, in that LESSEE is not knowingly or intentionally engaged in the research, development, production, or testing of nuclear warheads, nuclear weapons systems, or nuclear weapons components as defined by the Nuclear Free Humboldt County Ordinance. LESSEE agrees to notify COUNTY immediately if it becomes a nuclear weapons contractor, as defined above. COUNTY may immediately terminate this Lease if it determines that the foregoing certification is false or if LESSEE becomes a nuclear weapons contractor.

**27. DRUG-FREE WORKPLACE**

LESSEE is aware that COUNTY adheres to and certifies that LESSEE will provide a drug-free workplace. LESSEE shall notify COUNTY immediately of any unlawful manufacturing, distribution, dispensing, transporting, storing, possession, or use of a controlled substance on Airport property.

**28. FIRE HAZARD**

COUNTY reserves the right to restrict LESSEE from conducting any activity or storing inflammable materials or substances, which would increase COUNTY'S insurance rate or cause an insurance agreement of COUNTY'S to be cancelled. LESSEE shall keep the areas leased or used clear of oil and trash that may be deemed a fire hazard.

**29. DESTRUCTION OF PREMISES**

If at any time during the Initial Term of this Lease, any improvements now or hereafter on the premises are destroyed in whole or in part by fire, theft, the elements, or any other cause not the fault of COUNTY, this Lease shall continue in full force and effect and LESSEE, at LESSEE'S own cost and expense, shall repair and restore the damaged improvement(s). Any restoration by LESSEE shall comply with original plans for the improvements described in Section 6 except as may be modified by LESSEE to comply with the terms of any sublease of the improvements, or except as may be otherwise modified by LESSEE and approved in writing by COUNTY. The work of repair and restoration shall be commenced by LESSEE within thirty (30) days after the damage or destruction occurs and shall be completed with due diligence not later than one hundred eighty (180) days after the work is commenced. In all other respects, the work of repair and restoration shall be done in accordance with the requirements for original construction work on the premises set forth in Section 6 of this Lease. LESSEE'S obligation for restoration described in this Section shall exist whether or not funds are available from insurance proceeds.

**30. OPTION TO TERMINATE LEASE FOR DESTRUCTION**

Notwithstanding Section 29 of this Lease, LESSEE shall have the right to terminate this Lease if, during the last five (5) years of the Initial Term of this Lease, the improvements are damaged or destroyed by a casualty for which LESSEE is not required under this Lease to carry insurance and the cost to repair or restore the damaged or destroyed improvements exceeds fifty percent (50%) of the fair market value of the improvements immediately prior to the damage or destruction.

**31. HOLD HARMLESS/INDEMNIFICATION**

A. LESSEE shall indemnify, defend and hold harmless COUNTY and its officers, officials, employees, and volunteers, from any and all claims, demands, losses, damages, and liabilities of any kind or nature, including attorney's fees, which are caused by any negligent or willful acts of misconduct or omissions (either directly or through or by its officers, agents or employees) in connection with LESSEE'S duties and obligations under this Lease and any amendments hereto, except such loss or damage which was caused by the sole negligence or willful misconduct of COUNTY.

B. COUNTY shall indemnify, defend and hold harmless LESSEE and its officers, officials, employees, and volunteers, from any and all claims, demands, losses, damages, and liabilities of any kind or nature, including attorney's fees, which are caused by any negligent or willful acts of misconduct or omissions (either directly or through or by its officers, agents or employees) in connection with COUNTY'S duties and obligations under this Lease and any amendments hereto, except such loss or damage which was caused by the sole negligence or willful misconduct of LESSEE.

C. Acceptance of insurance, if required by this Lease, does not relieve LESSEE from liability under this indemnification clause. This indemnification clause shall apply to all damages or claims for damages suffered by LESSEE'S operations regardless if any insurance is applicable or not.

## 32. INSURANCE

### A. LESSEE'S INSURANCE

THIS LEASE SHALL NOT BE EXECUTED BY COUNTY and LESSEE is not entitled to any rights, unless certificates of insurances, or other sufficient proof that the following provisions have been complied with, and such certificate(s) are filed with the Clerk of the Humboldt County Board of Supervisors.

Without limiting LESSEE'S indemnification obligations provided for herein, LESSEE shall and shall require any of its subcontractors to take out and maintain, throughout the period of this Lease and any extended term thereof, the following policies of insurance placed with insurers authorized to do business in California and with a current A.M. Bests rating of no less than A:VII or its equivalent against injury/death to persons or damage to property which may arise from or in connection with the activities hereunder of LESSEE, its agents, officers, directors, employees, licensees, invitees, assignees or subcontractors:

#### 1. Comprehensive or Commercial General Liability Insurance:

Comprehensive or General Liability Insurance at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001), in an amount of \$2,000,000 for any one incident, including personal injury, death and property damage. If a general aggregate limit is used, either the general aggregate limit shall apply separately to this project or the general aggregate shall be twice the required occurrence limit.

#### 2. Workers Compensation Insurance Compensation Coverage:

If required by California Law, and in accordance with the statutory limits set forth therein, said policy shall contain or be endorsed to contain a waiver of subrogation against COUNTY, its officers, agents, and employees and provide for thirty (30) days prior written notice in the event of cancellation.

#### 3. Automobile Liability Insurance:

With coverage at least as broad as Insurance Services Office Form CA 0001 06092, Code 1 (any auto), for vehicles used in the performance of this Lease with minimum coverage of not less than \$2,000,000 per accident combined single limit (CSL). Such policy shall contain or be endorsed with the provision that coverage shall not be cancelled or materially reduced in coverage without thirty (30) days prior written notice, ten (10) days for non-payment of premium, to COUNTY by certified mail.

#### 4. Aircraft Liability Insurance:

With minimum coverage of not less than \$3,000,000. County to be named as an additional insured, but only as respects operations of LESSEE as their interests may appear.

#### 5. Aircraft Hull Insurance:

Insuring the value of the aircraft.

### B. SPECIAL INSURANCE REQUIREMENTS

Said policies shall unless otherwise specified herein be endorsed with the following provisions:

1. The Comprehensive General Liability Policy shall provide that COUNTY, its officers, officials, employees, and volunteers are endorsed as additional insured for liability arising out of the operations performed by or on behalf of LESSEE. The coverage shall contain no special limitations on the

scope of protection afforded to COUNTY, its officers, officials, employees, and volunteers. Said policy shall also contain a provision stating that such coverage:

- a. Includes contractual liability
- b. Does not contain exclusions as to loss or damage to property caused by explosion or resulting from collapse of buildings or structures or damage to property underground, commonly referred to "XCU Hazards".
- c. Is primary insurance as regards to County of Humboldt.
- d. Does not contain a pro-rata, excess only, and /or escape clause.
- e. Contains a cross liability, severability of interest or separation of insureds clause.
- f. Shall not be canceled, non-renewed or materially reduced in coverage without thirty (30) days prior written notice being provided to COUNTY and in accordance with the Notice provisions set forth under Section 36. It is further understood that LESSEE shall not terminate such coverage until it provides COUNTY with proof satisfactory to COUNTY that equal or better insurance has been secured and is in place.
- g. Is primary coverage to COUNTY, and insurance or self-insurance programs maintained by COUNTY are excess to LESSEE'S insurance and will not be called upon to contribute with it.

2. LESSEE shall furnish COUNTY with certificates and original endorsements affecting the required coverage prior to execution of this Lease by COUNTY. The endorsements shall be on forms as approved by COUNTY'S Risk Manager or County Counsel. Any deductible or self-insured retention over \$100,000 shall be disclosed to and approved of by COUNTY. If LESSEE does not keep all required policies in full force and effect, COUNTY may, in addition to other remedies under this Lease, take out the necessary insurance, and LESSEE agrees to pay the cost of said insurance.

