

RENTAL CAR OPERATOR LEASE AND CONCESSION AGREEMENT

This Agreement dated as of _____, 201__ (“Effective Date”) is made by and between the County of Sonoma, a political subdivision of the State of California (“County”) and Autodistributors, Inc., a Nevada corporation, d/b/a Sixt Rental Car of Santa Rosa (“Operator”). County and Operator are sometimes collectively referred to herein as the “Parties.”

RECITALS

This Agreement is made with reference to the following facts and objectives:

A. County is owner and proprietor of the Charles M. Schulz-Sonoma County Airport (“Airport”), located in Sonoma County, State of California, and operates the same for the promotion, accommodation, and development of air commerce and transportation.

B. Operator is engaged in the management and operation of a rental car business serving the public and desires authorization to conduct such business at the Airport.

C. Operator is prepared, equipped, and qualified to maintain an adequate number of late-model automobiles in good mechanical condition and appearance at the Airport for rental if granted authorization to operate an automobile rental business at the Airport.

D. County believes it is important to the proper operation of the Airport that quality automobile transportation be available for hire or rental by air passengers arriving at or departing from the Airport, and by other users of the Airport.

E. It is mutually agreed that this Agreement shall terminate and supersede any prior agreement or agreements between the parties hereto, including that Off-Site Airport Rental Car Operator Concession Agreement with an Effective Date of August 8, 2014.

A G R E E M E N T

1. TERMINATION OF PRIOR AGREEMENTS

This Agreement shall terminate and supersede any prior agreement or agreements between the County and Operator, including that Off-Site Airport Rental Car Operator Concession Agreement with an Effective Date of August 8, 2014, and all such prior agreement or agreements between the County and Operator are of no further force and effect.

2. PREMISES

County grants to Operator the right to conduct its car rental operations at the locations provided below, all of which constitute the "Premises" as used herein:

A. Airport Terminal Building

A portion of the Airport Terminal Building, as shown on **Exhibit "A"** attached hereto and made a part hereof, allows for Operator's use and occupancy of one (1) counter position to operate a rental car concession.

B. Rental Car Parking

The Airport has designated Rental Car Parking Areas as shown on **Exhibit "B"**, attached hereto and made a part hereof. Rental car parking spaces are allocated for Operator's use based upon the allocation formula in Article 4. "Allocation of Rental Car Parking Spaces" of this Agreement.

C. Airport Car Wash Facility

Operator shall utilize jointly and severally with other Airport rental car companies the Airport rental car wash facility shown on the **Exhibit "B"** attached hereto and made a part hereof. County shall be responsible for the proper maintenance and repair of the car wash facility so that its proper operation by Operator complies with applicable environmental regulations.

D. Electrical Charging Stations

Upon completion of electric charging station construction, Operator shall be

assigned one (1) of the Airport's four (4) electric car charging stations located proximate to the Fire Station shown on **Exhibit "B"** attached hereto and made a part hereof.

E. Rental Car Preparation Area and Rental Car Ready Area

The Airport has designated Rental Car Preparation and Rental Car Ready Areas as shown on **Exhibit "B"**, attached hereto and made a part hereof. Operator shall engage in the following activities in the Rental Car Preparation Area:

- (1) Vehicle washing, cleaning, and related activities in Rental Car Preparation Area as are necessary for preparing vehicles for rental pursuant to this Concession Agreement. Vehicle washing may only be performed by Operator utilizing the Airport's rental car wash facility.
- (2) Storage of flammable materials shall be done in accordance with the regulations set forth by the Fire Department of the County of Sonoma, the State of California and any and all Federal Agencies.
- (3) The Rental Car Ready area shall be used by Operator for staging rental cars in parking spaces designated by the Airport for this use.
- (4) Parking of vehicles as provided herein shall not block other vehicle ingress and egress through the Vehicle Preparation or Ready Areas.
- (5) Operator's employees, agents, and invitees must comply with the applicable parking requirements, laws and ordinances as set forth in the Agreement.

