

SAN JUAN COUNTY PRIVATE HANGAR LEASE AGREEMENT

This LEASE AGREEMENT (this “Lease” or “Lease Agreement”) is made and entered into as of August 16, 2022 (the “Effective Date”), by and between San Juan County (“County”) and David Churchill (“Tenant”). Tenant and County may be referred to hereafter individually as “Party” and collectively as “Parties” herein.

WITNESSETH:

WHEREAS, County owns a private hangar building located at 7639 N HWY 191 in Monticello, Utah (“Hangar”); and

WHEREAS, County and Tenant desire to accommodate, promote, and enhance general aviation at the Monticello Airport; and

WHEREAS, the County issued a Request for Interest from parties interested in leasing the County Hangar; and

WHEREAS, David Churchill submitted a letter of Interest and was selected as the most responsive proposal to the Request for Interest; and

WHEREAS, Tenant desires to lease certain real property at the Airport for purposes of using the County hangar for the storage of active, operable aircraft as set forth in this Agreement; and

WHEREAS, Tenant is willing to comply with the conditions including those uses defined in the FAA order 5160.6B Airport Compliance Handbook in maintaining FAA compliance for hangers located at airports.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained hereafter, the Parties hereto agree as follows:

Section 1. Lease

- 1.1 Lease of Hangar. County has authority to lease such Premises. Tenant agrees to accept the Premises “as is,” and County makes no warranty as to the condition of the Premises or their suitability for any particular purpose for the Lease Term, as defined herein.
- 1.2 Hangar. Hangar means all building improvements, equipment, fixtures, property and facilities located at 7639 N HWY 191, as from time to time altered, expanded or reduced upon approval from the County. Building also includes all common areas, utilities, equipment, installations in or forming part of the building which from time to time are not designated or intended by the Tenant to be leased to Tenants of the building including without limitation, exterior walls, roofs, entrances, and exits, parking areas, taxiway, and area, storage, mechanical and

electrical rooms, areas above and below leasable premises and not included within leasable premises, retaining walls and maintenance, cleaning and operating equipment serving the Hangar and those lands, areas, buildings, improvements, facilities, utilities, equipment that serve or are for the useful benefit of the Hangar.

- 1.3 Permitted Use. Tenant and Tenant’s Associates shall use the Premises and the Airport only for purposes that are expressly authorized by this Agreement and shall not engage in any unauthorized use of the same. Unauthorized uses include, but are not limited to, any use that would damage, interfere with, or alter any improvement; restricting access that Tenant does not lease; placing waste materials on the Airport or disposing of such materials in violation of any Laws and Regulations; any use that would constitute a public or private nuisance or a disturbance or annoyance to other Airport users; any commercial activity; driving a motor vehicle at an Airport location other than a roadway or parking area (except in connection with parking an automobile or motorcycle inside the hangar while the Aircraft is in flight, but only if such vehicle was driven by a person on board such Aircraft); the use of automobile parking areas in a manner not authorized by City; self-fueling activities on the Premises or any other area that City has not authorized; and any use that would be prohibited by or would impair coverage under either party's insurance policies. Tenant shall carry on no other business in the Hangar without the prior written consent of the County.

Tenant agrees that it shall use the Premises for the following purposes only: the parking, storage, service, repair, light maintenance, operation, and modification or construction (on a noncommercial basis only) of Aircraft, plus incidental activities related to such purposes (including, but not limited to, parking an automobile or motorcycle inside the hangar while the Aircraft is in flight, but only if such vehicle was driven by a person on board such Aircraft). An “Aircraft” shall be any aircraft that Tenant owns or controls by a long-term lease of one year or longer, or that is subject to an authorized sublease, when approved in writing in advance by County. Storage within the Premises of any aircraft not owned or controlled by Tenant, or not approved by County, as set forth herein, shall constitute a material breach of this Agreement. Tenant shall provide proof of the ownership or control of any Aircraft upon County’s request. The following are the make, model, and identification number of all Aircraft approved by County upon entering this Agreement, and Tenant shall provide the same information to County in writing when requesting approval for any subsequent Aircraft:

- i. Make: Cessna
- ii. Model: 210
- iii. Identification Number: N732VR

- 1.4 Third Party Use and Subletting. The County authorizes Tenant to permit third party access to the Hangar and to sublet for short periods of time at Tenants

discretion and upon written approval from the County, subject to the terms of this agreement in which those sublet parties support and promote the FAA Hangar Compliance Rules.