3. COUNTY is to be notified immediately if twenty-five (25%) or more of any required insurance aggregate limit is encumbered and LESSEE shall be required to purchase additional coverage to meet the aggregate limits set forth above.

4. The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the insurer's liability.

5. Any failure to comply with reporting or other provisions of the Parties, including breach of warranties, shall not affect coverage provided to LESSEE, COUNTY, their officers, officials, employees, and volunteers.

**33. LESSEE'S DEFAULT**

LESSEE shall be in default of this Lease if it fails or refuses to perform any material provision of this Lease that it is obligated to perform if the failure to perform is not cured within ten (10) days after written notice of the default has been given by COUNTY to LESSEE. If the default cannot reasonably be cured within ten (10) days, LESSEE shall not be in default of this Lease if LESSEE commences to cure the default within the ten (10) day period and diligently and in good faith continues to cure the default.

**34. COUNTY'S REMEDIES ON LESSEE'S DEFAULT**

COUNTY, at any time after LESSEE is in default, can terminate this Lease or can cure the default at LESSEE'S cost. If COUNTY at any time, by reason of LESSEE'S default, pays any sum or does any act that requires the payment of any sum, the sum paid by COUNTY shall be due from LESSEE to COUNTY within ten

(10) days of notice of such sum, and if paid at a later date shall bear interest at the maximum rate COUNTY is permitted by law to charge from the date the sum is paid by COUNTY until COUNTY is reimbursed by LESSEE. The remedies set forth in this Section are in addition to and do not in any manner limit other remedies set forth in particular sections of this Lease.

**35. ACTS OF GOD, WAR/TERRORISM AND OTHER CASUALTIES**

COUNTY shall not be responsible for monetary losses or damage to personal property, equipment, or materials of LESSEE caused by Acts of God, fire, epidemics, labor strikes, or public enemy including but not limited to acts of war and/or terrorism. LESSEE hereby waives any claims for damages against COUNTY resulting from said acts.

**36. NOTICE**

Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by certified mail, return receipt requested, to the respective addresses set forth below. Notice shall be effective upon actual receipt or refusal as shown on the receipt obtained pursuant to the foregoing.

LESSEE: Cal Ore Life Flight  
Attention: Dan Brattain, President  
PO Box 1686  
Brookings, OR 97415

COUNTY: County of Humboldt  
Public Works - Aviation Division  
Real Property Division  
1106 Second Street  
Eureka, CA 95501

All insurance notifications shall also be addressed to:

County of Humboldt  
Attn: Risk Management  
825 5<sup>th</sup> Street, Room 131  
Eureka, CA 95501

Each party may at any time change its address for notice by giving written notice of such change to the other party in the manner provided in this Section.

**37. NON-DISCRIMINATION AND COMPLIANCE WITH LAWS**

**A. NON-DISCRIMINATION AND AFFIRMATIVE ACTION PROVISIONS –  
FAA RULES**

LESSEE assures that it will undertake an affirmative action program as required by federal and state regulations, to ensure that no person shall, on the grounds of race, creed, color, national origin, or sex, be excluded from participating in any employment activities. LESSEE assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered under this subpart. LESSEE assures that it will require that its covered sub-organizations provide assurance to COUNTY that they similarly will require assurances from their sub-organizations, as required by federal and state regulations, to the same effect.

B. COMPLIANCE WITH FAA, STATE, AND COUNTY REGULATIONS

LESSEE agrees to abide by all FAA rules and regulations pertaining to the operation of the Airport, said rules being more particularly set forth in the FAA Lease and Use Agreement Provisions, which are attached hereto and incorporated herein as Exhibit C. Failure to comply with said rules and regulations shall be grounds for the termination of this Lease.

LESSEE and its officers, agents, and employees shall carry on their activities and operations at the Airport in compliance with Federal Laws and Federal Aviation Administration regulations, State statutes, and the rules and regulations governing the use of the Airport and all other applicable COUNTY ordinances and regulations.

C. DESIGNATION

LESSEE shall designate in writing to COUNTY the name and title of the officer or member responsible for compliance with paragraphs (37)(A) and (37)(B).

D. TERMINATION

COUNTY shall have the right to terminate this Lease upon seven (7) days written notice if any of the above mentioned applicable laws, standards, or criteria are not complied with.

38. AIRPORT MAINTENANCE AND IMPROVEMENTS

COUNTY reserves the right, but shall not be obligated to LESSEE, to maintain, repair, or improve runways, taxiways, parking area, or any other part of said Airport. COUNTY also reserves the right to enter COUNTY property and to grant easements over and under the property covered by this Lease, together with the right to direct and control all activities of LESSEE related to the maintenance, repair, and improvements covered by this Section.

LESSEE waives any and all claims against COUNTY for any loss of profit or increased costs due to COUNTY'S maintenance, repair, or improvements on or about said Airport.

39. NON-EXCLUSIVE RIGHTS

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of 49 U.S. Code Sections 40103(e) and 47107(a)(4).

40. LESSEE NOT OFFICER, EMPLOYEE, OR AGENT OF COUNTY

While engaged in carrying out and complying with the terms and conditions of this Lease, LESSEE is an independent contractor and not an officer, employee, or agent of COUNTY.

41. ATTORNEYS' FEES

If either party shall commence any legal action or proceeding, including an action for declaratory relief, against the other by reason of the alleged failure of the other to perform or keep any provision of this Lease to be performed or kept, the party prevailing in said action or proceeding shall be entitled to recover court costs and reasonable attorneys' fees (including reasonable value of services rendered by County Counsel) to be fixed by the court, and such recovery shall include court costs and attorneys' fees (including reasonable value of services rendered by County Counsel) on appeal, if any. As used herein, "the party prevailing" means the party who dismisses an action or proceeding in exchange for payment of substantially all sums allegedly due, performance of provisions allegedly breached, or other considerations substantially equal to the relief sought by said party, as well as the party in whose favor final judgment is rendered.



42. **WAIVER OF BREACH**

The waiver by COUNTY of any breach of any provisions of this Lease shall not constitute a continuing waiver of any subsequent breach of the same or a different provision of this Lease.

43. **BREACH, REMEDY FOR**

In the event of breach of this Lease by LESSEE, COUNTY shall have all rights and remedies provided by law, including those set forth in California Civil Code Section 1951.2.

44. **BINDING EFFECT**

All provisions of this Lease shall be fully binding upon, and inure to the benefit of, the parties and to each of their heirs, executors, successors, and assigns.

45. **TERMINATION**

Except as provided elsewhere herein, COUNTY reserves the right to terminate this Lease on seven (7) days notice for any cause or reason provided by the Lease itself, or by law, or upon the happening of one or more of the following:

- A. Filing a petition of voluntary or involuntary bankruptcy with respect to the LESSEE.
- B. The making by LESSEE of any general assignment for the benefit of creditors.
- C. The abandonment or discontinuance of any operation or activity which LESSEE has agreed to provide under the terms of the Lease. If this condition exists for a period of ten (10) days without prior written consent of the COUNTY, it will constitute an abandonment of the land or facilities and of this Lease.
- D. The failure of LESSEE to pay promptly when due all rents, charges, fees, or other payments in accordance with this Lease.
- E. The failure of LESSEE to remedy any default, breach, or violation of COUNTY'S Airport rules and regulations by it or its employees.
- F. Violation of any of the provisions of this Lease or failure to maintain current licenses required for its operation.
- G. Intentionally supplying COUNTY with false or misleading information or misrepresenting any material fact on its application or documents, or in its statement to or before COUNTY, or intentional failure to make full disclosure on its financial statement or other documents.

46. **LEASE MODIFICATION**

This Lease may be modified only by subsequent written agreement signed by COUNTY and LESSEE.

