

GRANT COUNTY RESOLUTION NO. R-18-02

**A RESOLUTION APPROVING TWO GRANT COUNTY AIRPORT GROUND
LEASE AGREEMENTS**

WHEREAS, Grant County is the owner of the Grant County Airport ("Airport") in Grant County, New Mexico; and

WHEREAS, Grant County maintains designated areas at the Airport specifically to lease for aviation-related purposes; and

WHEREAS, Matthew Ormand and John Sherman ("Lessees") each desires to lease a hangar site at the Grant County Airport; and

WHEREAS, Such leases are subject to the approval of the State Board of Finance.

NOW, THEREFORE, BE IT RESOLVED that the Board of County Commissioners of Grant County hereby approves the attached Grant County Airport Ground Lease Agreements with Matthew Ormand and John Sherman, subject to the approval of the State Board of Finance.

PASSED AND ADOPTED by the Grant County Board of Commissioners on this 11th day of January 2018.

BOARD OF GRANT COUNTY COMMISSIONERS:



Brett Kasfen, Chairperson



Gabriel Ramos, Member

Alicia Edwards, Member

Vice Chairperson



Gerald W. Billings, Jr., Member

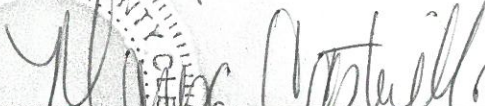
Chairman



Harry Browne, Member

ATTEST

[SEAL]



Marisa Castillo, Grant County Clerk



GRANT COUNTY AIRPORT GROUND LEASE AGREEMENT

THIS AIRPORT GROUND LEASE AGREEMENT ("Agreement" or "Lease") is made and entered into by and between the County of Grant and Matthew Ormand for a hangar site at the Grant County Airport ("Airport").

WHEREAS, Grant County in the State of New Mexico ("Lessor" or "County") is the owner of the Grant County Airport ("Airport") in Grant County, New Mexico; and

WHEREAS, Grant County maintains designated areas at the Airport specifically to lease said areas for aviation-related purposes; and

WHEREAS, Matthew Ormand ("Lessee") desires to lease a hangar site from Lessor at the Grant County Airport.

NOW, THEREFORE, in consideration of the mutual terms herein contained, and for other good and valuable consideration, the following is agreed:

1. The Leased Area Described. Grant County hereby Leases to the Lessee, the hangar site described as follows:

Usable area of Space 2 (4,932 sq. ft.) on Exhibit "A" (hereinafter the "Premises") attached hereto and incorporated herein by this reference, together with an easement for ingress and egress to the property by the Lessee; but excluding the abutting taxiway.

2. Term of Lease.

a. Initial Term. The term of this Agreement shall be for a period of thirty (30) years commencing on May 1, 2018 (the "Commencement Date").

b. Renewal. Lessee may renew this Agreement for one (1) additional period of five (5) years if Lessee is not in breach of this Agreement and delivers a written notice of renewal to Lessor at least ninety (90) days before the expiration of the Initial Term. After any such renewal, Lessor, in its sole discretion, may determine to permit any subsequent extensions of this Agreement on terms offered by Lessor when agreed to by both parties in writing. Should the Lessee elect to not enter into a new agreement, the provisions of paragraph 6e(2) shall apply.

3. Rent. Lessee agrees to pay annual rent to Lessor for Lessee's lease of the Premises in the amount of Five Hundred Sixty Dollars and 00/100 (\$560.00) for the first five (5) years of this lease, beginning on the Commencement Date. The rent shall be adjusted on the fifth, tenth, and fifteenth anniversaries of the Commencement Date based on the increase or decrease in the cumulative Average Annual U.S. Consumer Price Index, or its successor report issued by the Federal Government, over the preceding five (5) calendar years of reporting.

4. Payments Due.

a. Due In Advance. All rent payments shall be due and payable in advance, beginning on the Commencement Date and continuing regularly and annually without notice from County thereafter. However, the County may elect to invoice payment notices.

b. Due Annually. The first annual payment shall be due and payable on the Commencement Date. All subsequent payments shall be due on the Commencement Date Anniversary each year thereafter.


(Lessee's Initials)

c. **Late Fee Due.** On any rental payment made 30 days after the payment due date, Lessee shall in addition pay a late charge of ten percent (10%) of the rent for each month or part thereof that the payment is late.

5. Insurance Requirements.

a. **General Liability.** Lessee shall maintain general liability insurance insuring such claims. This insurance shall name Grant County (County) as an additional insured. The insurance shall have a minimum per occurrence limit of \$1,000,000 or as required to meet the mandatory requirements of the New Mexico Tort Claims Act or its successors in law, whichever is greater.

b. **Property Insurance.** Lessee shall maintain property insurance covering any improvements on the Premises, and the contents thereof. Such insurance shall be a property insurance policy with the broadest cause of loss endorsement including vandalism and malicious mischief. The insurance shall be on a replacement cost basis and shall name Grant County as an additional insured, as its interests may appear.

c. **Proof of Insurance.** Such insurance shall be with a licensed and authorized company to do business in the State of New Mexico. The lessee shall furnish annually to the County on the rent payment due date of this Lease, a certificate or other evidence and proof of maintenance of the above required insurances. The certificate of insurance shall provide Grant County with a minimum 60 days notice of cancellation or renewal of the insurance policy. Lessee shall provide Grant County with notice of any changes thereof and furnish to the County evidence of acquirement of a substitute therefore and payment of premium thereof. If the Lessee shall fail to maintain such insurance coverage, then Grant County may obtain same and add the cost of such insurance to the next due lease payment. If the County does so, it may charge interest thereon at the rate of 15% per annum from the time of payment, which shall be added to the rental becoming due and shall be collected as an additional fee.

d. **Self-Insurance.** Lessee may self-insure by filing with the County a letter of credit in the amounts listed above or other promissory or escrowed monetary instrument.