- 1.5 Right of Flight and Other Reserved Rights. This Agreement conveys only a leasehold interest in the Hangar Premises on the terms and for the purposes provided herein, and it conveys no other rights, title, or interests of any kind.
- 1.6 Personal Property. Except as otherwise set forth herein or in writing, Tenant shall be responsible for furnishing all personal property to be used by Tenant in the Hangar.
- 1.7 Removal of Disabled Aircraft. When consistent with Laws and Regulations, Tenant shall promptly remove or cause to be removed from any portion of the Airport not leased by Tenant the Aircraft or any other aircraft that Tenant owns or controls if it becomes disabled. Tenant may store such aircraft within the Tenant Improvements as permitted by Laws and Regulations or, with County's prior written consent, elsewhere at the Airport on terms and conditions established by County. If Tenant fails to comply with this requirement after a written request by County to comply, County may (but is not required to) cause the removal of any such aircraft at Tenant's expense by any means that County determines, in its sole discretion, to be in County's best interests.
- 1.8 Access to the Hangar. Tenant shall have access to the Hangar twenty-four (24) hours a day, seven (7) days a week. County shall have access to the Hangar at all reasonable times through coordination with the Tenant but not less than twenty-four (24) hours prior notice (except in the event of emergency), to enable County (i) to examine the same and to make such repairs, additions, and alterations as County may be permitted to make hereunder; and (ii) to show the Hangar to appraisers, prospective lessees, mortgagees, and purchasers.
- 1.9 Parking. Tenant shall have the ability to park in the designated Monticello Airport parking areas associated with the Airport to the extent such parking areas are not designated as reserved or ADA parking.
- 1.10 Liens. Tenant shall not permit any liens to be filed against the Hangar on account of the furnishing of any labor, material or supplies, or for any other cause or reason. In the event liens are filed, then Tenant shall promptly cause the same to be released, bonded, or satisfied in full within ten (10) days of the date of such filing.
- 1.11 Quiet Enjoyment. Tenant shall peaceably and quietly hold and enjoy the Hangar during the full Lease Term hereof.
- 1.12 Signage. Beginning on the commencement date of the Lease Term, Tenant and the County may place temporary or permanent signage upon and within the

Hangar in keeping with County's policies and procedures. The Parties agree to coordinate regarding the design and presentation of any such signage.

Section 2. Term

- 2.1 Term. This Agreement commences on the Effective Date and concludes at the conclusion of the Lease Term.
- 2.2 Lease Term. The "Lease Term" shall commence on September 1, 2022 and will automatically renew annually not to exceed a total of three (3) years on September 30, 2025. The lease may be amended for an additional three (3) years with automatic annual renewals if desired by an official amendment approved by both Parties.
- 2.3 Expiration of Lease Term. Upon the expiration of the Lease Term, if for any reason, this Agreement is terminated for cause by either party prior to the expiration of the Lease Term, then Tenant shall quit and surrender to County the Hangar in the same condition as delivered to Tenant on the commencement of the Lease Term, ordinary wear and tear excepted.

Section 3. Rent

- 3.1 Rent. Tenant shall pay the County four-hundred and twenty-five dollars and No/100 (\$425.00) per month in connection with this Agreement. The Parties acknowledge and deem that the management services and other duties and obligations set forth herein are sufficient consideration.
- 3.2 Security Deposit. No Security Deposit is required in connection with this Lease.

Section 4. Taxes

- 4.1 Taxes. Tenant will pay for any fees or taxes arising from any Tenant sublet or business.

Section 5. Utilities and Maintenance.

- 5.1 Utilities. Throughout the Lease Term, all utility services associated with the Hangar shall be managed and paid for by Tenant. As needed and requested by Tenant, the County agrees to provide any utility easements to utility servicers to facilitate access to utility services at the Hangar.
- 5.2 Maintenance. During the Lease Term, Tenant agrees to keep and maintain the Hangar in a clean and orderly condition and repair. County represents that the electrical system, HVAC system, plumbing system, lighting fixtures, automatic bifold doors, and physical structure of the Hangar will commence in good working order and shall continue to be maintained in working order, in accordance with all

laws and State standards at Tenant's sole expense. County has authorized and will pay for repair/initial maintenance of the hangar door at the beginning of the lease period. Any major failures to building systems and components will be repaired or replaced by the County outside of those failures related to negligence on behalf of the Tenant.

Section 6 Right of Entry

6.1 Right of Entry. The Parties acknowledge, understand, and agree that County and any of its authorized agents may enter into and upon the Leased Premises with prior notice and approval by Tenant, for the purpose of inspecting the same, of posting notices of non-responsibility for alterations, additions or repairs, or for any other reasonable purpose, which approval shall not be unreasonably withheld.