47. **JURISDICTION AND APPLICABLE LAWS**

This Lease shall be construed under the laws of the State of California. Any dispute arising hereunder or relating to this Lease shall be litigated in the courts of the State of California and venue shall lie in the County of Humboldt unless transferred by court order pursuant to Code of Civil Procedure §§394 and 395.

48. SURRENDER OF PREMISES

At the termination of this Lease, LESSEE shall surrender the hangar and premises to COUNTY in good condition and repair, except for normal wear and tear.

49. INTERPRETATIONS

As this Lease was jointly prepared by both parties, the language in all parts of this Lease shall be construed, in all cases, according to its fair meaning, and not for or against either party hereto.

IN WITNESS WHEREOF, this Lease has been executed by the parties hereto upon the date first written above.

(SEAL)  
ATTEST:  
CLERK OF THE BOARD

BY *Nikki Durmer*

LESSEE:  
WESTLOG INC.,  
dba CAL ORE LIFE FLIGHT  
AN OREGON CORPORATION

BY *Pat Brun*  
TITLE *President*

APPROVED AS TO FORM:  
COUNTY COUNSEL

BY *Joyce Myster*  
DEPUTY

BY *JQ*  
TITLE *Secy/Treas*

INSURANCE CERTIFICATES  
REVIEWED AND APPROVED:

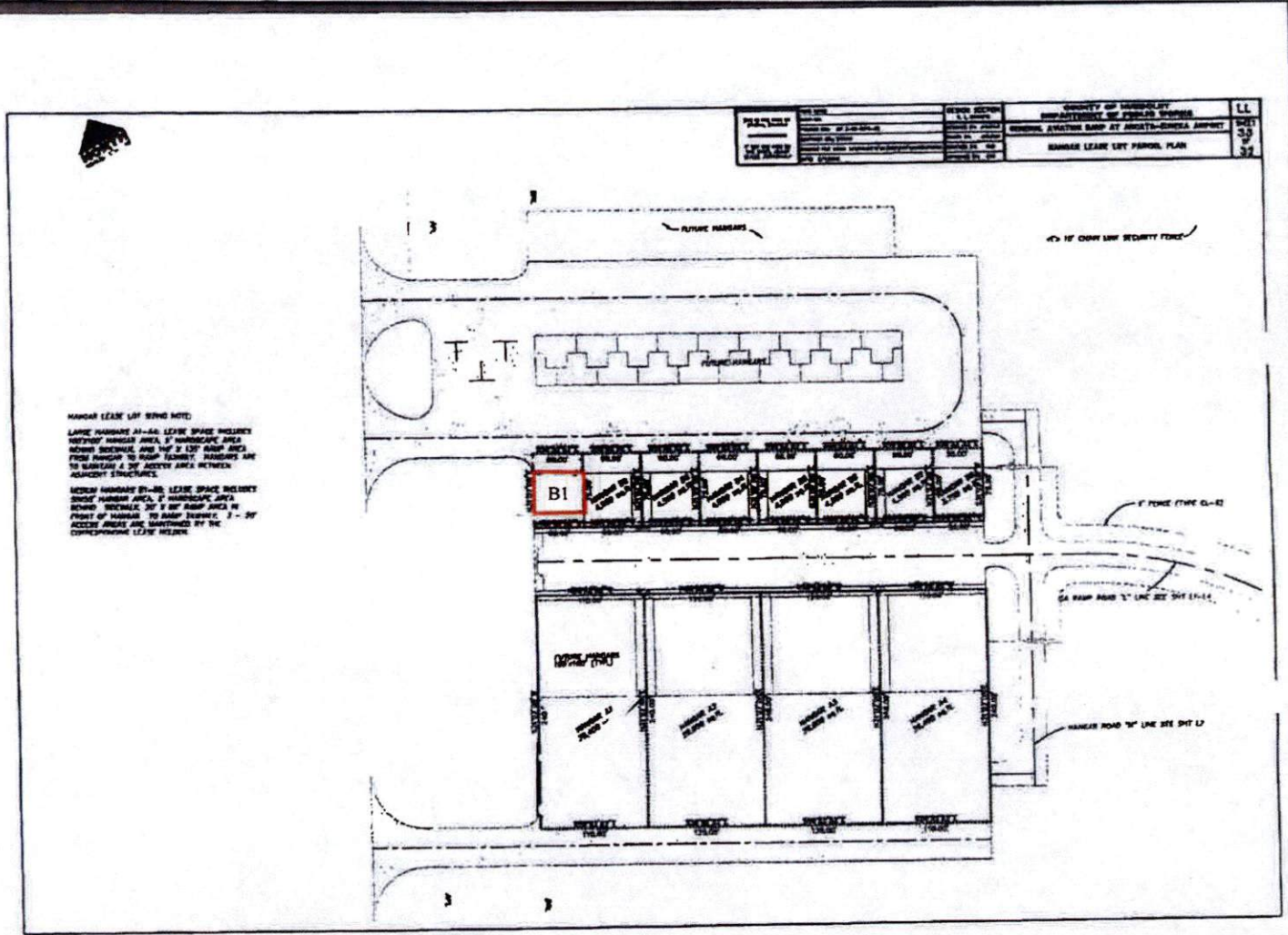
BY *Alexa Smith*  
RISK MANAGER

COUNTY OF HUMBOLDT

BY *Mark ...*  
CHAIRPERSON,  
BOARD OF SUPERVISORS  
COUNTY OF HUMBOLDT  
STATE OF CALIFORNIA



**WESTLOG INC., dba CAL ORE LIFE FLIGHT – HANGAR LEASE – EUREKA/ARCATA AIRPORT**



**WESTLOG INC., dba CAL ORE LIFE FLIGHT – HANGAR LEASE – EUREKA/ARCATA AIRPORT**

**— SITE B1 – SUBJECT HANGAR SITE**

## AIRCRAFT INFORMATION

### AIRCRAFT REGISTRATION

N NUMBER N \_\_\_\_\_

MODEL \_\_\_\_\_

TYPE (Check all that apply) JET \_\_\_\_\_ PROP \_\_\_\_\_ PISTON \_\_\_\_\_  
SINGLE ENGINE \_\_\_\_\_ MULTI ENGINE \_\_\_\_\_

MAX TAKE OFF WEIGHT (Pounds) \_\_\_\_\_

MAX LANDING GEAR (Pounds) \_\_\_\_\_

TYPE OF LANDING GEAR \_\_\_\_\_

- ❖ **MUST ATTACH COPY OF VALID/CURRENT FAA AIRCRAFT REGISTRATION**
- ❖ **MUST ATTACH COPY OF VALID/CURRENT CERTIFICATE OF INSURANCE FOR AIRCRAFT**
- ❖ **MUST HAVE ONE FORM FOR EACH AIRCRAFT STORED IN HANGAR  
*MAKE ADDITIONAL COPIES AS NEEDED***

**EXHIBIT B**

FAA LEASE AND USE AGREEMENT PROVISIONS

Definitions (For information purposes only)

Aeronautical Activities: Any activity that involves, makes possible, or is required for the operation of aircraft, or which contributes to or is required for the safety of such operations. Activities within this definition, commonly conducted at airports, include but are not limited to air taxi and charter operations, scheduled and nonscheduled air carrier services, pilot training, aircraft rental and sightseeing, aerial photography, crop dusting, aerial advertising and surveying, aircraft sales and services, aircraft storage, sale of aviation petroleum products, repair and maintenance of aircraft, sale of aircraft parts, parachute, glider, balloon or ultralight activities and any other activities which, because of their direct relationship to the operation of aircraft, can appropriately be regarded as aeronautical activities.

Nonaeronautical activities: These include but are not limited to ground transportation (taxis, car rentals, limousines), restaurants, barber shops, auto parking lots, non-aviation businesses, recreational facilities and any other commodities, services, or accommodations made available to the general public that are of a nonaeronautical nature.