3. OBLIGATIONS OF OPERATOR TO OPERATE A RENTAL CAR OPERATION AT THE AIRPORT

Operator has been selected to provide rental car services at the Airport in accordance with this Agreement and shall operate an on-airport rental car operation as provided herein for the term of this Agreement and for no other use or purpose.

A. Activities at Airport

Operator shall engage in the following activities at the Airport:

- (1) Operator's space in the Airport Terminal Building shall be used for counter

operations and associated office functions.

- (2) Operator shall operate the rental car operation in a first-class manner, in accordance with the highest standards for this type of service within the travel industry. The rental car service shall be prompt, clean, courteous, efficient, otherwise of the highest quality, and adequate to meet all reasonable demands for such service at the Airport.
- (3) Operator, at its own cost and expense, shall at all times maintain an adequate number of automobiles to reasonably meet the public demand therefore. Such automobiles shall at all times be maintained by Operator, at its own cost and expense, in good operating order and free from known mechanical defects and shall be kept in a clean, neat and attractive condition, inside and out. Operator shall at no time use vehicles whose year model is more than two years older than the current year model.
 - (a) Operator, at its own cost and expense, may maintain an adequate number of light duty trucks to reasonably meet the public demand therefore. Such vehicles shall at all times be maintained by Operator, at its own cost and expense, in good operating order and free from known mechanical defects and shall be kept in a clean, neat and attractive condition, inside and out. Operator shall at no time use vehicles whose year model is more than two years older than the current year model.
 - (b) Operator may conduct a "rent-to-buy" program whereby Operator pays Concession Fees on rental car services at the Airport, but does not pay Concession Fees on off-Airport sales of rental vehicles.
- (4) Operator, at its own cost and expense, shall provide in the Airport Terminal Building operating area all equipment, fixtures, decorations, materials and supplies which Operator may need to conduct the car rental operation in a business-like manner, all of which shall be of high quality, safe, modern in design, attractive in appearance and in keeping with the general architecture and decor of the Airport Terminal Building's facilities, and all of which shall be subject to written approval of County prior to installation. Operator has installed a counter identical to the counters in use by other rental car operators at its own cost and expense. Tenant shall have the counter remain in place, or at any other place designated by the Airport, at all times during the term of this Agreement. In this Agreement is cancelled by Airport prior to August 30, 2017, Tenant shall entitled to remove said counter from the

Airport. If this Agreement is cancelled by Tenant prior to August 30, 2017 or the Agreement naturally terminates on August 30, 2017, then the Airport shall become the owner of the counter without any compensation due to Tenant.

- (5) Hours of Operation. Operator's Rental Car Operation at the Airport shall remain open to serve the public seven (7) days per week.

The schedule of business hours so established shall be subject to periodic review upon written request of Operator to County or County to Operator. As a result of any such review, County may require an expansion or allow reduction of the hours of operation as public demand requires. In no event shall the hours of operation be curtailed to an extent that the service contemplated herein shall be diminished.

At a minimum, hours of operation shall be between 8:00AM and 6:00PM and shall be extended beyond these hours to accommodate all arriving commercial flights.

- (6) Personnel.

(a) Operator shall at all times maintain a qualified, competent and experienced representative to supervise the Rental Car Operation at the Airport who shall be authorized to represent and act on behalf of Operator. During any temporary periods of absence by said representative, an alternate representative of Operator with like authorization must be present. Operator shall, at all times, keep County advised as to the identity of Operator's representative and how immediate communication can be established with that representative on a 24-hour basis in the event of emergency.

(b) Operator's employees shall be courteous, efficient, and neat and clean, in appearance. Operator shall not employ any persons in or about the Airport who shall use improper language or act in a loud or boisterous or otherwise improper manner. Upon written notification to Operator that any person employed by Operator at the Airport, is, in the County's opinion, disorderly, discourteous, unkempt, or otherwise unsatisfactory, immediate and appropriate corrective action shall be taken by Operator to ensure that such unsatisfactory and unacceptable conduct does not reoccur.