6. Quiet Enjoyment. The Lessee, upon payment of the required fees and rents, and the faithful performance of such terms, agreements and conditions required by law, or this agreement, shall and may, peaceably and quietly have, enjoy those portions of the Airport authorized for their use. Such use shall be free from molestation, eviction or disturbance by the County or any person claiming by, through, or under it, subject to the terms and conditions of the law or agreement entered into. Such quiet enjoyment is conditional upon Lessee adhering to the following conditions:

a. **Permitted Uses.** Lessee agrees that it shall use the Premises for the following purposes only (and for no other purposes) for the Aircraft owned and insured by Lessee and for no other aircraft: parking, storage, operations, and maintenance consistent with Federal Aviation Administration standards. Lessee may store additional aircraft not owned or leased by Lessee, but only upon verbal notification to the Airport Manager.

b. **Commercial Use of Premises and Future Improvements.** Lessee agrees to obtain written permission from the Grant County Manager prior to commencing or permitting any commercial use of the Premises not specifically listed, or additional improvements thereto, in accordance with the current Airport policies, code and/or standards. In the event that the Premises,


(Lessee's Initials)

or improvements thereto is used for business purposes, the Lessee shall at all times maintain and pay any required permits, licenses, insurances, and taxes as required by law.

c. Construction and Ownership of Improvements.

(1) Title to Improvements. Title to all buildings and improvements existing and erected on the Premises during the term of this Lease shall remain the property of the Lessee during the term of the Lease. Upon termination or expiration of this Lease, the Lessor shall retain a right of first refusal to purchase any structure or building existing on the Premises, as described in paragraph 6e(2).

(2) Proposed Improvements. Lessee shall not commence any construction on the Premises without Lessor's prior written consent for all work to be conducted. (Existing structures are approved by Lessor at the time of execution of this Lease Agreement.) Lessee shall submit plans, a schedule, and a budget to Lessor when making any request to construct improvements. Lessor may request any information, request modifications, consent to, or deny Lessee's request in Lessor's sole discretion. For any authorized project, Lessee shall provide Lessor with copies of all plans, specifications, and construction documents during the progress of the work, and the matters contained therein shall be subject to Lessor's consent. Lessee shall make no changes to the work without Lessor's prior written consent.

(3) Time Restrictions for Unimproved Hangar Spaces. A lessee shall begin the process of constructing a hangar with no less than the submission of plans, a schedule, and a budget to Lessor, not later than six (6) months following the Commencement Date of this Lease. Construction of a hangar must be completed on or before the second anniversary date of the Commencement Date of the Lease.

(4) Required Construction Standards and Permits. All work shall be performed in a good and workmanlike manner. Work shall be performed by a qualified and properly licensed contractor. All work shall conform to governing state and federal laws and regulations (or Airport standards), relating to airport improvements. Lessee shall not commence construction for a hangar or other authorized improvement without first obtaining a State of New Mexico building permit, and any other required permits. Work shall be performed in a safe manner, and Lessor shall have the right, but not the duty, to stop any work until safety conditions can be investigated and implemented. The work site shall be secured consistent with industry standards at Airports during the performance of the work.

(5) Additional Improvements Constructed During the Initial Lease Term or Renewal Term. Upon written approval of Lessor, Lessee may construct additional improvements or modifications at a later date, subject to all state and federal laws and regulations, and any requirements imposed by Lessor. However, in all cases, construction must be completed within eighteen (18) months of approval by the County.

d. Condition, Maintenance and Repairs of Leasehold and Improvements Thereto.

(1) Lessee Shall Maintain. Lessee shall maintain, at its own expense, the Premises and any improvements, fixtures or equipment on the Premises in a safe, sanitary, orderly, and sightly manner, in accordance with all applicable codes and regulations. Lessee shall also maintain the cleanliness of all paved area on the Premises, and shall be responsible for mowing all grass, watering lawns, controlling weeds, and maintaining shrubs and trees on the Premises.


(Lessee's Initials)

(2) Erosion Control. Where the slope, terrain, or soil disturbance is such that active soil or wind erosion may be present, Lessee must carry out erosion control practices to mitigate the erosion. These practices include, but are not limited to drainage facilities constructed and maintained by Lessee, landscaping, and/or seeding and maintaining of vegetation.

(3) County's Right to Correct Deficiencies. The County has the right to require reasonable maintenance and repairs to the Premises or the improvements thereon by Lessee as required by this lease. Should the Lessee fail to make the required corrections, the County shall have the right to enter the Premises, or improvements thereto, correct the deficiency, and recover the cost of activities from Lessee as rent due on the next rent payment date.

(4) Repair of Damage. If the Premises, or improvements thereto is partially destroyed or damaged by fire or other casualty, then Lessee shall repair and restore the Premises, or improvements thereto as soon as it is reasonable and practicable. Such repair or restoration shall commence not later than six (6) months after such damage, and be completed within six (6) months thereafter. Such restoration shall be to substantially the same condition in which the Premises or improvements thereto was before such damage. In the event that Lessee has not commenced repairs within six (6) months from the date of said damage and thereafter completed such repairs within six (6) months, this Lease may be immediately terminated by the County. Such termination shall be made effective by serving notice upon the Lessee, and effective on the date of receipt of such notice by the Lessee.

(5) Destruction of the Premises or Improvements Thereto. In the event the Premises, or improvements thereto is completely destroyed or so badly damaged that repairs cannot be commenced within six (6) months and completed within six (6) months thereafter, then this Lease may be terminated. Such termination shall be effective as of the date of the occurrence of the damage or destruction, and made effective by either party hereto by serving written notice upon the other.

e. Removal of Improvements.

(1) When Requested by Lessee. If at any time during the Lease Term, when all Rent then due and owing has been fully paid and Lessee is not in default under this Lease, Lessee may request to remove any or all improvements. Lessee shall give forty-five (45) days advance written notice of its intent to remove the improvements to the County, which shall not unreasonably withhold consent. When removing improvements, the Lessee shall restore the Premises to its previously existing condition, including filling excavations, returning the surface to grade, and leaving the Premises safe and free from all debris and hazards.