Assurance: A provision contained in a federal grant agreement with which the recipient of federal airport development assistance has voluntarily agreed to comply in consideration of the assistance provided.

Exclusive Right: A power, privilege, or other right excluding or debarring another from enjoying or exercising a like power, privilege, or right. An exclusive right can be conferred by express agreement, by the imposition of unreasonable standards or requirements, or by any other means. Such a right conferred on one or more parties, but excluding others from enjoying or exercising a similar right or rights, would be an exclusive right.

Federal Obligation: Used in the context of a federal grant program, federal airport development assistance, land transfers, or other federal aid. It refers to an airport sponsor's legal duty and responsibility to comply with the terms of conveyance instruments and grant agreements.

Minimum Standards: The qualifications or criteria which may be established by an airport owner as the minimum requirements that must be met by businesses engaged in on-airport aeronautical activities for the right to conduct those activities.

Revenue Diversion: The use of airport revenue for purposes other than the capital or operating cost of the airport, the local airport system, or other local facilities owned or operated by the airport owner or operator and directly and substantially related to the air transportation of passengers or property.

Self-Sustaining: The requirement to maintain a schedule of charges for use of the airport which will make the airport as self-sustaining as possible under the circumstances existing at the airport.

- a) For aeronautical users, reasonable rates and charges that reflect the sponsor's cost of providing aeronautical services and facilities are satisfactory.
- b) For nonaeronautical users, rates and charges must be based on the fair market value of the services and facilities provided.

PROVISIONS:

1. The (grantee, licensee, lessee, permittee, etc., as appropriate) for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does

hereby covenant and agree (in the case of deeds and leases add "as a covenant running with the land") that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this (deed, license, lease, permit, etc.) for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, the (grantee, licensee, lessee, permittee, etc.) shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

The (grantee, licensee, lessee, permittee, etc., as appropriate) for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (in the case of deeds and leases add "as a covenant running with the land") that: (1) no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the (grantee, licensee, lessee, permittee, etc.) shall use the premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

The (contractor, tenant, concessionaire, lessee) assures that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This Provision obligates the (tenant, concessionaire, lessee) or its transferee for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the Provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property. In the case of contractors, this Provision binds the contractors from the bid solicitation period through the completion of the contract.

2. The airport owner/sponsor reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires or views of the (lessee, licensee, permittee, etc.) and without interference or hindrance.

3. The airport owner/sponsor reserves the right, but shall not be obligated to the (lessee, licensee, permittee), to maintain and keep in repair the landing area of the airport and all publicly owned facilities of the airport, together with the right to direct and control all activities of the (lessee, licensee, permittee, etc.) in this regard.

4. This (lease, license, permit, etc.) shall be subordinate to the provisions and requirements of any existing or future agreement between the airport owner/sponsor and the United States, relative to the development, operation, or maintenance of the airport. Failure of the (lessee, licensee, permittee) or any occupant to comply with the requirements of any existing or future agreement between the lessor and the United States, which failure shall continue after reasonable notice to make appropriate corrections, shall be cause for immediate termination of (lessee's, licensee, permittee's) rights hereunder.

5. There is reserved to the airport owner/sponsor, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the (leased, licensed, permitted) premises. This public right of flight shall include the right to

cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through said airspace or landing at, taking off from, or operating on the airport premises.

6. The (lessee, licensee, permittee) agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the (leased, licensed, permitted) premises or in the event of any planned modification or alteration of any present or future building or structure situated on the (leased, licensed, permitted) premises. . This requires the submission of FAA Form 7460-1, *Notice of Construction or Alteration* to the FAA.

7. The (lessee, licensee, permittee) by accepting this (lease, license, permit) agreement expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or building nor permit object of natural growth or other obstruction on the land leased hereunder above a height as determined by the application of the requirements of Title 14 CFR Part 77. In the event the aforesaid covenants are breached, the owner reserves the right to enter upon the land hereunder and to remove the offending structure or object or cut the offending natural growth, all of which shall be at the expense of the (lessee, licensee, permittee).

8. The (lessee, licensee, permittee) by accepting this (lease, license, permit) agrees for itself, its successors and assigns that it will not make use of the (leased, licensed, permitted) premises in any manner which might interfere with the landing and taking off of aircraft or otherwise constitute a hazard. In the event the aforesaid covenant is breached, the owner reserves the right to enter upon the premises hereby (leased, licensed, permitted) and cause the abatement of such interference at the expense of the (lessee, licensee, permittee).

9. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of U.S. Code 40103 (e) and 47107(a)(4).

10. This (lease, license, permit) and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of said airport or the exclusive or nonexclusive use of the airport by the United States during the time of war or national emergency.

11. The (lessee, licensee, permittee) will furnish services on a reasonable and not unjustly discriminatory basis to all users, and charge reasonable and not unjustly discriminatory prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

12. The (lessee, licensee, permittee) will conform to airport and Federal Aviation Administration safety and security rules and regulations regarding use of the airport operations area including runways, taxiways, aircraft aprons by vehicles, employees, customers, visitors, etc. in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; will complete and pass airfield safe driving instruction program when offered or required by the airport; and will be subject to penalties as prescribed by the airport for violations of the airport safety and security requirements.

Revised: January 2004 (AWP-620.1)



**ATTACHMENT 2**

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Sublease Agreement

SUBLEASE AGREEMENT

RECEIVED  
DANCO

MAY 30 2017

THIS SUBLEASE AGREEMENT (“Sublease”) is made and entered into as of the \_\_\_\_ day of May, 2017 (the “Effective Date”), by and between CAL-ORE LIFE FLIGHT, LLC, a limited liability company (“Sublandlord”), KD2 INVESTMENTS, LLC, a limited liability company (“Subtenant”), and COUNTY OF HUMBOLDT, a political subdivision of the State of California (“Landlord”).

Recitals of Fact

WHEREAS, Sublandlord, as successor-in-interest to Westlog, Inc., d/b/a Cal Ore Life Flight, a corporation, and County of Humboldt, a political subdivision of the State of California (“Landlord”) have entered into that certain Lease dated as of February 15, 2011 (the “Lease”), pursuant to which Landlord leased to Sublandlord certain real property located at the Arcata/Eureka Airport, McKinleyville, California, upon which Sublandlord constructed a hangar for the private storage of its aircraft (the “Hangar”) and certain other improvements, all as more particularly described in the Lease (collectively, the “Premises”).

WHEREAS, Sublandlord and Subtenant now desire to enter into this Sublease with respect to all of the Premises, subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the premises, and the terms and covenants of this Sublease, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

Agreements

1. Sublease.

(a) Subject to the terms and conditions of the Lease and this Sublease, Sublandlord hereby subleases and demises to Subtenant, and Subtenant hereby subleases and accepts from Sublandlord, all of the Premises, including without limitation all of Sublandlord’s rights with respect to the Hangar, all of which are subject to the requirements of the Lease.

(b) Subtenant shall use the Premises solely for uses permitted under the Lease, this Sublease, applicable zoning or land use statutes, ordinances, and regulations, and any matters recorded in applicable public records. Sublandlord makes no representation or warranty as to the suitability of the Premises for Subtenant’s intended purposes.

2. Term. Subject to and upon the conditions set forth herein, the term of this Sublease (the “Sublease Term”) shall commence on \_\_\_\_\_, 2017 and shall thereafter continue until the earlier to occur of (a) the expiration of the initial thirty (30) year term of the Lease and (b) Subtenant’s execution of a new, direct lease with Landlord provided that Landlord has released Sublandlord from its liabilities under the Lease in a manner reasonably acceptable to Sublandlord, including a return of any bond, letter of credit, or other security, if any, posted by Sublandlord. Sublandlord covenants and agrees to use commercially reasonable efforts to negotiate and enter into a new direct lease with Landlord and to obtain a release of Sublandlord’s current direct lease with Landlord. Notwithstanding anything in this Sublease or the Lease to the contrary, Subtenant

shall have no right to exercise any right of renewal or extension set forth in the Lease without Sublandlord and Landlord's prior written consent, which consent may be withheld in Sublandlord's sole discretion.

