

CITY OF MERCED

"Gateway to Yosemite"



WELCOME TO YOUR REGIONAL AIRPORT AUTHORITY MEETING OF THE CITY OF MERCED

AUTHORITY MEMBERS

John Sundgren - Chair, Alvin Osborn - Vice-Chair, Michael Bodine,
Desmond Johnston, and Ryan Smith

AGENDA SPECIAL MEETING

**11:00 AM
MERCED REGIONAL AIRPORT
AIRPORT ADMINISTRATIVE OFFICE
20 MACREADY DRIVE
MERCED, CALIFORNIA**

**WEDNESDAY
AUGUST 26, 2015**

(www.cityofmerced.org)

STAFF REPORTS OR OTHER WRITTEN DOCUMENTATION RELATING TO EACH ITEM OF BUSINESS REFERRED TO ON THE AGENDA ARE ON FILE IN THE AIRPORT ADMINISTRATION OFFICE OF THE AIRPORT MANAGER. ANY PERSON WHO HAS QUESTIONS CONCERNING ANY AGENDA ITEM MAY CALL THE AIRPORT MANAGER AT (209) 385-6873 TO MAKE INQUIRY REGARDING THE NATURE OF THE ITEM DESCRIBED ON THE AGENDA. PRIOR TO EACH REGULAR REGIONAL AIRPORT AUTHORITY MEETING, A COMPLETE AGENDA PACKET IS AVAILABLE FOR REVIEW IN THE FOYER OUTSIDE THE COUNCIL CHAMBERS AND ON THE CITY'S WEBSITE AT WWW.CITYOFMERCED.ORG. ANY DOCUMENTS PROVIDED TO A MAJORITY OF THE COMMITTEE MEMBERS AFTER THIS AGENDA IS POSTED WILL BE AVAILABLE FOR PUBLIC INSPECTION IN THE CITY CLERK'S OFFICE DURING NORMAL BUSINESS HOURS.

FOR CITIZEN PARTICIPATION INSTRUCTIONS, PLEASE REFER TO THE CITY'S WEBSITE AT WWW.CITYOFMERCED.ORG. A HANDOUT IS ALSO AVAILABLE AT THE MEETING ADJACENT TO THE AGENDA. INDIVIDUAL AGENDA ITEMS MAY BE HEARD IN AN ORDER THAT IS DIFFERENT THAN THEY APPEAR ON THE AGENDA TO ACCOMMODATE MEETING PARTICIPANTS.

INFORMATION FOR INDIVIDUALS WITH DISABILITIES:
Accommodation for individuals with disabilities may be arranged by contacting the City Clerk's Office at 209-388-7100.

Assisted Hearing Devices Available for Hearing Impaired
Teletypewriter (TTY) 209-385-6816

THE PUBLIC HAS THE OPPORTUNITY TO ASK QUESTIONS OR COMMENT AT THE TIME SPECIFIC AGENDA ITEMS ARE CONSIDERED. NORMALLY, EACH AGENDA ITEM WILL HAVE A STAFF PRESENTATION, FOLLOWED BY COMMENTS OR QUESTIONS BY THE AIRPORT AUTHORITY MEMBERS. IF REQUESTED BY AN AUDIENCE MEMBER, THE CHAIRPERSON WILL THEN ALLOW THE PUBLIC TO MAKE COMMENTS OR ASK QUESTIONS. AFTER ANY PUBLIC INPUT, THE AUTHORITY MAY HAVE FURTHER DISCUSSION BEFORE TAKING ACTION TO THE NEXT AGENDA ITEM.

- A. **CALL TO ORDER**
- B. **ROLL CALL**
- C. **WRITTEN PETITIONS AND COMMUNICATIONS**
- D. **ORAL COMMUNICATIONS**

AT THIS TIME, ANY MEMBER OF THE AUDIENCE MAY COMMENT ON ANY MATTER NOT LISTED ON THE AGENDA. PLEASE STAND AND STATE YOUR NAME AND ADDRESS FOR THE RECORD. THE AUTHORITY WILL NOT TAKE ACTION ON THE ITEM THAT IS BROUGHT TO THEIR ATTENTION THIS EVENING. IF IT REQUIRES ACTION, IT WILL BE REFERRED TO STAFF AND/OR LISTED ON THE NEXT AUTHORITY AGENDA.

PLEASE BE BRIEF AND TO THE POINT. AVOID REPEATING WHAT PREVIOUS SPEAKERS HAVE SAID. IF TWO OR MORE INDIVIDUALS ARE HERE AS A GROUP AND WISH TO SPEAK ON ONE SIDE OF AN ISSUE, PLEASE SELECT A SINGLE SPOKESPERSON TO PRESENT YOUR VIEWS.

- E. **CONSENT CALENDAR**
 - 1. **AIRPORT AUTHORITY MINUTES FOR AUGUST 14, 2015.**

Recommendation: Adopt a motion to approve and file.

F. REPORTS

1. AMERICAN HELICOPTER INC., LLC, DBA SAS AVIATION, LLC, LEASE AGREEMENT AT THE MERCED REGIONAL AIRPORT

Recommendation: Adopt a motion to recommend approval to the City Council.

G. AUTHORITY BUSINESS

1. POSSIBLE INCOMPATIBLE LAND USE ACTIVITY

Recommendation: Discussion as desired by Authority members.