(c) Operator shall require all employees and agents to park in the Airport's

Employee Parking Lot at all times.

- (7) At such time as the Airport's electrical vehicle charging stations are constructed and usage rates established by the County, and for the remaining Term of this Agreement, Operator agrees to provide a commercially viable number of electrical vehicles (EV's) in its rental car fleet at the Airport.

B. Prohibited Activities at Airport

- (1) Parking. Operator shall not permit or allow any vehicles that belong to or are controlled by Operator or Operator's employees, suppliers, shippers, customers, or invitees to be loaded or unloaded in areas other than those designated by Airport for that particular activity.
- (2) Operator or Operator's employee's shall not store motorhomes, campers, trailers, non-operational vehicles, boats or any vehicle not directly related to Operator's business activities on the Rental Car Parking.
- (3) Operator shall not utilize the Rental Car Parking or Vehicle Preparation Area for any vehicle maintenance (except washing and vacuuming), or for the storage of damaged vehicles. Vehicle washing may only be performed on the Airport's car wash rack located in the Vehicle Preparation Area.
- (4) County shall not be responsible for any damage to vehicles, injury to persons or loss of property occurring at the Rental Car Parking or Vehicle Preparation Area. Operator shall post and distribute sufficient reference to these conditions of use as necessary to provide reasonable notice.
- (5) Operator shall not use or permit the use of said Rental Car Parking or Vehicle Preparation Area for any purpose other than expressly allowed in this Concession Agreement.
- (6) Operator shall not operate a vehicle sales operation on the Airport premises without first obtaining the written consent of the Airport.
- (7) Operator shall not operate a customer service van on the Airport premises without first obtaining the written approval of the Airport. If approved, Operator shall store or park such vehicle in a legally marked space within Operator's section of the Rental Car Parking. Use of such customer service van shall be limited to customer pickup from pre-arranged reservations only. Operator shall

not operate the customer service van, if any, in a continuous circling pattern on the Airport premises.

4. ALLOCATION OF RENTAL CAR PARKING SPACES

Annually, in the month of March, rental car parking spaces shall be allocated by the Airport based upon the ratio of Operator's reported Gross Receipts for the preceding twelve (12) month period ending December 31st, as calculated pursuant to Article 8. "Definition of Gross Receipts" of this Agreement, to the total Gross Receipts reported for the same time period by all Rental Car Operators, except that, in the event of a net change of two (2) or fewer rental car parking spaces in any allocation period, the prior year's allocation will remain unchanged for the allocation period. Operators with multiple brands are considered a single entity for allocation purposes. The Airport's Rental Car Parking Space Allocation Guidelines, as these Guidelines may be amended by the Airport from time to time, are incorporated herein by reference.

5. NONEXCLUSIVE USE

Operator shall have no exclusive rights under this Agreement. County may at any time negotiate with and enter into agreements including concession agreements with other rental car brands, individuals or entities engaging in car rental activity on the Airport including the use of the Premises.

County shall also have the right to enter into agreements with companies providing car rental services from locations off-Airport and with Airport Fixed Base Operators to conduct on-Airport rental car services from their leaseholds. Agreements with companies operating from locations off-Airport shall not include the right to staff rental service counters, use rental car parking spaces, or use the vehicle preparation facilities on Airport, but may include the right to maintain direct line telephone service at any location the Airport may designate.

6. TERM

The term of this Agreement shall commence on September 1, 2015, regardless of the Effective Date, and shall terminate August 31, 2017, unless earlier terminated pursuant to this Agreement.

7. CONCESSION FEES

A. Minimum Annual Guarantee and Percentage Fee. Operator shall pay to County as compensation for the concession privileges granted under the Agreement the greater of the Minimum Annual Guarantee or a Percentage Fee equal to ten percent (10%) of the Gross Receipts derived by Operator from the operation of its automobile rental business as authorized by this Agreement.