3. Rent. Commencing on the Effective Date and continuing through the expiration of this Sublease, Subtenant shall pay rent to Sublandlord in an amount equal to the Base Rent and all other charges owed by Sublandlord to Landlord under the Lease, as such charges may be adjusted from time to time pursuant to the terms and conditions of the Lease. Sublandlord shall give Subtenant prompt notice of any such adjustment. Such rent shall be paid on the first (1st) day of each month during the Sublease Term, without demand, deduction, or offset. Payments not received when due shall be subject to a late fee as set forth in the Lease and shall accrue interest in the amount set forth in the Lease. Rent for any partial month shall be prorated.

4. Additional Rent. In addition to the rent described above, Subtenant shall pay all utilities, taxes, insurance premiums, and all other charges, costs, and expenses required to be paid by Sublandlord under the Lease. All of such amounts shall be paid to the applicable party as set forth in the Lease. A default in Subtenant's payment of any such amounts shall constitute a payment default under this Sublease.

5. Relationship to Lease. Subtenant acknowledges that Sublandlord is now leasing the Premises pursuant to the Lease, which Lease, other than as expressly provided herein, is incorporated herein by reference as fully as if the terms and provisions of the Lease were set forth in full in this Sublease. This Sublease and all of Subtenant's rights hereunder are expressly subject to Landlord's approval of this Sublease, and subordinate to all of the terms and provisions of the Lease, as modified or amended from time to time. Subtenant hereby acknowledges that it has received a copy of the Lease and has read all of the terms and conditions thereof. Sublandlord warrants and represents that the Lease is in full force and effect. Subtenant acknowledges that any termination of the Lease will result in a termination of this Sublease. Subtenant further acknowledges that in the event that Landlord exercises the remedy of re-entry or repossession of the Premises, without terminating the Lease, this Sublease shall terminate. Sublandlord agrees not to amend the Lease in any manner which would adversely impact Subtenant without the prior written consent of Subtenant.

6. Compliance with Lease. Subtenant hereby assumes all obligations of Sublandlord, as tenant or lessee under the Lease, with respect to the Premises and agrees to be bound by the terms of the Lease as fully and to the same extent as if Subtenant were the original tenant or lessee of the Premises under the Lease. Without limiting the foregoing, Subtenant specifically agrees to assume any responsibility or liability previously borne by Sublandlord in its capacity as tenant under the Lease regarding Hangar maintenance, compliance with or violation of any environmental laws, rules or regulations, any federal, state or local aviation laws, rules or regulations, or any other federal, state or local laws, rules or regulations applicable to the Premises. Sublandlord covenants that it will pay all rent due under the Lease to the Landlord.

7. Performance of Landlord's Obligations under Lease. Subtenant hereby acknowledges that Subtenant shall look solely to Landlord for the performance of all the Landlord's obligations under the Lease to provide services to Subtenant or otherwise perform any obligations in connection with this Sublease. Sublandlord agrees that it shall, when necessary and when requested by Subtenant, endeavor to cause Landlord to perform its obligations under the Lease, but shall not be liable to Subtenant for



Landlord's failure to do so. Subtenant agrees to notify Sublandlord in writing if Landlord has failed to perform any of its obligations under the Lease relating to the Premises.

8. Quiet Enjoyment and Covenant of Title. Subject to Section 11 below, Sublandlord covenants that it has full right, power and authority to execute this Sublease and to grant the sublease given herein, and that Subtenant, upon payment of the rent and other charges herein reserved and performance of the terms, conditions, and covenants herein contained with respect to Subtenant, shall peacefully and quietly have, hold, and enjoy the Premises during the full Sublease Term, and any extension hereof, from the adverse claims by all persons, parties, or entities claiming through or as a result of Sublandlord.

9. Insurance. Sublandlord shall have no obligation to Subtenant to provide insurance or perform any repairs or replacements in the event of any damage to the Premises. With respect to the Premises, Subtenant shall maintain all insurance which Sublandlord is required to maintain under Section 32 of the Lease, and Sublandlord and Landlord shall be named as additional insureds on all insurance policies for which Landlord is required to be named as an additional insured under the Lease. Subtenant shall maintain hazard insurance upon the Hangar and other improvements insuring against loss by fire and all other hazards covered by extended coverage and special extended coverage endorsements (including but not limited to loss by windstorm, hail, flood, earthquake, tornado, explosion, riot, aircraft, smoke, vandalism, malicious mischief, and vehicle damage) as Sublandlord shall from time to time require, all such insurance to be issued in such form, and with such deductible provisions, as are acceptable to Sublandlord from time to time. Such hazard insurance shall, in any event, be in an amount at least equal to the full replacement value of the Hangar and improvements. Sublandlord shall be named as loss payee/mortgagee on such hazard insurance. All insurance certificates required under Article 6 of the Lease shall show Sublandlord and Landlord as additional insureds, shall be provided to Sublandlord in addition to Landlord, and shall otherwise comply with the Lease in all respects. Subtenant shall provide Sublandlord with a certificate evidencing such coverage, and such certificate and insurance shall comply with the provisions of the Lease in all respects.

10. Delivery and Return of Premises.

(a) Sublandlord will deliver the Premises to Subtenant in its "as is", "where is" condition, with all faults, and without representation or warranty of any kind or nature from Sublandlord or Landlord. Subtenant has previously examined and approved the state of the Premises and the Hangar. Subtenant shall not make alterations to the Premises (including installation of signage) without first obtaining the prior written consent of Sublandlord and Landlord. If approved by Landlord and Sublandlord, such alterations and signage shall be installed at Subtenant's sole cost and expense, and in compliance with the Lease and all applicable laws, rules and regulations.

(b) At the termination of Subtenant's right to possession hereunder, Subtenant shall surrender possession of the Premises to Sublandlord and deliver all keys and security access instruments to the Premises to Sublandlord, and shall [subject to the provisions of Sections 10(c) and (d) hereunder] return to Sublandlord the Premises and all equipment and fixtures of Sublandlord broom clean, with all rubbish removed, in at least as good condition and state of repair as when Subtenant originally took possession and as required by the Lease, ordinary wear and tear excepted and loss or damage by fire, or other insured casualty excepted, failing which Sublandlord may restore the

Premises, equipment and fixtures to such condition and state of repair and Subtenant shall, upon demand, pay to Sublandlord the cost thereof.

(c) All installations, additions, partitions, decorations, hardware, light fixtures, supplementary heating or air conditioning units, non-trade fixtures and improvements, temporary or permanent, except movable furniture and equipment belonging to Subtenant (collectively, the "Additions"), in or upon the Premises, whether placed there by Subtenant or Sublandlord, shall be Sublandlord's property and shall remain upon the Premises upon expiration of Subtenant's possession hereunder, all without compensation, allowance or credit to Subtenant; provided, however, that if required by Sublandlord prior to such expiration or termination, Subtenant, at Subtenant's sole cost and expense, shall promptly remove the Additions and repair any damage to the Premises caused by such removal, failing which Sublandlord may remove the same and Subtenant shall, upon demand, pay to Sublandlord the cost of such removal and of any necessary restoration of the Premises. All fixtures, installations and personal property belonging to Subtenant not removed from the Premises upon termination of this Sublease and not required by Sublandlord to have been removed as provided herein shall be conclusively presumed to have been abandoned by Subtenant and title thereto shall pass to Sublandlord under this Sublease as by a bill of sale.

(d) Subtenant shall remove Subtenant's furniture, machinery, equipment, safes, trade fixtures and other items of movable personal property of every kind and description from the Premises and restore any damage to the Premises caused thereby, such removal and restoration to be performed prior to the expiration of the Sublease Term, failing which Sublandlord may do so and Subtenant shall, upon demand, pay to Sublandlord the cost thereof.