2. OTHER BUSINESS FROM AUTHORITY MEMBERS

Recommendation: Discussion as desired by Authority members.

H. ADJOURNMENT:

TO THE NEXT AIRPORT AUTHORITY MEETING, TUESDAY, OCTOBER 20, 2015, AT 7:00 PM IN THE CITY COUNCIL CHAMBERS, 678 WEST 18TH STREET, MERCED, CA 95340.

**CITY OF MERCED
REGIONAL AIRPORT AUTHORITY MINUTES**

**MERCED REGIONAL AIRPORT
AIRPORT ADMINISTRATIVE OFFICE
20 MACREADY DRIVE
MERCED, CA**

**FRIDAY
AUGUST 14, 2015**

A. CALL TO ORDER

Chair John Sundgren called the meeting to order at 11:35 a.m.

B. ROLL CALL

Members present: John Sundgren, Alvin Osborn, Michael Bodine, Ryan Smith, and Desmond Johnston

Members absent: (two vacancies)

Staff Present: Janet E. Young and Nancy Lee

C. WRITTEN PETITIONS AND COMMUNICATION

None.

D. ORAL COMMUNICATIONS

None.

E. CONSENT CALENDAR

M/S/C – Osborn/Bodine motion to approve and file the minutes of June 16, 2015, as submitted.

F. REPORTS

1. ESSENTIAL AIR SERVICE (EAS) AND BOUTIQUE AIR LEASE OF TERMINAL SPACE.

Interim Manager Young presented the item for the lease of space to Boutique Air.

M/S/C – Sundgren/Bodine motion to approve the lease and to recommend approval to the City Council.

2. AIRPORT MANAGER’S REPORT

Interim Manager Young summarized the July 2015 Manager’s Report.

G. AUTHORITY BUSINESS

1. POSSIBLE INCOMPATIBLE LAND USE ACTIVITY

No items were raised.

2. OTHER BUSINESS FROM AUTHORITY MEMBERS

No items were raised.

H. ADJOURNMENT

Chair Sundgren adjourned the meeting at 11:59 p.m. until the next Regional Airport Authority meeting on Tuesday, September 15, 2015, at 7:00 p.m. in the Council Chambers at 678 W 18th Street, in the Civic Center.

M/S/C – Osborn/Bodine

John Sundgren, Chair
Regional Airport Authority

To: Regional Airport Authority
From: Janet E. Young, Interim Airport Manager
Date: August 26, 2015
**Re: American Helicopter LLC, dba SAS Aviation, LLC Lease of Hangar 16
and Old Pilots Lounge**

Background

Initially, SAS Aviation, LLC, will offer services as a Part 141 (international student) flight school and provide Part 61 (domestic) flight training, sales of pilot supplies and related goods, rental and sale of aircraft, aircraft storage, and charter flights pursuant to the FAA Part 135 certification held by the company. The new business will provide fixed wing aircraft flight training services and rotary aircraft (helicopter) training, as well as commercial aircraft maintenance to the public. The new business is expected to offer Fixed Based Operator (FBO) services in the future, including a non-exclusive agreement to sell fuel and related products, subject to the development of mutually agreeable terms and financing arrangements with the City of Merced. The new business will bring many student pilots and instructors to the City of Merced over time where they will reside and contribute to the local economy.

The management personnel of SAS Aviation, LLC, are experienced operators of flight schools and will train U.S. students as well as international students. The international students will be trained through contracts with other nations. It is the intention of SAS Aviation, LLC, that the Merced Regional Airport will be the headquarters facility for flight training that will also involve use of other airports. SAS Aviation, LLC, also will focus on developing and expanding a solid domestic student flight training program. The flight activity will help revitalize the pilot community at the Merced Regional Airport and will significantly increase flight activity which is beneficial to the airport and favored by the FAA. In addition, it is important to note that the Merced Regional Airport is a public use facility funded by the FAA and as such it is required that the airport seek to accommodate all facets of aviation and flight training. The FAA Flight Standards District Office is providing helpful guidance relative to the advent of increased pilot training activities. In addition, the principals of SAS Aviation, LLC, are known to work closely with the FAA in the interest in promoting safety in aviation activities. SAS Aviation, LLC, will be the only airport tenant that possesses a FAA Part 141 certificate necessary to mount an international pilot training school and a FAA Part 135 certificate which is required to provide charter air service.

The lease recognizes that at a date in the future, SAS Aviation, LLC, is expected to operate as a Fixed Base Operator engaged in the sale of products, services, and facilities to include at a minimum the following: aviation fuels and lubricants (Jet Fuel, Avgas, and aircraft lubricants) on a non-exclusive basis; passenger, crew, and aircraft ground services, support, and amenities; commercial aircraft maintenance and repair, paved tie-down, hangar, aircraft parking, office, and shop services. The non-exclusive right to lease and operate aviation fuel facilities pursuant to its business and to sell aviation fuel to the aviation public, is subject to development with the City of Merced of mutually agreeable terms for FBO operations and financing arrangements. All operations conducted by SAS Aviation, LLC, will be subject to applicable laws, regulations, ordinances and Airport rules. Appropriate rental amounts for fuel facilities and fuel flowage fees to be paid the City will be agreed to by the parties at a future date.