Section 7. Assignment

7.1 Assignment. Notwithstanding anything herein to the contrary, Tenant may not assign this Lease.

Section 8. Notices

8.1 Notices. All notices, demands or other writings under this Lease shall be in writing and shall be deemed delivered on the date of personal delivery or three days after it is deposited in the United States mail with postage prepaid and addressed as follows:

<p>To County: San Juan County Attn: County Chief Administrative Officer 117 South Main Street, PO Box 9 Monticello, Utah 84535</p>	<p>To Tenant: David Churchill 501 Pack Creek Road Moab, Utah 84532</p>
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Section 9. Hazardous Materials

9.1 Hazardous Materials. "*Hazardous Substance*" shall mean all substances, materials and wastes that are or become regulated, or classified as hazardous or toxic, under any Environmental Law. Tenant agrees not to maintain, keep, store, or permit the maintenance or storage of any dangerous, flammable, or hazardous material in the Hangar (other than reasonable and customary amounts as permitted under existing fire and safety rules and regulations) and further agrees to comply with all fire and safety rules and regulations, provided such compliance does not require Tenant to install or modify any fire protection, fire detection, or fire alarm systems in the

Hangar. County is not aware of any existing Hazardous Substances within the Hangar.

Section 10. Causality

- 10.1 Casualty. If all or any part of the Hangar shall be damaged or destroyed by fire, earthquake or other casualty so as to render the Hangar uninhabitable in Tenant's reasonable opinion, then this Agreement shall terminate, at the written option of County or Tenant, from the date of such casualty, and upon such notice Tenant shall at once surrender the Hangar and all interest therein to County.

Section 11. Force Majeure

- 11.1 Force Majeure. In the event that either Party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, pandemic or epidemic, war or other reason of a like nature not the fault of the party delayed in performing work or doing acts required under the terms of this Agreement, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. Neither County nor Tenant shall be liable for failure to perform any obligation under this Agreement in the event it is prevented from so performing by pandemic or epidemic, strike, lockout, breakdown, accident, act of terrorism, order or regulation of or by any governmental authority or failure to supply, or inability by the exercise of reasonable diligence to obtain supplies, parts or employees necessary to furnish such services or because of war, pandemic, epidemic, or other emergency or for any other cause beyond its reasonable control.

Section 12. Governmental Approvals

- 12.1 Governmental Approvals. In the event any governmental authorities require Tenant or the County to (i) make modifications to the Hangar, or (ii) obtain licenses or permits, then the Parties agree to coordinate in good faith to allocate any costs or expenses associated therewith.

Section 13. Property and Liability Coverage

- 13.1 Tenants' Liability Coverage. Tenant agrees to keep the Hangar fully insured and to protect the same from damages or loss by all ordinarily insurable perils under an "all risk" property insurance policy during the term of this Lease Agreement.

Tenant agrees to provide Aircraft Liability Insurance that includes premises liability, and, if applicable, mobile equipment coverage with a combined single limit for bodily injury and property damage of not less than one million dollars (\$1,000,000) per occurrence (and one hundred thousand dollars (\$100,000) per passenger seat for applicable claims), including, but not limited to, contractual liability coverage for Tenant's performance of the indemnity agreement set forth in Section 13.4. If any such coverage is not available to Tenant in the form of an aircraft liability policy, Tenant shall obtain substantially similar coverage through a commercial general liability policy. If Tenant drives any automobile other than in the roadways and automobile parking areas at the Airport (including, but not limited to, if Tenant parks an automobile in Tenant's hangar when permitted by this Agreement), comprehensive automobile liability coverage for claims and damage due to bodily injury or death of any person or property damage arising out of Tenant's ownership, maintenance, or use of any motor vehicles, whether owned, hired, or non-owned, of not less than five hundred thousand dollars (\$500,000) single combined limit "per accident" for bodily injury and property damage.

- 13.2 County's Liability Coverage. The County secures liability coverage as a member of the Utah Counties Indemnity Pool with limits adequate to cover its maximum liability under the Utah Governmental Immunity Act.
- 13.3 Indemnity by Tenant. Tenant agrees to indemnify, hold harmless, and defend County and its officers and employees from and against losses of every kind and character (including, but not limited to, liabilities, causes of action, losses, claims, costs, fees, attorney fees, expert fees, court or dispute resolution costs, investigation costs, environmental claims, mitigation costs, judgments, settlements, fines, demands, damages, charges, and expenses) that arise out of or relate to: (i) this Agreement; (ii) any use, occupancy, or operations at the Premises or the Airport by Tenant or Tenant's Associates; or (iii) any wrongful, reckless, or negligent act or omission of Tenant or Tenant's Associates. Tenant shall use attorneys, experts, and professionals that are reasonably acceptable to County in carrying out this obligation. This obligation does not require Tenant to indemnify County and its officers and employees against losses (as defined above) that arise solely from the negligent acts or omissions of County and its officers and employees. The obligation stated in this Section 13 shall survive the expiration or other termination of this Agreement with respect to matters arising before such expiration or other termination. These duties shall apply whether or not the allegations made are found to be true.