(e) All obligations of Subtenant under this section 10 shall survive the expiration or sooner termination of this Sublease.

11. Landlord's Consent. This Sublease shall not be effective without the express written consent of the Landlord, as evidenced by Landlord's execution of this Sublease.

12. Default; Remedies. Any action or omission by the Subtenant which results in a default under the Lease shall be a default under this Sublease. In the event of Subtenant's failure to pay rent or other charges according to the terms of this Sublease, or any other default under this Sublease, the Sublandlord is entitled to exercise each and every remedy against Subtenant to which it is entitled by law or in equity, including, without limitation, the right to terminate this Sublease, and any right or remedy to which the Landlord is entitled under the Lease. In the event of any non-monetary default, Subtenant shall have fifteen (15) days to cure such default after receipt of notice from Sublandlord or Landlord describing such default.

13. Collection Costs; Attorney's Fees. In the event of any default by a party hereunder and should it become necessary for the other party to bring an action against the defaulting party to enforce this Sublease or to sue for its default, the non-defaulting party shall be entitled to recover all costs of enforcement of suit, including, but not limited to, court costs and reasonable attorney's fees and expenses.

14. Brokerage Commissions. Subtenant warrants that it has had no dealings with any broker or agent in connection with the negotiation and execution of this Sublease, and Subtenant agrees to indemnify Sublandlord and Landlord and hold Sublandlord and Landlord harmless from and against



any and all costs, expenses, or liability for commissions or other compensation or charges claimed by or awarded to any broker or agent with respect to this Sublease.

15. Indemnity. Subtenant agrees to indemnify, defend, and hold harmless Sublandlord and Landlord from and against any and all liabilities, losses, damages, expenses, demands, suits, judgments or claims, including attorneys' fees and other expenses in connection therewith, incurred by Sublandlord and/or Landlord and in any way related to Subtenant, this Sublease or the Premises, including any liability that Sublandlord and/or Landlord may incur under the Lease by virtue of this Sublease or the occupancy by Subtenant of the Premises. Subtenant additionally agrees to and makes in favor of Sublandlord and Landlord all indemnities required of Sublandlord under the Lease. This indemnity provision shall survive the expiration or earlier termination of this Sublease.

16. Notices. Any notice or document required or permitted to be delivered by this Sublease shall be deemed to be delivered (i) on the date of delivery if by physical delivery, or (ii) when deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed to the parties at the respective addresses set out below:

If to Sublandlord:                    Cal-Ore Life Flight, LLC  
  1001 Boardwalk Springs Place, Suite 250  
  O'Fallon, MO 63368  
  Attn: General Counsel

If to Subtenant:                        KD2 Investments, LLC  
  5251 Ericson Way  
  Arcata, CA 95521  
  Attn: Macenzie Dibble

17. Holding Over. In the event of holding over by Subtenant after the expiration or other termination of this Sublease, Subtenant shall, throughout the entire holdover period, pay sublease rent equal to two hundred percent (200%) of the rent which would have been applicable had the Sublease Term continued through the period of such holding over. No holding over by Subtenant after the expiration of the Sublease Term shall be construed so as to extend or renew the Sublease Term.

18. Termination. Subtenant shall have no right to terminate this Sublease in the event of a casualty to the Premises or in the event that Landlord fails to cure a default with respect to the Premises, unless Sublandlord exercises its right to terminate the Lease pursuant the Lease, or, in the event of a casualty to the Premises, Landlord elects to substitute other premises for the Premises rather than rebuild or restore.

19. Binding Agreement. This Sublease shall be binding upon and shall inure to the benefit of the Sublandlord and Subtenant, and their respective heirs, personal representatives, successors and permitted assigns.

20. Assignment. Neither this Sublease nor the rights or obligations of the Subtenant may be assigned, subleased or transferred (by operation of law or otherwise) by Subtenant without the express written consent of Sublandlord and Landlord.

21. Invalidity. If any provision of this Sublease shall be held to be invalid, whether generally or as to specific facts or circumstances, the same shall not affect in any respect whatsoever the validity of the remainder of this Sublease, which shall continue in full force and effect. Any provision held invalid as to any particular facts and circumstances shall remain in full force and effect as to all other facts and circumstances, and any invalid provision, if invalid because it transcends applicable limits of law shall be deemed ipso facto to be reduced to such permitted level or limit.

22. Governing Law. This Sublease and the rights of the parties hereunder shall be interpreted in accordance with the laws of the State of California as the same shall exist from time to time.

23. Entire Agreement; Amendments. This Sublease embodies the entire agreement of the parties hereto with respect to the subject matter discussed herein. This Sublease may be modified or amended only by the mutual written agreement of the parties hereto.

24. Counterpart Signature. This Sublease may be executed in one or more counterparts and each of which shall constitute one and the same instrument.

25. Time is of the Essence. Time is of the essence of this Sublease.

26. Entry by Sublandlord. Subtenant agrees that Sublandlord's representatives (and representatives of Landlord) shall have the right to enter all parts of the Premises at all reasonable hours to inspect the Premises or for any purpose necessary, incidental to or connected with the exercise of its rights or obligations under the Lease.

27. Waiver of Breach. The waiver by either party of a breach of any provision of this Sublease shall not operate or be construed as a waiver of any subsequent breach by such party.

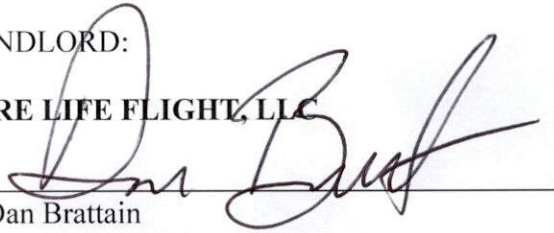
<Signature Page Follows>



IN WITNESS WHEREOF, the parties hereto have executed, or have caused to be executed by their duly authorized officers, this Sublease as of the day and year first above written.


SUBLANDLORD:

**CAL-ORE LIFE FLIGHT, LLC**

By:   
Name: Dan Brattain  
Title: Vice President Aviation Operations

SUBTENANT:

**KD2 INVESTMENTS, LLC**

By:   
Name: Dan Johnson  
Title: member

The undersigned executes this Sublease for the purposes of consenting to (i) the subletting of the Premises to the Subtenant and (ii) execution of this Sublease by the Sublandlord. Pursuant to Section 15 of the Lease, the undersigned further consents to the Sublandlord's transfer of the Hangar to Subtenant via bill of sale and Subtenant's execution and delivery of a Promissory Note and Security Agreement with respect to the Hangar to Sublandlord's parent company Air Medical Group Holdings, LLC. Pursuant to Section 16 of the Lease, Landlord acknowledges that Sublandlord has previously complied with all right of first refusal provisions with respect to such Hangar transfer and that Landlord's prior waiver of its right of first refusal remains in effect with respect to such transfer.