SAS Aviation, LLC, specifically seeks to lease Maintenance Hangar #16 for general commercial maintenance and storage of aircraft that it owns, leases or manages, and for maintenance services to be offered for aircraft not affiliated with SAS Aviation, LLC. Rent will be \$550 per month effective September 10, 2015. The pro rata amount of the rent for the month of September 2015 will be \$385.00. The rent will increase annually over the course of the lease and the lessee will have first right of refusal for a 36 month renewal of the lease.

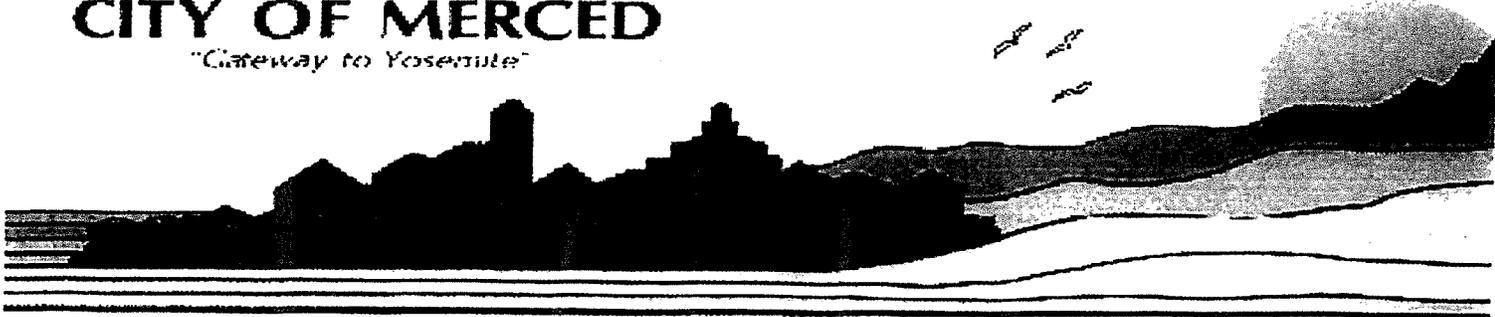
SAS Aviation, LLC, also seeks to lease the "Old Pilot's Lounge" to be used as office and work space for pilot training and flight school operations, and business purposes. The facility requires extensive renovation and SAS Aviation, LLC, has agreed to perform the renovations at its own cost with the understanding that the rent in the initial years of operation will recognize the considerable cost of updating the facility and bringing the building up to code. At the end of the lease, the renovated facility will belong to the City. The rent in the first year of the lease will be \$25.00 per month and the rental amount will escalate in future years of the lease. The company also will have the right to sublease the space to flight examiners. The AVIS Corp., currently utilizes a small portion of the building for storage of supplies and basic back office functions and this arrangement will continue and is agreeable to Avis and to the new business. SAS Aviation, LLC, will have first right of refusal for a 36 month renewal of the lease. The pro rata amount of the lease for September will be \$17.50.

SUMMARY/RECOMMENDATION:

Airport management requests that the Regional Airport Authority recommend approval by the Merced City Council.

CITY OF MERCED

"Gateway to Yosemite"



MERCED REGIONAL AIRPORT HANGAR 16 AND "OLD PILOTS' LOUNGE" COMMERCIAL MAINTENANCE AND REPAIR LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered into in the City of Merced, County of Merced, State of California, as of the ___ of _____, 2015, by and between the City of Merced, a California Charter Law Municipal Corporation, hereinafter called Lessor, and American Helicopter, LLC, a Nevada Limited Liability Company, doing business as SAS Aviation, LLC, a Nevada Limited Liability Company, hereinafter called Lessee.

WITNESSETH

WHEREAS, the Lessor owns Hangar 16 at the Merced Regional Airport ("Airport"), which will accommodate the uses of aircraft storage, Part 141 (international) pilot flight training and Part 61 (domestic) pilot training, rental of aircraft, charter of aircraft pursuant to FAA Part 135, general commercial aircraft maintenance and repair, and associated activities; and

WHEREAS, the Lessor owns the Building on Airport property commonly referred to as the "Old Pilots' Lounge," which is capable of housing flight examiner facilities and flight training meetings following renovation to be paid for by Lessee, subject to the requirements of the Merced Municipal Code and applicable laws and regulations.

**FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS
HEREINAFTER CONTAINED, IT IS AGREED AS FOLLOWS:**

1. **LEASED PREMISES:** The Leased Premises are the real property located at the Airport generally known as Hangar 16 and the Old Pilots' Lounge, each more specifically described in Exhibit "A" attached hereto and incorporated by reference herein. Lessee will accommodate the needs of AVIS, Corp., within the Building for 120 square feet of office and storage space consistent with the existing lease between AVIS Corp. and the Lessor.

2. **RENTAL AND TERM:** This Lease shall commence on September 9, 2015, and shall continue for thirty-six (36) months. The rent to be paid by Lessee for Hangar 16 shall be the sum of Five Hundred Fifty Dollars (\$550.00) per month, paid in advance to the Lessor each month. For the month of September 2015, the rent shall be the pro rata amount of Three Hundred Eighty-Five Dollars (\$385.00). The rent to be paid by Lessee for the Old Pilots' Lounge is Twenty-Five Dollars (\$25.00) per month during the initial year of the Lease in consideration of the cost of improvements to be made to the Building by Lessee. The rent to be paid by Lessee for the Old Pilots' Lounge for the month of September 2015 shall be the pro rata amount of Seventeen Dollars and Fifty Cents (\$17.50). The current condition of the Building is poor and not suitable for business usage. The Lessor grants to Lessee the right to sublease space in the Old Pilots' Lounge to licensed flight examiners provided that Lessee is responsible for making rent payments to Lessor in a timely manner. The schedule of rents for the duration of the Lease is provided in paragraph 19 of this Lease. At the conclusion of the three (3) year term of the Lease, Lessee shall have the first right of refusal to renew the Lease for a second three (3) year term. Lessee has indicated that the expected growth of the company will require additional facilities and the Airport will work with Lessee to accommodate those needs.