- 13.4 **Assumption of Risk; Waiver of Liability.** Tenant assumes all risk of the use of the Premises and the Airport, and Tenant hereby knowingly, voluntarily, and intentionally waives any and all losses, liabilities, claims, and causes of action, of every kind and character, that may exist now or in the future (including, but not limited to, claims for business interruption and for damage to any aircraft) against County and its officers, employees, and volunteers arising from or relating to Tenant's use, occupancy, or operations at the Premises or the Airport, except for those losses, liabilities, claims, and causes of action solely arising from the willful misconduct, gross negligence or intentional torts of the County or its officers, employees, and volunteers, that are not limited by governmental immunity.

Section 14. **Liability**

- 14.1 **Liability.** Each Party shall be responsible for its own acts and omissions and shall be liable for payment of that portion of any and all claims, liabilities, injuries, suits, and demands and expenses of all kinds that may result or arise out of any alleged malfeasance or neglect caused or alleged to have been caused by such party or its employees, agents, or subcontractors, in the performance or omission of any act or responsibility of said party under this Agreement. Neither Party shall be liable for any special, consequential, lost profit, expectation, punitive or other indirect damages in connection with any claim arising out of or relating to this Agreement, whether grounded in tort (including negligence), strict liability, contract, or otherwise. Nothing in this Agreement shall waive or limit each party's protections under the Utah Governmental Immunity Act.

Section 15. **Default**

- 15.1 **Default.** In the event that either Party shall be default in the performance of any other of the terms, covenants, conditions or provisions herein contained binding after the other Party has provided sixty (60) days prior written notice of such non-performance, the notifying Party shall have the right (in addition to all other rights and remedies provided by law) to terminate this Agreement.

Section 16. **Miscellaneous.**

- 16.1 **Choice of Law and Venue.** The Agreement will be governed by the laws of the State of Utah, without regard to conflicts of laws principles. Venue for any lawsuits, claims, or other proceedings between the Parties relating to or arising under the Agreement shall be exclusively in the State of Utah.
- 16.2 **Government Records and Management Act.** Tenant acknowledges that County is a governmental entity subject to the Utah Government Records Access and Management Act, Utah Code Ann., Section 630-2-101 et seq., as amended

("GRAMA"); that certain records within Tenant's possession or control, including without limitation, the Agreement, may be subject to public disclosure; and that Tenant's confidentiality obligations shall be subject in all respects to compliance with GRAMA. Pursuant to Section 630-2-309 of GRAMA, any confidential information provided to Tenant that County believes should be protected from disclosure must be accompanied by a written claim of confidentiality with a concise statement of reasons supporting such claim. Notwithstanding any provision to the contrary in the Agreement, Tenant may disclose any information or record to the extent required by GRAMA or otherwise required by law, and to Tenant's employees, attorneys, accountants, consultants and other representatives on a need-to-know basis; provided, that such representatives shall be subject to confidentiality obligations no less restrictive than those set forth in the Agreement.

- 16.3. Attorneys' Fees. If either County or Tenant institutes any action or proceeding against the other to enforce any provision of this Agreement, the non-prevailing party shall reimburse the prevailing party for all reasonable costs and expenses incurred by the prevailing party in the performance of this Agreement, including court costs, expenses and reasonable attorneys' fees.
- 16.4. Notice. Any payment, notice, or other communication required or permitted to be given to either party hereto shall be in writing and shall be deemed to have been properly given and effective: (a) on the date of delivery if delivered in person during recipient's normal business hours; or (b) on the date of attempted delivery if delivered by courier, express mail service or first-class mail, registered or certified. Such notice shall be sent or delivered to the respective addresses listed in the opening clause of this Agreement.
- 16.5. Assignment. Neither party may assign, transfer, or otherwise dispose of its rights, interests, or duties hereunder, in whole or in part, to any third party without prior written approval from the other Party.
- 16.6. Time of the Essence. Time is of the essence with respect to the performance of each, every, and all of the terms, conditions, promises and provisions of this Agreement.
- 16.7. Relationship of Parties. In assuming and performing the obligations of this Agreement, the Parties are each acting as independent parties and neither shall be considered or represent itself as a joint venture, partner, agent or employee of the other.
- 16.8. Headings. No headings in this Agreement affect its interpretation.
- 16.9. Amendment and Supplement. Any amendment and/or supplement of this Agreement shall come into force only after a written agreement is signed by both Parties. The amendment and supplement duly executed by both Parties shall be part of this Agreement and shall have the same legal effect as this Agreement.