**COUNTY OF HUMBOLDT**, a political subdivision of the State of California.


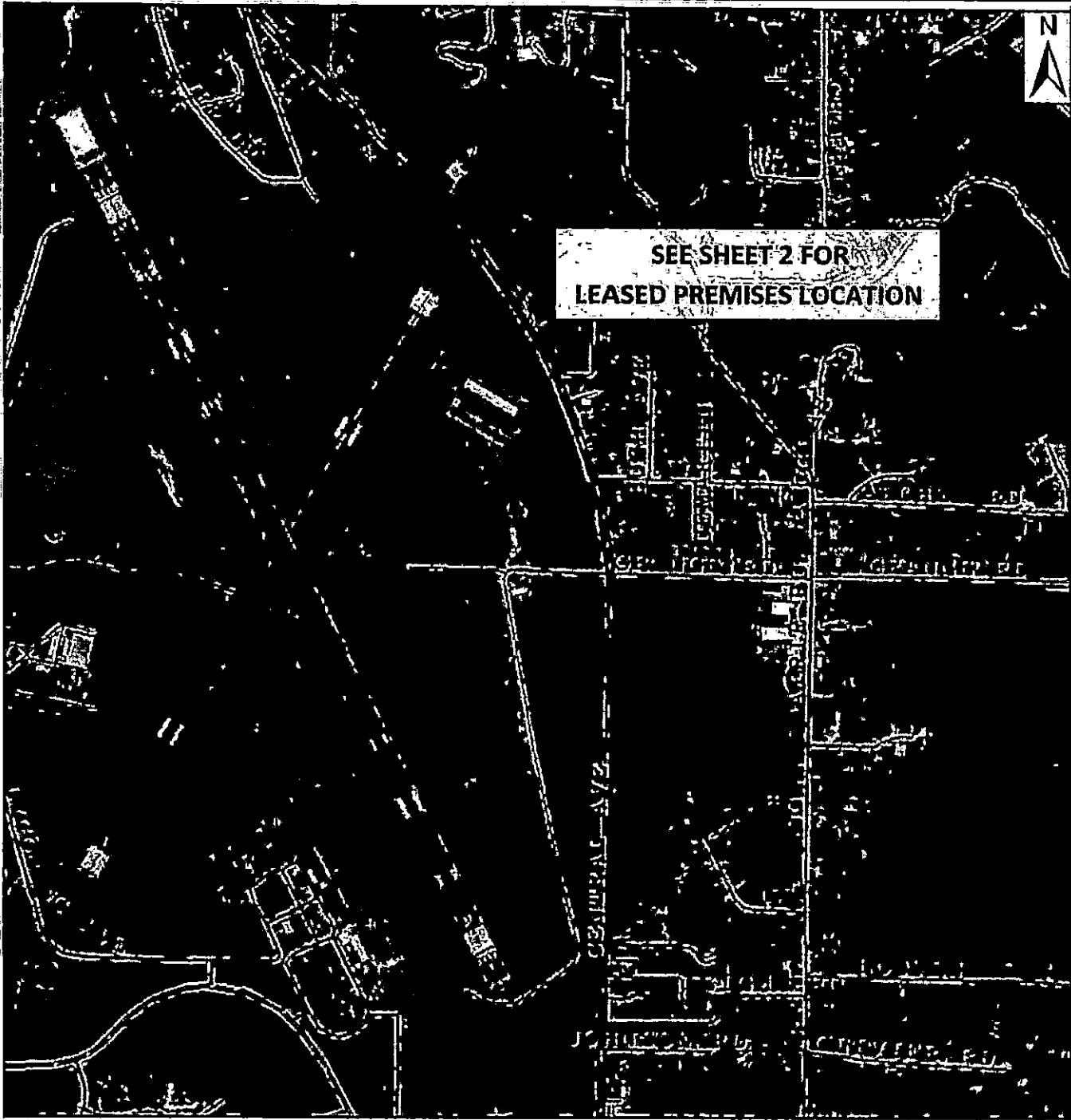
By:   
Name: Virginia Bass  
Title: Chair



EXHIBIT "A"  
(Depiction of Premises)

[SEE ATTACHED]



SEE SHEET 2 FOR  
LEASED PREMISES LOCATION



County of Humboldt  
Department of Public  
Works  
Aviation Division  
1106 Second Street  
Eureka, CA 95501

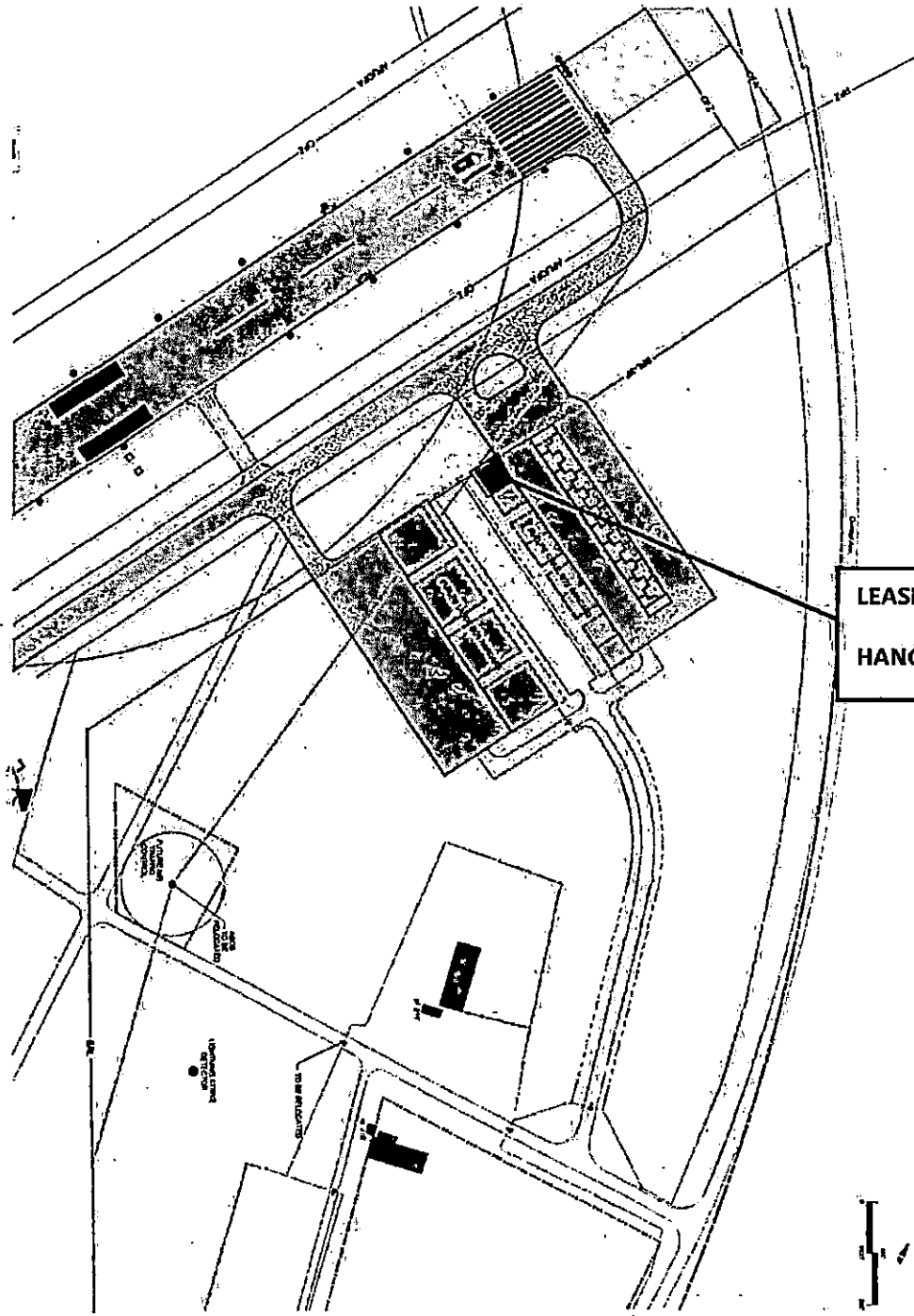
**Exhibit A**

Lease Agreement for  
KD2 Investments, LLC.

California Redwood Coast – Humboldt County Airport

Sheet  
1  
of  
2

03/22/2016



**LEASED PREMISES  
HANGAR B1**



County of Humboldt  
Department of Public  
Works  
Aviation Division  
1106 Second Street  
Eureka, CA 95501

**Exhibit A**

Lease Agreement for  
KD2 Investments, LLC.