(2) At Expiration or Termination of Lease. At the expiration or termination of this Lease, any or all buildings and other permanent improvements to the Premises will, at the direction and sole discretion of the County, either remain intact on the Premises and become the property of the County, or be removed by the Lessee. The county will have a thirty (30) day "right of first refusal" to purchase the structures and improvements at Fair Market Value ("FMV"). The FMV shall be determined by an independent third person entity mutually agreed upon by Lessor and Lessee. Should the County elect for the Lessee to remove any or all improvements, the Lessee shall do so within sixty (60) days. When removing improvements, the Lessee shall restore the Premises to its previously existing condition, including filling excavations, returning the surface to grade, and leaving the Premises safe and free from all debris and hazards. All improvements not removed as


(Lessee's Initials)

aforesaid shall, without compensation to or by County, become County's property free and clear of all liability and expenses. Lessee shall thereafter be released from any and all liability, cost or expense associated with the Premises, including the improvements thereon, or associated with termination of this Lease. However, if Lessee fails to promptly remove said improvements if and as required by the County, the County may assess and bill Lessee based on receipt of an itemized statement of costs of removal and restoration of the Premises.

f. Installation of Utilities. County represents that all utilities, except for wastewater collection and treatment service, which are necessary for the conducting of Lessee's activities are available at the Airport. However, Lessee shall obtain and install underground at its own expense any necessary electrical, gas, sewer and septic tank, and any other utility service, subject to the Lessor's approval, and any applicable rules, regulations or building codes of the State of New Mexico or ordinances of Grant County. Lessor will provide water to the Leased Premises.

g. Hazardous Waste. No toxic materials or hazardous waste subject to regulation by the EPA or NM Environment Department shall be stored or disposed of on the Airport without the written permission of the Airport Manager.

h. Environmental Assessment and Remediation. At the expiration or termination of this Lease, the County may require that Lessee furnish to the County an Environmental Assessment Report on the Premises, conducted in accordance with the laws, codes and regulations in effect at that time. The costs of remediation, if any should be required by law, shall be the responsibility of the Lessee.

i. Signs. Lessee must obtain County consent to paint or construct any exterior signs. Lessee further agrees that upon vacating the Facilities, Lessee will restore exterior signs to same condition as received at time of occupancy. The Lessee shall be responsible for all cost and expense of maintaining its signs as permitted hereby. Lessee shall not erect, paint or maintain any temporary signs or advertising displays, such as banners, balloons, flashing sign boards, and/or any similar visual devices whatsoever.

7. Obtain Permits, Pay Taxes, and Obey Laws.

a. Lessee shall pay when due all valid taxes, special assessments, excises, license fees and permit fees of whatever nature applicable to its operation or levied or assessed against the Airport, or improvements thereto. Lessee shall take out and keep current all licenses, permits, and certificates (County, State and Federal) required for the conduct of its activities at and upon the Airport, and further agrees not to permit any of said taxes, excise or license fees to knowingly become delinquent.

b. Lessee shall, at its own expense, fully comply with all laws, regulations, rules, ordinances, and requirements of the applicable County, State and Federal authorities and agencies which affect this Lease, the land granted by this Lease, any improvements upon the Leasehold, and/or operations thereon. Such compliance shall be with any laws, regulations, rules, ordinances or requirements which have been or may be enacted or promulgated during the effective period of this Lease.

c. Lessee recognizes the authority of Grant County and staff to take those necessary and legal actions required to safeguard any person, aircraft, equipment or property at the Airport. Lessee agrees to abide by any suspension, restriction, or designation of specific procedures applicable to any or all Airport operations whenever such actions are established by such authorities.


(Lessee's Initials)

8. Assignment and Sublease.

a. County Consent Required. Lessee shall not assign or sublease the rights granted by this Lease, nor the Leased Premises, nor the improvements constructed or occupied in accordance with this Lease, without the prior written consent of the County, which consent shall not be unreasonably withheld. All approved assignments or subleases shall be in accordance with the Minimum Standards For Commercial Airport Aeronautical Activity And Service Providers At The Grant County Airport. If the Lease is assigned or subleased, all clauses herein binding the parties hereto are also binding on any and all successors and/or assigns, unless specifically amended by the County as a condition of consent.

b. Assignment Relieves Lessee. Upon a valid assignment of this Lease, but not upon a sublease, the Lessee shall be relieved of all obligations and liabilities arising from this Lease effective as of the date of the assignment.

9. Default and Termination.

a. Definition. If the County determines the Lessee is in violation of any of the terms, conditions of this Lease, or the Lessee fails to pay, on time, any fees or charges due, the condition shall be considered a default of the Lease.

b. Written Notice Required. The County shall provide the Lessee with written notice of any determination of default.

c. Compliance Time. The Lessee shall then have thirty (30) days to cure or remedy said default or otherwise comply with any demand contained within such written notice which cures or remedies the default.

d. Failure to Comply. If the Lessee fails to correct the default as specified by the County's notice within the specified period, or if the Lessee receives a third notice of default within any 18 consecutive month period, the County may, at its option, terminate this Lease immediately, or at any time thereafter. Such termination may be made without further notice or demand. Upon such termination, without further notice or demand, the County may enter upon and into the Leased area, or improvements thereto, or any part thereof, and take absolute possession of the same fully and absolutely, and such re-entry shall not be judged trespass. In addition, the County may also require all associated and permitted operations to cease and be removed from the Airport.

e. Lease Remains Binding. All provisions of this Lease remain binding upon the Lessee while the Lessee is in default, and if this Lease is terminated due to default.

10. Airport Development. The County reserves the right to further develop the Airport as it sees fit, without unreasonable interference or hindrance from Lessee.

a. Eminent Domain Rights. If the physical development of the Airport requires the relocation, removal or alteration of Lessee's business from the Airport, the County has the right to condemn the business area wholly under the County's eminent domain rights.

b. Notice of Total Taking. In the case of a total taking by the County of the areas authorized for use by this Lease, the County will provide a minimum of ninety (90) days notice of such impending action. In the event of such a total taking, Lessee's obligation to pay rent and other charges shall terminate on the date of the taking.