3. **SECURITY DEPOSIT:** Lessee shall deposit with Lessor upon commencement of this Lease an amount of Six Hundred Dollars (\$600.00) security for the full and faithful performance of every term and condition of this Lease. If Lessee defaults with respect to any of the terms and conditions of this Lease, including but not limited to the payment of rent, Lessor may use, apply or retain the whole or any part of this security for

payment of any or all of the above mentioned purposes. Any remaining portion of such deposit shall be returned to the Lessee after termination of this Lease. Lessee shall not be entitled to any interest on the security deposit.

4. **AIRPORT GATE ACCESS:** Upon the mutual execution of this Lease by both parties, a five-digit code will be issued to Lessee for accessing the Airport's secured gates (the "Access Code"). The Access Code is personal to Lessee and not transferable. Lessee agrees to keep and maintain the Access Code secure and not transferring or sharing said code with anyone else. Immediately following Lessee's entry through the gate, Lessee shall ensure that the gate fully closes behind Lessee, and that no vehicle or pedestrian enters through said gate without using his or her own Access Code. Lessee shall not permit any vehicle or pedestrian piggybacking Lessee's entry through any Airport gates. By executing and entering into this Lease, Lessee acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.

5. **USE:** The Leased Premises which are the subject of this Lease shall be used for aircraft storage, FAA Part 141 (international) pilot training and Part 61 (domestic) pilot training, sales of pilot training supplies and related goods, rental and sale of aircraft, and charter flights pursuant to FAA Part 135 certification held by Lessee. The Lessee will provide fixed wing aircraft flight training services and rotary aircraft training. The Lessor recognizes that at a date in the future – once a mutually acceptable Fixed Based Operator Agreement has been entered into between Lessor and Lessee – Lessee will operate as a Fixed Based Operator engaged in the sale of products, services, and facilities to include at a minimum the following: aviation fuels and lubricants (Jet Fuel, Avgas and Aircraft lubricants) on a non-exclusive basis; passenger, crew and Aircraft ground services, support and amenities; commercial aircraft maintenance and repair, paved tie-down, hangar, aircraft parking, office and shop services. The non-exclusive right to lease and operate aviation fuel facilities pursuant to its business and to sell aviation fuel to the aviation public, is subject to development with the Lessor of mutually agreeable terms and financial arrangements. All operations conducted by Lessee will be subject to applicable laws, regulations, ordinances and Airport rules. Appropriate rental amounts for fuel facilities and fuel flowage fees to be paid the Lessor will be agreed to by the parties at a future date.

6. **RESERVED:**

7. **REGULATIONS:** The use of the Leased Premises by Lessee shall at all times be subject to all rules and regulations as constituted or hereafter revised or adopted by the Airport Authority of the City of Merced, the City Council of the City of Merced, or the Airport Manager. Lessee shall become familiar with and shall at all times abide by all Airport rules and regulations relating to use of Leased Premises and the use of any of Lessor's other facilities, whether promulgated before or after the execution of this Lease. Lessee acknowledges by his signature below that he has been provided a copy of the Airport Rules and Regulations.

8. **AIRPORT SECURITY PLAN:**

a. Lessee agrees to comply with all rules set forth in the Airport Security Plan now and in the future that pertain to its operation under federal, state and local security directives specifically:

b. Lessee shall furnish the Lessor a duplicate set of keys for locks of any kind placed upon any of the access/entries to the Leased Premises. Lessor shall have the right to access any structure placed on the Leased Premises as reasonably necessary to protect the health, safety, security and welfare of the Airport.

9. **VOLUNTARY ASSIGNMENT:** Except as expressly provided herein, Lessee shall not assign this Lease nor any right hereunder, nor sublet the Leased Premises, nor any part thereof, or suffer any other person to occupy or use the said Leased Premises or any portion thereof without prior written consent of the Lessor. Any such assignment, subletting, occupation or use by any other person without such consent shall be void, and shall at the option of Lessor terminate this Lease.

10. **INVOLUNTARY ASSIGNMENT:** Lessee agrees that, except as expressly provided herein, neither this Lease or any interest herein shall be assignable or transferable by operation of law, and it is hereby mutually agreed, covenanted and understood by and between the parties hereto that in the event of any proceeding under the Bankruptcy Act or any amendment thereto be commenced by or against Lessee, or in the event Lessee be adjudged or makes an assignment for the benefit of his creditors, or a writ of attachment or execution be levied on the leasehold estate created hereby,

and not be released or satisfied within ten (10) days thereafter, or if a receiver be appointed in any proceeding or action to which Lessee is a party, with authority to take possession or control of the Leased Premises, such action shall be deemed a default under this Lease and this Lease at the option of Lessor be terminated and shall in no way be treated as an asset of Lessee. Lessor shall have the right, after termination of the Lease to immediately re-enter and repossess itself of said Leased Premises as of its original estate.