California Redwood Coast – Humboldt County Airport

Sheet  
2  
of  
2

03/22/2016



**Starr Indemnity & Liability Company**

Underwritten by:



**STARR  
COMPANIES**  
GLOBAL INSURANCE & INVESTMENTS

# AVIATION COMMERCIAL GENERAL LIABILITY DECLARATIONS

POLICY NUMBER: **1000229739-01**

PREVIOUS POLICY NUMBER: **NEW**

<b>ISSUED BY:</b> STARR INDEMNITY & LIABILITY COMPANY  90 PARK AVENUE, 7TH FLOOR NEW YORK, NY 10016	<b>PRODUCER:</b> AVIATORS INSURANCE AGENCY, INC. 16233 VANOWEN ST. VAN NUYS, CA 91406
<b>NAMED INSURED:</b> <u>KD2 INVESTMENTS, LLC</u> <b>MAILING ADDRESS:</b> <u>5251 ERICKSON WAY</u> <u>ARCATA, CA 95521</u>	
<b>POLICY PERIOD:</b> FROM <u>FEBRUARY 3, 2017</u> TO <u>FEBRUARY 3, 2018</u> AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE	

**IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.**

LIMITS OF INSURANCE		
EACH OCCURRENCE LIMIT	\$ <u>2,000,000.</u>	
DAMAGE TO PREMISES RENTED TO YOU LIMIT	\$ <u>NOT COVERED</u>	Any one premises
MEDICAL EXPENSE LIMIT	\$ <u>1,000.</u>	Any one person
PERSONAL & ADVERTISING INJURY AGGREGATE LIMIT	\$ <u>NOT COVERED</u>	
GENERAL AGGREGATE LIMIT	\$ <u>NOT APPLICABLE</u>	
PRODUCTS/COMPLETED OPERATIONS AGGREGATE LIMIT	\$ <u>NOT COVERED</u>	
HANGARKEEPERS LIMIT		
EACH AIRCRAFT LIMIT	\$ <u>NOT COVERED</u>	
EACH LOSS LIMIT	\$ <u>NOT COVERED</u>	
HANGARKEEPER'S DEDUCTIBLE	\$ <u>NOT APPLICABLE</u>	Each aircraft


DESCRIPTION OF BUSINESS	
<b>FORM OF BUSINESS:</b>	
<input type="checkbox"/> INDIVIDUAL	<input type="checkbox"/> PARTNERSHIP
<input type="checkbox"/> LIMITED LIABILITY COMPANY	<input type="checkbox"/> JOINT VENTURE
	<input type="checkbox"/> TRUST
	<input checked="" type="checkbox"/> ORGANIZATION, INCLUDING A CORPORATION (BUT NOT INCLUDING A PARTNERSHIP, JOINT VENTURE OR LIMITED LIABILITY COMPANY)
<b>BUSINESS DESCRIPTION:</b> <u>AIRCRAFT STORAGE</u>	

<b>ALL PREMISES YOU OWN, RENT OR OCCUPY</b>
ADDRESS OF ALL PREMISES YOU OWN, RENT OR OCCUPY
CALIFORNIA REDWOOD COAST - HUMBOLDT COUNTY AIRPORT, 3561 BOEING AVE., MCKINLEYVILLE, CA 95519
ANY AND ALL LOCATIONS NECESSARY AND INCIDENTAL TO THE AVIATION OPERATIONS OF THE NAMED INSURED.

<b>PREMIUM</b>	
STATE TAX OR OTHER (if applicable)	\$ <u>NOT APPLICABLE</u>
PREMIUM SHOWN AT INCEPTION IS PAYABLE: ANNUALLY	\$ <u>632.</u>
TRIA PREMIUM: NOT PURCHASED	

<b>ENDORSEMENTS</b>
ENDORSEMENTS ATTACHED TO THIS POLICY:
<u>STARR GL CA PROVISIONS (5/09), STARR FORMS 10187, 10100, 10106, 10112, 10125, 10060, AVN48B, 10055, 10007, AVN46B, AVN38B, 20006, AVN2000A, 30001</u>

**THESE DECLARATIONS, TOGETHER WITH THE COMMON POLICY CONDITIONS AND COVERAGE FORM(S) AND ANY ENDORSEMENT(S), COMPLETE THE ABOVE NUMBERED POLICY.**

Countersigned: <div style="text-align: center;">(if required)</div>	By:  <div style="text-align: center;">(Authorized Representative)</div>
(Date)	

Date of Issue FEBRUARY 6, 2017 (LE)



**STARR  
COMPANIES**

GLOBAL INSURANCE & INVESTMENTS

3353 Peachtree Road NE, Suite 1000  
Atlanta, GA 30326

**Certificate of Insurance**

**Certificate Holder:** COUNTY OF HUMBOLDT  
ATTN: RISK MANAGEMENT, 825 5TH STREET, ROOM 131  
EUREKA, CA 95501

**Named Insured:** KD2 INVESTMENTS, LLC  
5251 ERICKSON WAY  
ARCATA, CA 95521

**Policy Period:** From FEBRUARY 3, 2017 To FEBRUARY 3, 2018

**Policy Number:** 1000229739-01

**Issuing Company:** STARR INDEMNITY & LIABILITY COMPANY

This is to certify that the policy(ies) listed herein have been issued providing coverage for the listed insured as further described. This certificate of insurance is not an insurance policy and does not amend, extend, or alter the coverage afforded by the policy(ies) listed herein. Notwithstanding any requirement, term or condition of any contract, or other document with respect to which this certificate of insurance may be concerned or may pertain, the insurance afforded by the policy(ies) listed on this certificate is subject to all the terms, exclusions, and conditions of such policy(ies).

**Aviation Commercial General Liability**

**Limits of Insurance**

Each Occurrence Limit	\$ 2,000,000.
Damage to Premises Rented to You Limit	\$ NOT COVERED Any one premises
Medical Expense Limit	\$ 1,000. Any one person
Personal & Advertising Injury Aggregate Limit	\$ NOT COVERED
General Aggregate Limit	\$ NOT APPLICABLE
Products/Completed Operations Aggregate Limit	\$ NOT COVERED
Hangarkeepers Limit	
Each Aircraft Limit	\$ NOT COVERED
Each Loss Limit	\$ NOT COVERED
Hangarkeeper's Deductible	\$ NOT APPLICABLE Each Aircraft

THE CERTIFICATE HOLDER IS INCLUDED AS AN ADDITIONAL INSURED UNDER LIABILITY COVERAGES, BUT ONLY AS RESPECTS OPERATIONS OF THE NAMED INSURED.

THE CERTIFICATE HOLDER WILL BE PROVIDED WITH THIRTY (30) DAYS [TEN (10) DAYS IF FOR NON-PAYMENT OF PREMIUM] NOTICE OF CANCELLATION OR MATERIAL CHANGE.

**Certificate Number:** 2.1  
**Issued By and Date:** JUNE 2, 2017 (LE)

Starr 10058 (6/06)

By   
(Authorized Representative)

**ADDITIONAL INSURED - DESIGNATED PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

SCHEDULE

Name of Additional Insured Person(s) or Organization(s):

COUNTY OF HUMBOLDT  
ATTN: RISK MANAGEMENT, 825 5TH STREET, ROOM 131  
EUREKA, CA 95501

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**SECTION II - WHO IS AN INSURED** is amended to include as an additional Insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- A. In the performance of your ongoing operations; or
- B. In connection with your premises owned by or rented to you.

All other provisions of this policy remain the same.

This endorsement becomes effective         JUNE 2, 2017         to be attached to and hereby made a part of:  
Policy No.         1000229739-01          
Issued to         KD2 INVESTMENTS, LLC        

By         STARR INDEMNITY & LIABILITY COMPANY        

Endorsement No.         15        

Date of Issue         JUNE 2, 2017 (LE)        

By                   
(Authorized Representative)