(Lessee's Initials)

c. Actions in the Event of Total Taking. In the case of a total taking, both parties hereto agree that the value of this Lease shall be declared to be zero dollars (\$0.00). The value of the Building will be determined by an independent appraisal at Fair Market Value. The Lessee will have the option of receiving the monetary FMV of the building or having a similar building constructed at another site and entering into a new lease agreement at the then current land lease rate. Any remaining Rent, having already been paid, will be refunded to Lessee or applied to a new Lease.

11. Amendment. This Lease shall not be altered, changed or amended except by instrument in writing executed by the County and Lessee.

12. Severability. If any clause or provision herein shall be adjudged invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, it shall not affect the validity of any other clause or provision, which shall remain in full force and effect.

13. Right of Aircraft Operations. The County hereby reserves a right of aircraft ground operations on and above the surface of the Airport, when conducted in accordance with the Federal Aviation Regulations, together with the right to cause such noise, odors and other disturbances as may be inherent in such operation.

14. Reserved Water, Gas, Oil, and Mineral Rights. The County reserves, subject to the BLM Patent all water, gas, oil, hydrocarbon and mineral rights in and under the surface of the Airport. However, the County shall not conduct any operations on the surface of the Airport for the exploration, development or recovery of the rights and substances reserved which would unreasonably interfere with the Lessee's use of the Airport.

15. Easements and Right of Way.

a. Existing Easements. This Lease is subject to all existing rights-of-way or easements of record and all other Leases granted by the County to other parties at the Airport, and to those retained by the County.

b. County's Right to Use Existing Easements. The County retains the right to locate utilities as necessary on existing easements on the Airport.

c. Easements to be Accessible. Lessee shall leave any utility easements upon the Airport open and unobstructed. A perpetual easement and right-of-way for the construction, maintenance, removal and replacement of any and all utility lines, manholes, and related facilities through, over, across and under the Airport is hereby reserved for the benefit of the County.

d. County's Right to Establish Easements. The County may at any time and from time to time relocate, in whole or in part, any easement serving the Airport, provided that such relocation does not diminish or permanently interrupt the rights or operations of the Lessee nor increase the costs to be incurred by Lessee. The County may temporarily interrupt operations with respect to such Easements during the period of relocation, and the County agrees to restore the Airport to a condition substantially similar to the condition existing prior to any alterations thereto by the County.

e. County's Right to Protect Aerial Approaches. The County reserves the right to take such action as may be reasonably necessary to establish and protect aerial approaches to the Airport


(Lessee's Initials)

against obstruction, including the right to prevent persons from erecting or permitting to be erected any improvements on the Airport which would constitute a hazard to aircraft.

16. Right to Perform Own Aircraft Servicing and Maintenance. It is clearly understood by the Lessee that no rights or privileges have been granted which would prevent any legal person from performing any services that it may choose to perform on its own aircraft at locations reserved for such purposes. All such servicing, maintenance and repair shall be conducted in accordance with Federal Aviation Regulations and applicable law.

17. Security and Safety. Lessee will participate in the County's security and safety programs as they relate to the Airport.

18. Airport Access. Subject to the rules and regulations established by the County, the Lessee has the right of free access, ingress to and egress from those parts of the Airport authorized for the Lessee's use by this Lease. Such access also applies to the Lessee's employees, agents, patrons and invitees, its suppliers of materials and furnishings of services and its equipment, vehicles, and machinery. The County may, at any time, temporarily or permanently close or consent to the closing of any roadway or other right-of-way for such access, ingress, and any other area at the Airport or in its environs presently or hereafter used as such. In such a case, a means of access, ingress and egress reasonably equivalent to that formerly provided may be substituted and concurrently made available subject to the Airports Security and Operational needs.

19. County's Right to Enter. The County, its officers, agents and representatives, subject to any security regulations imposed by any governmental authority, shall have the right to enter all parts of the premises at all reasonable hours to inspect the premises when reasonably required and as it may deem necessary or desirable.

20. Operational Reports. Lessee agrees to submit to the County, upon request by the County any report or reports or information regarding Lessee's operations at the Airport. The County agrees to receive from Lessee, upon request by Lessee, any reports the Lessee deems appropriate for the purpose of keeping the County informed of any operational problems and of any suggested improvements at the Airport.

21. Automobiles and Other Vehicles. The County reserves the exclusive right to control, by security gate, uniform driving regulations, or otherwise, all vehicular ingress and egress to, and operations on, the aircraft operating areas including but not limited to all taxiways, runways and ramp areas on the Airport.

22. Notices. Whenever any notice is required or permitted hereunder, such notice shall be in writing. Any notice or document required or permitted to be delivered hereunder shall be deemed to be delivered whether actually received or not, when deposited in the United States mail, as Certified Mail, postage prepaid, return receipt requested, and addressed to the parties at their respective addresses, as set forth below:


(Lessee's Initials)

LESSOR: Airport Manager 1400 Hwy 180 East (personal delivery) PO Box 898 (postal delivery) Silver City, NM 88062 575-574-0008	LESSEE: Matthew Ormand PO Box 1465 Silver City, NM 88062 575-538-1662
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23. Exhibits. The following exhibits are attached and made part of this Lease:

A. EXHIBIT "A": LEGAL DESCRIPTION OF PREMISES.

24. Approval by State Board of Finance. Both parties understand that this Agreement is subject to approval by the State Board of Finance and shall not be effective until an authorized signature of the State Board of Finance is entered below.

25. Prior Agreements. Upon approval by the State Board of Finance, this Agreement shall replace any prior agreements between the parties that cover the same subject matter.