(1) Minimum Annual Guarantee. The Minimum Annual Guarantee for the first year of this Agreement shall be \$14,874.41, payable monthly in installments of \$1,238.53. The Minimum Annual Guarantee for the next year(s) of this Agreement shall be eighty-five percent (85%) of Operator's actual payment to the County for the previous year of this Agreement. For any period of less than one (1) calendar month that this Agreement shall be in effect, the Minimum Annual Guarantee shall be calculated on a pro rata basis.

(2) Percentage Fee. The Percentage Fee for each year of this Agreement shall be calculated as ten percent (10%) of Gross Receipts from all business operations conducted on the Premises in accordance with Article 8. "Definition of Gross Receipts" of this Agreement.

B. Car Wash Facility Fee. During the Term of this Agreement, Operator shall pay County \$265.00 per month for use of the Airport's rental car wash facility, based on the Airport's actual operating cost for this facility. The Car Wash Facility Fee is subject to annual review by the Airport, and may be amended from time to time by the County to reflect increases or decreases in the Airport's cost to operate the car wash facility.

C. Electrical Charging Station Fee. The fee for Operator's use of the Airport's electric car charging station(s) shall be subject to a separate agreement between the County and the Operator, and shall be based on the Airport's actual operating cost for these stations. The Electrical Charging Station Fee will be subject to periodic review by the Airport, and the fee may be amended from time to time by the County to reflect increases or decreases in the Airport's cost to operate the electrical charging stations.

D. Payment of Minimum Annual Guarantee, Percentage Fee, and Other Fees
All payments and fees shall be due and payable monthly in accordance with the provisions of Article 10. "Payment Procedure" of this Agreement.

8. DEFINITION OF GROSS RECEIPTS

A. Gross Receipts Gross Receipts shall include, but shall not be limited to, all revenues received or derived from the following:

(1) The rental or sale of goods and services under this Agreement, including, but not limited to, the following:

(a) Time and Mileage or Rental Charges.

(b) Except as provided in sub-section C. Exclusions from Gross Receipts, Fees for insurance coverage, including: -Personal Accident Insurance (PAI) -Personal Effects Coverage (PEC) or Cargo -Life Insurance -Supplemental Liability Insurance -Safe Trip Insurance -Extended Protection -Other insurance coverage offered now or in the future.

(c) Fees for rental of equipment, including: -Child safety seats -Cellular phones (including revenues from use of) -Recreational gear and car racks for recreational gear -Tire chains -Portable personal computers and portable facsimile machines -Other equipment offered now or in the future
Global Positioning Systems

(d) Additional fees charged to Customers, including: -Additional and underage driver fees -Upgrade and exchange fees -Fees for pre-paid fuel and other petroleum products -Inter-County charges (drop fees) -Transportation fees -Early pickup and late return fees -Parking fees, including fees for valet parking -Tire and battery recovery fees -Concession Recovery Fees -Vehicle license recovery fees -Frequent flyer recovery fees -Fees for miscellaneous services such as service calls -Other fees charged now or in the future. -Global Positioning Systems

(e) The value of coupons and vouchers purchased by corporations and tour companies, either in advance or invoiced after use, if the rental charges are not shown on the actual closed Rental Agreement.

(2) The contracting for, delivering, picking up, or renting of rental cars from Airport property, regardless of ownership, area, fleet, or location assignment and without regard to the manner in which, or place at which, the rental cars are ordered or furnished or where the rental cars are returned, and without regard to duration, or of where, how, or by whom payment is made.

- (3) A transaction in which a rental car is exchanged elsewhere when the rental car was originally contracted for, delivered, supplied, or rented at the Airport. The Operator shall not allocate transactions to any other location, regardless of which city or location owns the rental car, or where the rental car is ultimately returned.

B. Gross Sales shall not be reduced by bank charges, uncollected or uncollectible credit accounts, charges made by collection agencies, bad debt losses, or any commission or other amount paid out or rebated by the Operator to travel agents or others with respect to any rental or sale of goods or services.