11. **IMPROVEMENTS AND/OR CONSTRUCTION,**

ALTERATIONS: Lessee shall make no improvements or alterations of any kind on the Leased Premises until Lessee has obtained written approval of the plans and specifications for the structure by Lessor. Any such structure and/or alteration by Lessee shall be at the Lessee's sole expense.

12. **IMPROVEMENTS AND FIXTURES:** Lessee agrees that all improvements and fixtures installed by Lessee on the Leased Premises shall become property of Lessor and remain on the Leased Premises upon termination of this Lease.

13. **MAINTENANCE CLEANING AND REPAIR OF HANGAR:**

Lessor will be responsible for all structural repairs, except as may be agreed and permitted under Section 11 above. Lessee agrees to maintain the Leased Premises in a clean and orderly condition at all times, and in accordance with safety and fire codes which may apply to aircraft hangar storage and other applicable federal, state, local laws and ordinances. Lessor may notify the Lessee in writing to conduct necessary maintenance cleaning, or repair on the Leased Premises. Any such maintenance or repair by Lessee shall be at the Lessee's sole expense. If Lessee fails to perform such maintenance cleaning and repairs within a reasonable length (as determined in Lessor's sole discretion) of time as set forth in said notice, Lessor may terminate this Lease.

14. **GARBAGE:** Lessee agrees to cause to be removed at its own expense from the Leased Premises all waste, garbage, and rubbish, and agrees not to deposit the same on the Leased Premises except temporarily in connection with collection for removal.

15. **AUTO PARKING:** Lessee, its employees and customers, shall have the nonexclusive right to use the public vehicle parking area located

outside the Airport security fence, or such other suitable area as may be from time to time designated by Lessor.

16. **UTILITIES:** Lessee promises and agrees to pay for all electric energy and electric lighting, telephone service, water, and other public utility services used on the Leased Premises.

17. **RIGHT OF RE-ENTRY OF LESSOR:** It is expressly agreed that in the event Lessee creates or causes any breach of this Lease, Lessor shall have the right and option to re-enter said Leased Premises, take possession thereof, and remove all persons and property therefrom without benefit of court order, and/or as provided by law or by this Lease.

18. **SURRENDER OF POSSESSION:** At the expiration of this Lease, Lessee promises and agrees to deliver unto Lessor the said Leased Premises in as good condition as at the date of execution of this Lease, reasonable wear and tear excepted.

19. **RENT INCREASES:** Rent shall increase over the term of the Lease as follows: for Hangar 16, at Month 13, rent shall increase to Six Hundred Dollars (\$600.00) per month and at Month 25, rent shall increase to Six Hundred Fifty Dollars (\$650.00) per month; for the Old Pilots' Lounge at month 13, rent shall increase to One Hundred Dollars (\$100.00) per month, and at month 25, rent shall increase to One Hundred Fifty Dollars (\$150.00) per month.

20. **POSSESSORY INTEREST:** Lessee recognizes and understands that, to the extent this Lease may or may not create a possessory interest subject to property taxation, the Lessee is solely responsible for the payment of any taxes levied or assessed on the Leased Premises. Lessor expresses no opinion on the taxable effect of this Lease. Lessee further agrees to pay, without the right to deduct from rental fees provided herein, any and all property taxes, if any, assessed during the term of this Lease against Lessee's possessory interest in the Leased Premises. Lessee further agrees to pay, without right to deduct from rental fees provided herein, any and all personal property taxes assessed against its property on said Leased Premises, and such portion of any real property taxes as may be levied against structures/improvements owned by Lessee and erected upon land owned by Lessor.

21. **INDEMNIFICATION**: Lessee shall indemnify, protect, defend (with legal counsel selected by the Lessor) and hold City, and any and all of its employees, officials and agents harmless from and against any and all liabilities, actions (including actual, alleged, or threatened claims, demands, suits, legal or equitable actions, arbitration proceedings, administrative proceedings, or other dispute resolution proceedings), losses, damages, and expenses or costs of any kind (including attorneys fees and costs, court costs, interest, defense costs, expert witness fees and investigatory fees), where the same arise out of, are a consequence of, or are in any way related to, in whole or in part, Lessee's use or the use of any guests, invitees or agents of Lessee of the Leased Premises or of Lessee's operation, use, maintenance, repair, storage, loading or unloading of any aircraft.

22. **INSURANCE**: Lessee shall provide evidence that the following insurance coverage(s) are in effect prior to the commencement of this Lease and any right of occupancy of the Leased Premises and shall maintain coverage in full force and in effect until the termination of this Lease. The insurance required herein is a separate covenant of Lessee from its indemnity obligation in Section 21 hereof. As such, Lessee's indemnity obligation is not limited to its insurance obligation in this Section.

A. **General Liability and Bodily Injury Insurance**: Lessee shall obtain and keep in full force and effect, a commercial, general liability policy of at least One Million Dollars (\$1,000,000) per occurrence combined limit for bodily injury and property damage, provided that the Lessor, its officers, employees, volunteers and agents are to be named additional insureds under the policy, and that the policy shall stipulate that this insurance will operate as primary insurance, and that no other insurance effected by Lessor or other named insureds will be called on to cover a loss covered thereunder.

B. **Fire Damage Insurance**: Lessee shall also maintain in full force and effect fire damage insurance on the Leased Premises, including any improvements and fixtures installed by Lessee, in an amount of at least One Million Dollars (\$1,000,000), with loss payable to Lessor.