26. Sufficient Appropriations. The terms of this Agreement and any and all financial obligations that the Lessor may incur as a result of entering into this Agreement are contingent upon sufficient revenues, appropriations and authorizations being made by the New Mexico Legislature or the Lessor's governing body for the performance of this Agreement or any portion thereof. If sufficient appropriations and authorizations are not made, this Agreement shall terminate upon written notice being given by the Lessor to the Lessee. Lessor's decision as to whether sufficient appropriations and authorizations are available shall be accepted by the Lessee and shall be final.

27. Holdover Upon Expiration. Upon expiration of this Lease, any holdover period shall not exceed six (6) months.

IN WITNESS WHEREOF, County and Lessee have entered this Agreement as of the date of execution below.

LESSOR:



By: Grant County Manager

Date: 1/11/2018

LESSEE:



By:

Date: 1-8-2018

STATE BOARD OF FINANCE:

By: _____

Date: _____

Title: _____

Date: _____



(Lessee's Initials)

GRANT COUNTY AIRPORT GROUND LEASE AGREEMENT

THIS AIRPORT GROUND LEASE AGREEMENT ("Agreement" or "Lease") is made and entered into by and between the County of Grant and John Sherman for a hangar site at the Grant County Airport ("Airport").

WHEREAS, Grant County in the State of New Mexico ("Lessor" or "County") is the owner of the Grant County Airport ("Airport") in Grant County, New Mexico; and

WHEREAS, Grant County maintains designated areas at the Airport specifically to lease said areas for aviation-related purposes; and

WHEREAS, John Sherman ("Lessee") desires to lease a hangar site from Lessor at the Grant County Airport.

NOW, THEREFORE, in consideration of the mutual terms herein contained, and for other good and valuable consideration, the following is agreed:

1. The Leased Area Described. Grant County hereby Leases to the Lessee, the hangar site described as follows:

Usable area of Space 1 (4,932 sq. ft.) on Exhibit "A" (hereinafter the "Premises") attached hereto and incorporated herein by this reference, together with an easement for ingress and egress to the property by the Lessee; but excluding the abutting taxiway.

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a. Initial Term. The term of this Agreement shall be for a period of thirty (30) years commencing on June 1, 2018 (the "Commencement Date").


b. Renewal. Lessee may renew this Agreement for one (1) additional period of five (5) years if Lessee is not in breach of this Agreement and delivers a written notice of renewal to Lessor at least ninety (90) days before the expiration of the Initial Term. After any such renewal, Lessor, in its sole discretion, may determine to permit any subsequent extensions of this Agreement on terms offered by Lessor when agreed to by both parties in writing. Should the Lessee elect to not enter into a new agreement, the provisions of paragraph 6e(2) shall apply.

3. Rent. Lessee agrees to pay annual rent to Lessor for Lessee's lease of the Premises in the amount of Five Hundred Sixty Dollars and 00/100 (\$560.00) for the first five (5) years of this lease, beginning on the Commencement Date. The rent shall be adjusted on the fifth, tenth, and fifteenth anniversaries of the Commencement Date based on the increase or decrease in the cumulative Average Annual U.S. Consumer Price Index, or its successor report issued by the Federal Government, over the preceding five (5) calendar years of reporting.

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c. **Late Fee Due.** On any rental payment made 30 days after the payment due date, Lessee shall in addition pay a late charge of ten percent (10%) of the rent for each month or part thereof that the payment is late.

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a. **General Liability.** Lessee shall maintain general liability insurance insuring such claims. This insurance shall name Grant County (County) as an additional insured. The insurance shall have a minimum per occurrence limit of \$1,000,000 or as required to meet the mandatory requirements of the New Mexico Tort Claims Act or its successors in law, whichever is greater.

b. **Property Insurance.** Lessee shall maintain property insurance covering any improvements on the Premises, and the contents thereof. Such insurance shall be a property insurance policy with the broadest cause of loss endorsement including vandalism and malicious mischief. The insurance shall be on a replacement cost basis and shall name Grant County as an additional insured, as its interests may appear.


c. **Proof of Insurance.** Such insurance shall be with a licensed and authorized company to do business in the State of New Mexico. The lessee shall furnish annually to the County on the rent payment due date of this Lease, a certificate or other evidence and proof of maintenance of the above required insurances. The certificate of insurance shall provide Grant County with a minimum 60 days notice of cancellation or renewal of the insurance policy. Lessee shall provide Grant County with notice of any changes thereof and furnish to the County evidence of acquirement of a substitute therefore and payment of premium thereof. If the Lessee shall fail to maintain such insurance coverage, then Grant County may obtain same and add the cost of such insurance to the next due lease payment. If the County does so, it may charge interest thereon at the rate of 15% per annum from the time of payment, which shall be added to the rental becoming due and shall be collected as an additional fee.

d. **Self-Insurance.** Lessee may self-insure by filing with the County a letter of credit in the amounts listed above or other promissory or escrowed monetary instrument.

6. Quiet Enjoyment. The Lessee, upon payment of the required fees and rents, and the faithful performance of such terms, agreements and conditions required by law, or this agreement, shall and may, peaceably and quietly have, enjoy those portions of the Airport authorized for their use. Such use shall be free from molestation, eviction or disturbance by the County or any person claiming by, through, or under it, subject to the terms and conditions of the law or agreement entered into. Such quiet enjoyment is conditional upon Lessee adhering to the following conditions:

a. **Permitted Uses.** Lessee agrees that it shall use the Premises for the following purposes only (and for no other purposes) for the Aircraft owned and insured by Lessee and for no other aircraft: parking, storage, operations, and maintenance consistent with Federal Aviation Administration standards. Lessee may store additional aircraft not owned or leased by Lessee, but only upon verbal notification to the Airport Manager.

b. **Commercial Use of Premises and Future Improvements.** Lessee agrees to obtain written permission from the Grant County Manager prior to commencing or permitting any commercial use of the Premises not specifically listed, or additional improvements thereto, in accordance with the current Airport policies, code and/or standards. In the event that the Premises,


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or improvements thereto is used for business purposes, the Lessee shall at all times maintain and pay any required permits, licenses, insurances, and taxes as required by law.

c. Construction and Ownership of Improvements.