C. Exclusion from Gross Receipts. Each exclusion from Gross Receipts shall be segregated in the Operator's monthly statement of gross receipts. The following are the only exclusions to the definition of Gross Receipts under this Agreement:

- (1) Any taxes now or hereinafter levied or imposed by any local, state, or federal law which are separately stated on the rental agreement and paid by the customer and which are directly payable to the taxing or tax collecting authority by the Operator. This exclusion shall include vehicle license fees, if separately stated on the rental agreement and paid by the customer.
- (2) Sums received as insurance or otherwise for damage to vehicles or other property of Operator; sums received for loss, coverage, or abandonment of Operator's vehicles; and amounts paid by customers of Operator and billed as separate charges for waiver by Operator of its right to recover from customers for damage to the vehicle rented.
- (3) Any sums received from the disposal of furniture, fixtures, equipment, and Rental Cars.
- (4) Any sums received from a customer for reimbursement of impound fees, towing fees, and parking tickets.
- (5) Corporate discounts or rebates, but only to the extent that Operator provides auditable proof to the County that the discounts or rebates are specifically attributable to rental agreements with customers at the Airport.
- (6) Sums received from Operator's customers for fuel reimbursement.

- D. Each Transaction made on installment or credit shall be treated as a transaction for the full price in the month during which such charge or transaction occurs, regardless of when the Operator receives payment, whether full or partial.
- E. In no event shall the Operator's Gross Sales from any transaction be negative in any revenue category for purposes of this Agreement.
- F. Operator may pass thru the 10% concession fee to its customers, and may "gross up" the concession fee pass thru because concession fee revenue is included as Gross Receipts per Article 8.A Gross Receipts of this Agreement. The amount of concession fee pass thru should not exceed 11.11% on the rental car invoice.

9. CUSTOMER FACILITY CHARGE

Subject to applicable regulatory requirements, the County reserves the right to impose a Customer Facility Charge ("CFC") pursuant to a separate agreement between the County and the Operator, which charge shall be used to finance the design and construction of future Airport improvements.

10. PAYMENT PROCEDURE

A. Minimum Annual Guarantee. Except as provided in Sub-section (3) below, one-twelfth (1/12th) of the Minimum Annual Guarantee is due and payable on the first (1st) day of each calendar month during the Term of this Agreement, and is delinquent if not paid within five (5) calendar days of when due and payable.

B. Monthly Statement of Gross Receipts and Percentage Fee Payment. On or before the twentieth (20th) day of each following month during the Term of this Agreement, Operator shall deliver to County correct statements and all applicable fees as follows:

(1) Operator shall submit a statement of gross receipts in accordance with Article 8. "Definition of Gross Receipts" of this Agreement for the preceding month. The statement shall be prepared and signed by Operator or his/her responsible agent, and shall indicate:

- (a) One-twelfth (1/12th) of the Minimum Annual Guarantee payment;
- (b) The total Gross Receipts for the preceding month;
- (c) The Percentage Fee calculated for the total Gross Receipts for the

preceding month (exclusions from Gross Receipts shall be itemized); and,
(d) The total amount of fees due for the preceding month.

(2) Monthly Payment. Each monthly payment shall include the greater of the following two amounts: the Percentage Fee computed for the preceding month or one-twelfth (1/12th) of the Minimum Annual Guarantee. The monthly payment is due and payable on the twentieth (20th) day of each following calendar month during the Term of this Agreement, and delinquent if not paid within five (5) days of when due and payable.

C. Car Wash Facility and Charging Station Fees. Car Wash and Charging Station Fees shall be paid in advance on the first day of each calendar month of the Term of this Agreement, and are delinquent if not paid within five (5) days of when due and payable.