C. **Certificate of Insurance**: All policies of insurance required above shall be written by a qualified insurance company rated 'A:VII' or better by the Best's Insurance Rating Guide and be authorized to do business by the State of California and shall be in a form approved by

Lessor. Lessee shall file with the Lessor a certificate of insurance and endorsement evidencing coverage as set forth above. Lessee is required to mail a certificate of insurance, signed by an authorized representative of the issuing company, annually, to the City of Merced City Clerks' Office, at 678 West 18th St, Merced, CA 95340. The following information must be included on each certificate of insurance or the coverage shall be considered incomplete:

- (1) A statement that the City of Merced, its officers, employees, volunteers and agents are a named insured under each policy or policies;
- (2) All required dollar limits of insurance coverages shall be correctly stated;
- (3) A provision that written notice of cancellation or any material change in coverage shall be delivered to Lessor at least 30 days in advance of the effective date of the material change or cancellation, and that no cancellation, alteration or change of beneficiary or beneficiaries shall be made without written notice to Lessor;
- (4) An original signature and the printed name of the insurance agent or authorized representative of the insurance company issuing the policy, including the insurance underwriter's or broker's telephone number.

23. **DEFAULT:** In the event the Lessee violates any of the terms or provisions of this Lease, the Lease may be voided by Lessor. Lessee agrees to vacate said Leased Premises no later than three (3) days after written notice from Lessor. Notice from Lessor shall be by certified letter to the address stated at the end of this Lease and by letter posted on the Leased Premises. Ten (10) days after Lessee has mailed and posted notice, the Lessor, or its authorized agents, may remove any personal property from said Leased Premises and sell or assign the personal property at public or private sale. Expenses of selling and preparing for sale, including reasonable attorneys' fees and other legal or transfer expense, shall be included in the amount Lessor is entitled to retain. Nothing herein shall be deemed a waiver of any rights of Lessor to demand and obtain possession of said premises in accordance with law.

24. **CHANGE OF ADDRESS**: It shall be Lessee's responsibility to inform Lessor of any change of address.

25. **DELINQUENT RENT**: In addition to other remedies contained in this Lease, in the event any rental payment is not received by the Lessor by the twentieth (20th) day of the month, Lessee shall pay to Lessor a late fee of \$25.00.

26. **PEACEFUL ENJOYMENT**: For the entire period that Lessee performs all of the terms, covenants and conditions of this lease, and abides by all of the rules and regulations pertaining to the Airport and abides by all rules and regulations adopted by the City Council of the City of Merced, the Lessee shall have the right of peaceful enjoyment of the Leased Premises.

27. **CONDEMNATION**: If any part of the Leased Premises of said Airport is condemned, or its character is changed by public authority or otherwise, or in the event operation of said Airport for airport purposes is discontinued, or if any obstructions are placed on said Airport or Leased Premises adjoining said Airport so that it then becomes impossible or impractical to use said Leased Premises for the purposes for which they are leased hereof, this Lease shall terminate. Lessee shall not be entitled to any proceeds from the condemnation except those specifically designated and provided by law or the public entity or person acquiring the property under threat of condemnation for the purpose of relocation and/or goodwill. Lessee hereby assigns to Lessor the rights to any and all damages for property taken in any such proceeding and all such damages shall be payable to Lessor, except relocation and/or goodwill.

28. **INSPECTION**: Lessor shall be permitted to enter and view the Leased Premises at any and all times for the purpose of inspecting or maintaining such Leased Premises and doing any and all things with reference thereto which the Lessor is obligated to do or which may be deemed necessary or desirable for the proper conduct and operation of the Airport.

29. **TERMINATION PRIOR TO EXPIRATION**: The Lessor shall have the right to terminate this Lease, in whole or in part, on the occurrence of any of the following events:

- (a) Failure on the part of the Lessee to pay rent.

(b) Filing by or the final adjudication of Lessee of any petition in bankruptcy or the making of any transfer of general assignment for the benefit of creditors which has not been previously authorized by the Lessor.

(c) The failure of the Lessee to perform or observe any of the terms, covenants and conditions which it is obligated to perform, keep or observe under this Lease, or to obey any law, ordinance, or regulation pertaining to Lessee's use or occupancy of the Leased Premises.

(d) The abandonment of the Leased Premises, or any portion thereof or required services, or any portion thereof. Should this occur, Lessor shall not be responsible for the custodial protection of Lessee's property, fixtures or equipment abandoned, even though it is necessary for Lessor to remove same from the Leased Premises for storage or disposal.

(e) In the event of need for the Leased Premises by the Lessor for purposes of national defense.

30. **RIGHTS AFTER TERMINATION:** In the event of termination for default or unsatisfactory performance by the Lessee, the Lessor shall have the right (unless otherwise specified in the termination notice), at once and without further notice to the Lessee, or surety, to enter and take possession of the Leased Premises occupied by the Lessee, and expel, oust and remove any and all parties who may occupy any portion of the Leased Premises or Airport covered by this Lease, and any and all goods and chattels belonging to the Lessee or his associates which may be found in or upon same, without being liable for prosecution or to any claim for damages therefor. Upon such termination by the Lessor, all rights, powers and privileges of the Lessee shall cease, and the Lessee shall immediately vacate any and all space occupied by Lessee under this Lease, and shall make no claims of any kind whatsoever against the Lessor, its agents or representatives, by reason of such termination, or any act incident thereto.