(1) Title to Improvements. Title to all buildings and improvements existing and erected on the Premises during the term of this Lease shall remain the property of the Lessee during the term of the Lease. Upon termination or expiration of this Lease, the Lessor shall retain a right of first refusal to purchase any structure or building existing on the Premises, as described in paragraph 6e(2).

(2) Proposed Improvements. Lessee shall not commence any construction on the Premises without Lessor's prior written consent for all work to be conducted. (Existing structures are approved by Lessor at the time of execution of this Lease Agreement.) Lessee shall submit plans, a schedule, and a budget to Lessor when making any request to construct improvements. Lessor may request any information, request modifications, consent to, or deny Lessee's request in Lessor's sole discretion. For any authorized project, Lessee shall provide Lessor with copies of all plans, specifications, and construction documents during the progress of the work, and the matters contained therein shall be subject to Lessor's consent. Lessee shall make no changes to the work without Lessor's prior written consent.

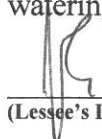
(3) Time Restrictions for Unimproved Hangar Spaces. A lessee shall begin the process of constructing a hangar with no less than the submission of plans, a schedule, and a budget to Lessor, not later than six (6) months following the Commencement Date of this Lease. Construction of a hangar must be completed on or before the second anniversary date of the Commencement Date of the Lease.

(4) Required Construction Standards and Permits. All work shall be performed in a good and workmanlike manner. Work shall be performed by a qualified and properly licensed contractor. All work shall conform to governing state and federal laws and regulations (or Airport standards), relating to airport improvements. Lessee shall not commence construction for a hangar or other authorized improvement without first obtaining a State of New Mexico building permit, and any other required permits. Work shall be performed in a safe manner, and Lessor shall have the right, but not the duty, to stop any work until safety conditions can be investigated and implemented. The work site shall be secured consistent with industry standards at Airports during the performance of the work.

(5) Additional Improvements Constructed During the Initial Lease Term or Renewal Term. Upon written approval of Lessor, Lessee may construct additional improvements or modifications at a later date, subject to all state and federal laws and regulations, and any requirements imposed by Lessor. However, in all cases, construction must be completed within eighteen (18) months of approval by the County.

d. Condition, Maintenance and Repairs of Leasehold and Improvements Thereto.

(1) Lessee Shall Maintain. Lessee shall maintain, at its own expense, the Premises and any improvements, fixtures or equipment on the Premises in a safe, sanitary, orderly, and slightly manner, in accordance with all applicable codes and regulations. Lessee shall also maintain the cleanliness of all paved area on the Premises, and shall be responsible for mowing all grass, watering lawns, controlling weeds, and maintaining shrubs and trees on the Premises.


(Lessee's Initials)

(2) Erosion Control. Where the slope, terrain, or soil disturbance is such that active soil or wind erosion may be present, Lessee must carry out erosion control practices to mitigate the erosion. These practices include, but are not limited to drainage facilities constructed and maintained by Lessee, landscaping, and/or seeding and maintaining of vegetation.

(3) County's Right to Correct Deficiencies. The County has the right to require reasonable maintenance and repairs to the Premises or the improvements thereon by Lessee as required by this lease. Should the Lessee fail to make the required corrections, the County shall have the right to enter the Premises, or improvements thereto, correct the deficiency, and recover the cost of activities from Lessee as rent due on the next rent payment date.

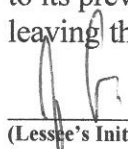
(4) Repair of Damage. If the Premises, or improvements thereto is partially destroyed or damaged by fire or other casualty, then Lessee shall repair and restore the Premises, or improvements thereto as soon as it is reasonable and practicable. Such repair or restoration shall commence not later than six (6) months after such damage, and be completed within six (6) months thereafter. Such restoration shall be to substantially the same condition in which the Premises or improvements thereto was before such damage. In the event that Lessee has not commenced repairs within six (6) months from the date of said damage and thereafter completed such repairs within six (6) months, this Lease may be immediately terminated by the County. Such termination shall be made effective by serving notice upon the Lessee, and effective on the date of receipt of such notice by the Lessee.

(5) Destruction of the Premises or Improvements Thereto. In the event the Premises, or improvements thereto is completely destroyed or so badly damaged that repairs cannot be commenced within six (6) months and completed within six (6) months thereafter, then this Lease may be terminated. Such termination shall be effective as of the date of the occurrence of the damage or destruction, and made effective by either party hereto by serving written notice upon the other.

e. Removal of Improvements.

(1) When Requested by Lessee. If at any time during the Lease Term, when all Rent then due and owing has been fully paid and Lessee is not in default under this Lease, Lessee may request to remove any or all improvements. Lessee shall give forty-five (45) days advance written notice of its intent to remove the improvements to the County, which shall not unreasonably withhold consent. When removing improvements, the Lessee shall restore the Premises to its previously existing condition, including filling excavations, returning the surface to grade, and leaving the Premises safe and free from all debris and hazards.

(2) At Expiration or Termination of Lease. At the expiration or termination of this Lease, any or all buildings and other permanent improvements to the Premises will, at the direction and sole discretion of the County, either remain intact on the Premises and become the property of the County, or be removed by the Lessee. The county will have a thirty (30) day "right of first refusal" to purchase the structures and improvements at Fair Market Value ("FMV"). The FMV shall be determined by an independent third person entity mutually agreed upon by Lessor and Lessee. Should the County elect for the Lessee to remove any or all improvements, the Lessee shall do so within sixty (60) days. When removing improvements, the Lessee shall restore the Premises to its previously existing condition, including filling excavations, returning the surface to grade, and leaving the Premises safe and free from all debris and hazards. All improvements not removed as


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aforesaid shall, without compensation to or by County, become County's property free and clear of all liability and expenses. Lessee shall thereafter be released from any and all liability, cost or expense associated with the Premises, including the improvements thereon, or associated with termination of this Lease. However, if Lessee fails to promptly remove said improvements if and as required by the County, the County may assess and bill Lessee based on receipt of an itemized statement of costs of removal and restoration of the Premises.