D. Monthly Payment of Customer Facility Charges (If/When Applicable). Operator shall submit a statement of Customer Facility Charge revenue for the preceding month, as defined in Article 9. "Customer Facility Charge" of this Agreement. The statement shall be prepared and signed by Operator or his/her responsible agent, and shall indicate:

- (1) The total number of Automobile Rental Contracts for the preceding month;
and
- (2) The total Customer Facility Charge fees due for the preceding month.

Each monthly payment shall include the total Customer Facility Charge revenues collected for the preceding month, due and payable on the twentieth (20th) day of each following calendar month during the Term of this Agreement, and delinquent if not paid within five (5) days of when due and payable.

E. Place of Payment and Filing. Payments, together with the statements and records required herein shall be delivered to and filed with:

Airport Manager's Office
2290 Airport Blvd.
Santa Rosa, CA 95403

County may change the designated place of payment and filing at any time upon ten (10) days written notice to Operator. Fee and charge payments may be made by check payable to the County of Sonoma. Operator assumes all risk of loss if

payments are made by mail.

F. Form of Payment. All fees and charges shall be paid in lawful money of the United States of America, without offset or deduction or prior notice or demand. No payment by Operator or receipt by County of a lesser amount than the fees and charges due shall be deemed to be other than on account of the fees and charges due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as fees or charges be deemed an accord and satisfaction, and County shall accept such check or payment without prejudice to County's right to recover the balance of said fees or charges, or pursue any other remedy in this Agreement.

11. CHARGE FOR LATE PAYMENT

Operator hereby acknowledges that the late payment of fees or any other sums due hereunder will cause County to incur costs not contemplated by this Agreement, the exact amount of which will be extremely difficult to ascertain. Such costs include but are not limited to costs such as administrative processing of delinquent notices, increased accounting costs, etc.

Accordingly, if any payment of fees as specified in Article 7. "Concession Fees" of this Agreement, or of any other sum due County is not received by County by the due date, a late charge of ten percent (10%) of the payment due shall be added to the payment, and the total sum shall become immediately due and payable to County.

Operator and County hereby agree that such late charges represent a fair and reasonable estimate of the costs that County will incur by reason of Operator's late payment. Acceptance of such late charges (and/or any portion of the overdue payment) by County shall in no event constitute a waiver of Operator's default with respect to such overdue payment, or prevent County from exercising any of the other rights and remedies granted hereunder.

12. RECORDS AND ACCOUNTS

A. Records. Operator shall, at all times during the term of this Agreement, keep or cause to be kept true and complete books, records, controls and accounts of all financial transactions, including the collection of CFC's as applicable, in the operation of all business activities, to be supported by source documents such as sales slips, cash register tapes, purchase invoices, rental car contracts or other pertinent documents.

For rentals, Operator shall issue numbered invoices or contracts for each such admission or rental and shall keep an adequate record of said invoices or contracts, both issued and unissued.

- B. The Accounting Year.** The accounting year shall be twelve (12) calendar months commencing on the first day of July and ending on the last day of June the following year, corresponding to the County's fiscal year.

13. ANNUAL RECONCILIATION

- A. Concession Fees.** Article 10. "Payment Procedure" of this Agreement eliminates the County's need for an annual reconciliation of Operator's Concession Fees.
- B. Customer Facility Charges.** Within ninety (90) days of the end of each Accounting Year, Operator shall provide an annual reconciliation of CFC revenue, if applicable. The reconciliation shall be prepared and certified as to accuracy by a Certified Public Accountant or the Operator's Corporation's Chief Financial Officer. Any substantiated overpayment will be refunded to Operator within forty-five (45) days of receipt of report. Underpayments will be billed.

Operator acknowledges that any and all of the "Financial Statements" submitted to the County pursuant to this Agreement are Public Record and subject to public inspection. Income tax returns, if submitted to the County pursuant to this Agreement, shall be treated by the County as Confidential Business Information and therefore not subject to public inspection.