31. **ESCAPE CLAUSE:** If Lessee, after one (1) year of this Lease, suffers financial hardship in connection with its operations as a fixed based operator, Lessee may terminate this Lease upon providing sixty (60) days notice to Lessor. Upon such event, Lessee forfeits the security deposit mentioned herein. Lessee shall provide to Lessor for verification any and all documents evidencing such financial hardship.

32. **BREACH**: In the event of breach of this Lease by Lessee, Lessor shall be entitled to all rights and remedies provided by law in addition to the specific remedies mentioned herein.

33. **PARTNERSHIP DISCLAIMER**: It is mutually understood and agreed that nothing in this Lease is intended to or shall be construed as in any way creating or establishing the relationship of partners between the parties hereto, or as constituting the Lessee as an agent or representative of the Lessor for any purpose or in any manner whatsoever.

34. **CONFORMANCE TO APPLICABLE LAWS**: Lessee shall comply with its standard of care regarding all applicable Federal, State, and municipal laws, rules and ordinances. No discrimination shall be made by Lessee in connection with this Lease because of race, color, national origin, ancestry, disability, sex or religion of such person.

35. **NOTICES**: Any notice to the Lessor shall be sufficient if sent by certified mail postage prepaid, addressed to the City Manager, City of Merced, 678 West 18th Street, Merced, California, 95340, with a copy to the City Attorney, City of Merced, 678 West 18th Street, Merced, California 95340. Any notice to the Lessee shall be sufficient if sent by certified mail addressed to Lessee at American Helicopter Inc., LLC, dba SAS. Aviation, LLC 612 W. Kearney Boulevard, Fresno, CA 93706-2508.

36. **ATTORNEY'S FEES**: If either party brings any action or proceeding to enforce, protect or establish any right or remedy under this Lease, the prevailing party shall be entitled to recover reasonable attorney's fees. Judicial arbitration is an action or proceeding for the purpose of this provision.

37. **NON-WAIVER**: Any waiver or breach of covenants or conditions herein contained to be kept and performed by either party shall be effective only if in writing and shall not be deemed or considered as a continuing waiver and shall not operate to bar or prevent the other party from declaring a forfeiture or exercising its rights for any succeeding breach of either the same or other condition or covenant.

38. **SUCCESSOR**: This Lease shall be binding upon and inure to the benefit of all the heirs, successors and assigns of the parties.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed the day and year first above written.

LESSOR:
CITY OF MERCED
A Municipal Corporation

BY: _____
City Manager

ATTEST:
JOHN M. BRAMBLE, CITY CLERK

BY: _____
Assistant City Clerk

APPROVED AS TO FORM:
RANDOLPH S. HOM, CITY ATTORNEY

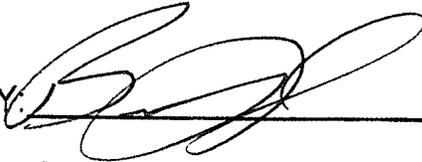


City Attorney Date

ACCOUNT DATA:

Verified by Finance Officer

LESSEE:
AMERICAN HELICOPTER, LLC,
A Nevada Limited Liability
Company, Doing Business As
SAS AVIATION, LLC,
A Nevada Limited Liability
Company

BY: 