f. Installation of Utilities. County represents that all utilities, except for wastewater collection and treatment service, which are necessary for the conducting of Lessee's activities are available at the Airport. However, Lessee shall obtain and install underground at its own expense any necessary electrical, gas, sewer and septic tank, and any other utility service, subject to the Lessor's approval, and any applicable rules, regulations or building codes of the State of New Mexico or ordinances of Grant County. Lessor will provide water to the Leased Premises.

g. Hazardous Waste. No toxic materials or hazardous waste subject to regulation by the EPA or NM Environment Department shall be stored or disposed of on the Airport without the written permission of the Airport Manager.

h. Environmental Assessment and Remediation. At the expiration or termination of this Lease, the County may require that Lessee furnish to the County an Environmental Assessment Report on the Premises, conducted in accordance with the laws, codes and regulations in effect at that time. The costs of remediation, if any should be required by law, shall be the responsibility of the Lessee.

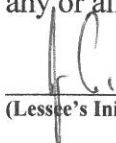
i. Signs. Lessee must obtain County consent to paint or construct any exterior signs. Lessee further agrees that upon vacating the Facilities, Lessee will restore exterior signs to same condition as received at time of occupancy. The Lessee shall be responsible for all cost and expense of maintaining its signs as permitted hereby. Lessee shall not erect, paint or maintain any temporary signs or advertising displays, such as banners, balloons, flashing sign boards, and/or any similar visual devices whatsoever.

7. Obtain Permits, Pay Taxes, and Obey Laws.

a. Lessee shall pay when due all valid taxes, special assessments, excises, license fees and permit fees of whatever nature applicable to its operation or levied or assessed against the Airport, or improvements thereto. Lessee shall take out and keep current all licenses, permits, and certificates (County, State and Federal) required for the conduct of its activities at and upon the Airport, and further agrees not to permit any of said taxes, excise or license fees to knowingly become delinquent.

b. Lessee shall, at its own expense, fully comply with all laws, regulations, rules, ordinances, and requirements of the applicable County, State and Federal authorities and agencies which affect this Lease, the land granted by this Lease, any improvements upon the Leasehold, and/or operations thereon. Such compliance shall be with any laws, regulations, rules, ordinances or requirements which have been or may be enacted or promulgated during the effective period of this Lease.

c. Lessee recognizes the authority of Grant County and staff to take those necessary and legal actions required to safeguard any person, aircraft, equipment or property at the Airport. Lessee agrees to abide by any suspension, restriction, or designation of specific procedures applicable to any or all Airport operations whenever such actions are established by such authorities.


(Lessee's Initials)

8. Assignment and Sublease.

a. County Consent Required. Lessee shall not assign or sublease the rights granted by this Lease, nor the Leased Premises, nor the improvements constructed or occupied in accordance with this Lease, without the prior written consent of the County, which consent shall not be unreasonably withheld. All approved assignments or subleases shall be in accordance with the Minimum Standards For Commercial Airport Aeronautical Activity And Service Providers At The Grant County Airport. If the Lease is assigned or subleased, all clauses herein binding the parties hereto are also binding on any and all successors and/or assigns, unless specifically amended by the County as a condition of consent.

b. Assignment Relieves Lessee. Upon a valid assignment of this Lease, but not upon a sublease, the Lessee shall be relieved of all obligations and liabilities arising from this Lease effective as of the date of the assignment.

9. Default and Termination.

a. Definition. If the County determines the Lessee is in violation of any of the terms, conditions of this Lease, or the Lessee fails to pay, on time, any fees or charges due, the condition shall be considered a default of the Lease.

b. Written Notice Required. The County shall provide the Lessee with written notice of any determination of default.

c. Compliance Time. The Lessee shall then have thirty (30) days to cure or remedy said default or otherwise comply with any demand contained within such written notice which cures or remedies the default.

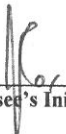
d. Failure to Comply. If the Lessee fails to correct the default as specified by the County's notice within the specified period, or if the Lessee receives a third notice of default within any 18 consecutive month period, the County may, at its option, terminate this Lease immediately, or at any time thereafter. Such termination may be made without further notice or demand. Upon such termination, without further notice or demand, the County may enter upon and into the Leased area, or improvements thereto, or any part thereof, and take absolute possession of the same fully and absolutely, and such re-entry shall not be judged trespass. In addition, the County may also require all associated and permitted operations to cease and be removed from the Airport.

e. Lease Remains Binding. All provisions of this Lease remain binding upon the Lessee while the Lessee is in default, and if this Lease is terminated due to default.

10. Airport Development. The County reserves the right to further develop the Airport as it sees fit, without unreasonable interference or hindrance from Lessee.

a. Eminent Domain Rights. If the physical development of the Airport requires the relocation, removal or alteration of Lessee's business from the Airport, the County has the right to condemn the business area wholly under the County's eminent domain rights.

b. Notice of Total Taking. In the case of a total taking by the County of the areas authorized for use by this Lease, the County will provide a minimum of ninety (90) days notice of such impending action. In the event of such a total taking, Lessee's obligation to pay rent and other charges shall terminate on the date of the taking.


(Lessee's Initials)

c. Actions in the Event of Total Taking. In the case of a total taking, both parties hereto agree that the value of this Lease shall be declared to be zero dollars (\$0.00). The value of the Building will be determined by an independent appraisal at Fair Market Value. The Lessee will have the option of receiving the monetary FMV of the building or having a similar building constructed at another site and entering into a new lease agreement at the then current land lease rate. Any remaining Rent, having already been paid, will be refunded to Lessee or applied to a new Lease.

11. Amendment. This Lease shall not be altered, changed or amended except by instrument in writing executed by the County and Lessee.

12. Severability. If any clause or provision herein shall be adjudged invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, it shall not affect the validity of any other clause or provision, which shall remain in full force and effect.