14. AUDITS

All Operator's books of account and records and supporting source documents related to this Agreement or to business operations conducted within or from the Airport shall be made available to County upon reasonable notice. County shall, through its duly authorized agents or representatives, have the right to examine and audit said books of account, records, and supporting source documents at any and all reasonable times, upon prior written request, for the purpose of determining the accuracy thereof, and of the monthly statements of sales made, CFCs collected and monies received. Income tax returns, if submitted to the County pursuant to this Agreement, shall be treated by the County as Confidential Business Information and therefore not subject to public inspection, subject to applicable law.

The full cost of said audit, as determined by County, shall be borne by Operator if either of the following conditions exists:

- A. Underpayment.** The audit reveals an underpayment of more than three percent (3.0%) between the fees due as reported and paid by Operator in accordance with this Agreement and the fees due as determined by said audit;
- B. Adequacy of Records.** Operator has failed to maintain true and complete books, records, accounts and supporting source documents in accordance with Article 12 "Records and Accounts", Section A, "Records." The adequacy of records shall be determined solely by County in its reasonable discretion. Otherwise, County shall bear the cost of said audit, except expenses related to the audit of documents kept outside the limits of Sonoma County, the cost of which shall be borne by Operator.

Upon the request of County, Operator shall promptly provide, at Operator's expense, necessary data to enable County to fully comply with any requirement of the State of California or the United States of America for information or reports relating to this Agreement and to Operator's use of the Airport. Such data shall include, if required, a detailed breakdown of Operator's receipts and expenses.

15. POSSESSORY INTEREST/TAXES

Pursuant to Section 107.6 of the California Revenue and Taxation Code, Operator's interest in the Premises may be subject to property taxation on the possessory interest created by this Agreement. Operator agrees to pay, before delinquency, all lawful taxes, assessments or charges, including taxes on Operator's possessory interest, which, during the term hereof, may be or become a lien or may be levied upon the real property, improvements or personal property situated upon the Premises, or upon the subject matter of this Agreement.

16. ASSUMPTION OF RISKS

Operator represents that Operator has inspected said Airport and Premises, and all facilities thereupon and in connection therewith, and that Operator accepts the condition of same and fully assumes all risks incidental to the use thereof. The County shall not be liable to Operator for any damages or injuries to the property or person, or to the agents, employees or business visitors of Operator, which may result from hidden, latent or other dangerous conditions upon said Airport or Premises, or which may result from the negligence of the County, its agents, officers or employees, or which may

result from any condition of fire, construction, earthquake, flood, rainfall, or escape of water from any channel, regardless of the cause thereof.

17. LIABILITY: INSURANCE AND INDEMNIFICATION

A. Required Insurance Coverage. With respect to this Agreement, Operator shall maintain and shall require all of its contractors, consultants, and other agents to maintain insurance as described in **Exhibit “C”**, which is attached hereto and incorporated herein by this reference.

B. Indemnification.

- (1) County its officers, agents, and employees, shall not be liable to Operator for any loss or damage to Operator or Operator's property from any cause. Operator expressly waives all claims against County, its officers, agents and employees, for injury or damage to person or property arising for any reason, whether or not there is concurrent passive or active negligence on the part of County, unless such injury or damage is caused by or due to the sole negligence or willful misconduct of County.
- (2) Operator shall indemnify, defend, protect, hold harmless, and release County, its officers, agents, and employees, from and against any and all claims, loss, proceedings, damages, causes of action, liability, costs, or expense (including attorneys' fees and witness costs) arising out of or in connection with the death of or injury to any person or persons, damage to or destruction of any property, or any other asserted liability, resulting in any manner and to any extent from any act, omission, or negligence of Operator, its officers, agents, contractors, subcontractors, employees, or invitees, whether or not there is concurrent passive or active negligence on the part of County, unless such injury, death, damage, or destruction is caused by or due to the sole negligence or willful misconduct of County. Operator agrees to provide a complete defense for any claim or action brought against County based upon Operator's act, omission, or negligence. This indemnification obligation is not limited in any way by any limitation on the amount or types of damages or compensation payable by or for Operator under workers compensation acts, disability benefit acts, or other employee benefit acts.
- (3) Operator shall be liable to County for any loss of or damage to any of County's property at the Airport arising out of or in connection with any act, omission, or negligence of Operator, its officers, agents, contractors,

subcontractors, employees or invitees, unless such loss or damage is caused by or due to the sole negligence or willful misconduct of County.