- 16.10. Merger. This Agreement embodies the entire understanding of the Parties and supersedes all previous communications, representations, or understandings, either oral or written, between the Parties relating to the subject matter thereof.
- 16.11. Severability. The provisions of this Agreement are severable, and in the event that any provision of this Agreement shall be determined to be invalid or unenforceable under any controlling body of the law, such invalidity or unenforceability shall not in any way affect the validity or enforceability of the remaining provisions herein.
- 16.12. County's Option to Terminate. Either party shall have the right, by written notice to Tenant or County given at least sixty (60) days in advance, to terminate this Lease and surrender its lease hold interest to County. Termination shall be effective on the date specified in Tenant or County's notice. On and as of the effective date of the termination, Tenant shall be relieved from all further liability for rental or otherwise hereunder and shall deliver possession of the Hangar to County in accordance with the provisions of this Lease.

Section 17. Authority; Counterparts; Electronic Signatures

The Parties signing this Lease represent that they have been duly authorized by their respective principals and by all necessary corporate and public action to enter into and execute this Lease. This Lease may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. For purposes hereof, facsimile and/or e-mail signatures hereon shall be treated the same as, and accorded the same legal significance as original signatures hereon.

In Witness Whereof, the Parties have executed this Lease to be effective on the day and year first above written.

Each party is signing this contract on the date below the party's signature.

<p>COUNTY</p> <p>By: _____ Willie Grayeyes, Chair San Juan County Board of County Commissioners</p> <p>Date: _____</p> <p>ATTEST:</p> <p>_____</p> <p>Lyman Duncan San Juan County Clerk/Auditor</p> <p>Date: _____</p>	<p>TENANT</p> <p>By: _____</p> <p>Print Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>
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Exhibit A
Hangar

HCA Asset Management, LLC
Utah Counties Indemnity Pool 2018
Insurance Detail Report

As of date: 5/18/2018

ENTITY: SAJ San Juan County
 SITE: 201A Sheriff Hangar
 BUILDING: B001 Sheriff Hangar
 ADDRESS: 7639 N HWY 191
 MONTICELLO, UT 84535
 OCCUPANCY: AIRPORT HANGARS
 FIRE PROTECTION AND SAFETY: NONE
 SPRINKLERED (YES-% OR NO): NO
 FOUNDATION: CONCRETE FOOTING
 CONCRETE SLAB
 EXTERIOR WALLS: METAL SIDING ON STUD/GIRT
 ROOFING: METAL
 PARTITION WALLS: NONE
 CEILING: NONE/EXPOSED DECK
 BUILDING SERVICES: ELECTRIC
 FLOORING: CONCRETE/W SEALER
 BUILDING FEATURES: AUTOMATIC DOOR OPENERS
 OVERHEAD/BAY DOORS

ISO CONSTRUCTION CLASS: NONCOMBUSTIBLE
 FRAMING: PRE-ENGINEERED STEEL
 DATE OF CONSTRUCTION: 2012
 ADDITIONS (YES-YR. OR NO): 0
 RENOVATIONS (YES-YR OR NO): 0
 NUMBER OF STORIES: 1
 GROSS/BASEMENT SF: 3,600 / NO
 ELEVATION (FT): 6978
 FLOOD ZONE: C
 LATITUDE/LONGITUDE: 37.932398°N 109.343725°W



<u>BUILDING:</u>	
ACTUAL CASH VALUE:	\$173,800
REPLACEMENT COST NEW (RC):	\$203,000
EXCLUSION AMOUNT:	\$5,500
RC MINUS EXCLUSIONS:	\$197,500
PROPERTY IN THE OPEN:	\$0
<u>PERSONAL PROPERTY:</u>	
CONTENT VALUE:	\$0
EDP:	\$0
PERSONAL PROPERTY TOTAL:	\$0

BUILDING NOTES:
 ONE STORY AIRCRAFT HANGER. FEATURES INCLUDE AUTOMATIC BI-FOLDING BAY DOOR. NO CONTENTS.