BRIAN Johnson

Print Name

Its: _____

BY: _____

Print Name

Its: _____

Taxpayer I.D. No. _____

Business License No. _____

ADDRESS: _____

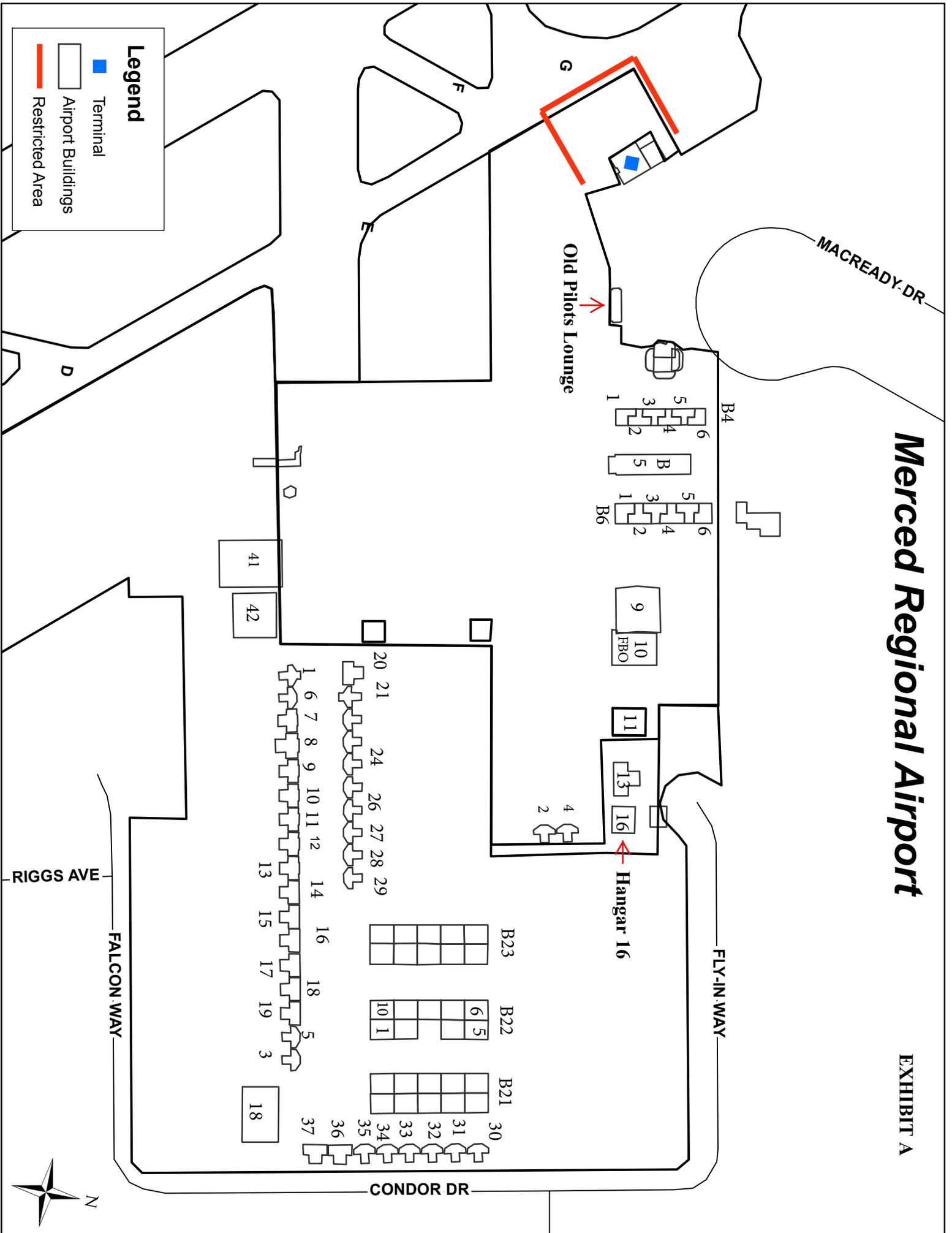
TELEPHONE: _____

FAX NO: _____

E-MAIL: _____

Merced Regional Airport

EXHIBIT A





CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

10/10/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Reza Sarkhosh Insurance Agency 2491 W. Shaw #105 Fresno, CA 93711 License #: 0E83633	CONTACT NAME: Kolbi Nickel	
	PHONE (A/C No. Ext): 559.243.9000 FAX (A/C No.): 559.449.8466 E-MAIL ADDRESS:	
INSURED John Tamaino DBA: American Helicopters 612 W. Kearney Blvd Fresno, CA 93706	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A: Pacific Coast E & S	
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	

COVERAGES CERTIFICATE NUMBER: 00000906-27225 REVISION NUMBER: 7

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSUR LTR	TYPE OF INSURANCE	ACORD/INSUR INSR	WYD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR			MP0004001000439	10/11/2014	10/11/2015	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ EXCLUDED GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ EXCLUDED
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> Hired AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB EXCESS LIAB DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in MI) If yes, describe under DESCRIPTION OF OPERATIONS below						WC STATUTORY LIMITS \$ OTH-ER \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Evidence of Insurance.

CERTIFICATE HOLDER John Tamaino 612 W. Kearney Blvd. Fresno, CA 93706	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE <i>Kolbi Nickel</i> (KMN)

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

Print or type See Specific Instructions on page 2.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. <u>John Tomaine</u>	
	2 Business name/disregarded entity name, if different from above <u>American Helicopters dba Specialized Aircrew Solutions</u>	
	3 Check appropriate box for federal tax classification; check only one of the following seven boxes: <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input checked="" type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner. <input type="checkbox"/> Other (see instructions) ▶ _____	
	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <i>(Applies to accounts maintained outside the U.S.)</i>	
	5 Address (number, street, and apt. or suite no.) <u>612 W. Kearney Blvd</u>	
	6 City, state, and ZIP code <u>Fresno CA 93706</u>	
	7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

Social security number											
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">2</td> <td style="width: 25%;">9</td> <td style="width: 25%;">0</td> <td style="width: 25%;">-</td> <td style="width: 25%;">4</td> <td style="width: 25%;">0</td> <td style="width: 25%;">-</td> <td style="width: 25%;">6</td> <td style="width: 25%;">7</td> <td style="width: 25%;">5</td> <td style="width: 25%;">5</td> </tr> </table>	2	9	0	-	4	0	-	6	7	5	5
2	9	0	-	4	0	-	6	7	5	5	
or											
Employer identification number											
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"> </td> <td style="width: 10%;">-</td> <td style="width: 10%;"> </td> </tr> </table>		-									
	-										

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here	Signature of U.S. person ▶ <u>John Tomaine</u>	Date ▶ <u>8-24-15</u>
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.
Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at www.irs.gov/fw9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
 - Form 1099-C (canceled debt)
 - Form 1099-A (acquisition or abandonment of secured property)
- Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.
- If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding? on page 2.*
- By signing the filled-out form, you:
- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
 - Certify that you are not subject to backup withholding, or
 - Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
 - Certify that the FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.

To: Regional Airport Authority
From: Janet E. Young, Interim Airport Manager
Date: August 26, 2015
Re: Possible Incompatible Land Use Activity

Discussion as desired by authority members.

To: Regional Airport Authority
From: Janet E. Young, Interim Airport Manager
Date: August 26, 2015
Re: Other Business from the Authority

Discussion as desired by authority members.