13. Right of Aircraft Operations. The County hereby reserves a right of aircraft ground operations on and above the surface of the Airport, when conducted in accordance with the Federal Aviation Regulations, together with the right to cause such noise, odors and other disturbances as may be inherent in such operation.

14. Reserved Water, Gas, Oil, and Mineral Rights. The County reserves, subject to the BLM Patent all water, gas, oil, hydrocarbon and mineral rights in and under the surface of the Airport. However, the County shall not conduct any operations on the surface of the Airport for the exploration, development or recovery of the rights and substances reserved which would unreasonably interfere with the Lessee's use of the Airport.

15. Easements and Right of Way.


a. Existing Easements. This Lease is subject to all existing rights-of-way or easements of record and all other Leases granted by the County to other parties at the Airport, and to those retained by the County.

b. County's Right to Use Existing Easements. The County retains the right to locate utilities as necessary on existing easements on the Airport.

c. Easements to be Accessible. Lessee shall leave any utility easements upon the Airport open and unobstructed. A perpetual easement and right-of-way for the construction, maintenance, removal and replacement of any and all utility lines, manholes, and related facilities through, over, across and under the Airport is hereby reserved for the benefit of the County.

d. County's Right to Establish Easements. The County may at any time and from time to time relocate, in whole or in part, any easement serving the Airport, provided that such relocation does not diminish or permanently interrupt the rights or operations of the Lessee nor increase the costs to be incurred by Lessee. The County may temporarily interrupt operations with respect to such Easements during the period of relocation, and the County agrees to restore the Airport to a condition substantially similar to the condition existing prior to any alterations thereto by the County.

e. County's Right to Protect Aerial Approaches. The County reserves the right to take such action as may be reasonably necessary to establish and protect aerial approaches to the Airport


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against obstruction, including the right to prevent persons from erecting or permitting to be erected any improvements on the Airport which would constitute a hazard to aircraft.

16. Right to Perform Own Aircraft Servicing and Maintenance. It is clearly understood by the Lessee that no rights or privileges have been granted which would prevent any legal person from performing any services that it may choose to perform on its own aircraft at locations reserved for such purposes. All such servicing, maintenance and repair shall be conducted in accordance with Federal Aviation Regulations and applicable law.

17. Security and Safety. Lessee will participate in the County's security and safety programs as they relate to the Airport.

18. Airport Access. Subject to the rules and regulations established by the County, the Lessee has the right of free access, ingress to and egress from those parts of the Airport authorized for the Lessee's use by this Lease. Such access also applies to the Lessee's employees, agents, patrons and invitees, its suppliers of materials and furnishings of services and its equipment, vehicles, and machinery. The County may, at any time, temporarily or permanently close or consent to the closing of any roadway or other right-of-way for such access, ingress, and any other area at the Airport or in its environs presently or hereafter used as such. In such a case, a means of access, ingress and egress reasonably equivalent to that formerly provided may be substituted and concurrently made available subject to the Airports Security and Operational needs.

19. County's Right to Enter. The County, its officers, agents and representatives, subject to any security regulations imposed by any governmental authority, shall have the right to enter all parts of the premises at all reasonable hours to inspect the premises when reasonably required and as it may deem necessary or desirable.

20. Operational Reports. Lessee agrees to submit to the County, upon request by the County any report or reports or information regarding Lessee's operations at the Airport. The County agrees to receive from Lessee, upon request by Lessee, any reports the Lessee deems appropriate for the purpose of keeping the County informed of any operational problems and of any suggested improvements at the Airport.

21. Automobiles and Other Vehicles. The County reserves the exclusive right to control, by security gate, uniform driving regulations, or otherwise, all vehicular ingress and egress to, and operations on, the aircraft operating areas including but not limited to all taxiways, runways and ramp areas on the Airport.

22. Notices. Whenever any notice is required or permitted hereunder, such notice shall be in writing. Any notice or document required or permitted to be delivered hereunder shall be deemed to be delivered whether actually received or not, when deposited in the United States mail, as Certified Mail, postage prepaid, return receipt requested, and addressed to the parties at their respective addresses, as set forth below:


(Lessee's Initials)

LESSOR: Airport Manager 1400 Hwy 180 East (personal delivery) PO Box 898 (postal delivery) Silver City, NM 88062 575-574-0008	LESSEE: John Sherman 4300 Cottonwood Rd. Silver City, NM 88061 575-534-0913
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23. Exhibits. The following exhibits are attached and made part of this Lease:

A. EXHIBIT "A": LEGAL DESCRIPTION OF PREMISES.

24. Approval by State Board of Finance. Both parties understand that this Agreement is subject to approval by the State Board of Finance and shall not be effective until an authorized signature of the State Board of Finance is entered below.

25. Prior Agreements. Upon approval by the State Board of Finance, this Agreement shall replace any prior agreements between the parties that cover the same subject matter.

26. Sufficient Appropriations. The terms of this Agreement and any and all financial obligations that the Lessor may incur as a result of entering into this Agreement are contingent upon sufficient revenues, appropriations and authorizations being made by the New Mexico Legislature or the Lessor's governing body for the performance of this Agreement or any portion thereof. If sufficient appropriations and authorizations are not made, this Agreement shall terminate upon written notice being given by the Lessor to the Lessee. Lessor's decision as to whether sufficient appropriations and authorizations are available shall be accepted by the Lessee and shall be final.

27. Holdover Upon Expiration. Upon expiration of this Lease, any holdover period shall not exceed six (6) months.


IN WITNESS WHEREOF, County and Lessee have entered this Agreement as of the date of execution below.

LESSOR:


By: Grant County Manager

Date: 11/11/2018

LESSEE:

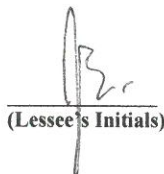

By:

Date: 1-7-18

STATE BOARD OF FINANCE:

By: _____ Date: _____

Title: _____


(Lessee's Initials)