18. DAMAGE OR DESTRUCTION OF PREMISES

If the Premises is partially damaged by fire, the elements, the public enemy, or other casualty not resulting from any act, omission or negligence of the Operator, but not rendered untenable, the same shall be repaired or reconstructed with due diligence by County at its own cost and expense. Except as otherwise provided in this Concession Agreement, if the Airport or any portion of the Premises is rendered untenable or unusable because of the condition thereof, there shall be a reasonable and proportionate abatement of the rentals, fees and charges provided for herein during the period that the same are so untenable or unusable.

19. UTILITIES

County shall make available heating, ventilation, air-conditioning, water and electrical power to the Operator's counter and office space in the Airport Terminal. County will use its best efforts to provide adequate levels of such utility services, taking into account availability of such utility service from County's commercial suppliers and prudent energy conservation measures; but, County shall not be liable for damage resulting from the failure or inability to so provide. Operator shall be responsible for any and all telephone or communications services required or desired to be installed in Operator's Premises.

20. MAINTENANCE

A. Airport Terminal Building

- (1) County agrees to keep the roof, exterior walls, plumbing, heating facilities and basic electric distribution system of Operator's office space in the Airport Terminal Building in good repair during the term of this Agreement; provided however, that Operator shall be responsible for all damage to County's property caused by any willful act or negligence of Operator, its agents or employees.
- (2) County agrees to provide janitorial services for the public areas of the Airport Terminal Building and to keep the restrooms adequately supplied and equipped. County shall operate and maintain adequate directional signs in said space.

B. Rental Car Parking, Vehicle Preparation and Charging Station Areas

In the Rental Car Parking, Vehicle Preparation and Charging Station Areas, County shall provide all pavement and fencing improvements and maintenance deemed necessary by County. Operator shall, at Operator's sole cost and expense, provide and install the signs which identify its allocated and assigned parking spaces in these areas.

C. Personal Property

Operator assumes full and exclusive responsibility and liability for any and all damage or injury to any of Operator's personal property, equipment, fixtures, and facilities, at, in and about Airport and the Premises, and for any and all personal property belonging to others in Operator's custody or possession at the Airport and the Premises, with the sole exception and exclusion of such damage or injury, if any, caused solely by County.

D. Re-keying

Operator shall not re-key the Premises. Should re-keying of the Premises become necessary due to lost keys or employee turnover, the Airport will provide such services at a nominal cost to Operator.

E. Damage to County Property

In the event of damage to any part of the Premises, Operator shall assist the Airport in determining the cause of damage to County property. Should any part of the facilities or equipment be determined to have been damaged as the result of any act or omission of Operator, repair or replacement will be undertaken by County on Operator's behalf and the cost of such repair or replacement will be billed to Operator.

21. CLEANLINESS

- A.** Operator agrees to keep the outdoor portions of the Premises clear and free of all litter, garbage, debris, and refuse, and to keep such Premises and area in an orderly and sanitary condition at all times. Operator shall be responsible for removal of litter, garbage and refuse from that portion of the Airport Terminal Building occupied by Operator, Rental Car Parking Areas utilized by Operator,

the Airport Car Wash Facility when utilized by Operator, and the Airport Electrical Charging Stations utilized by Operator. Bins and containers of a type and location approved by the Airport Manager may be maintained for the temporary storage of garbage or refuse.

(1) County shall be responsible for supplying and maintaining dumpsters near the Airport Terminal Building for trash disposal, in common with other tenants.

B. Operator shall be responsible for recycling all eligible materials under the County of Sonoma Solid Waste Program. Operator shall be responsible for removal of recyclable materials from portion of the Premises utilized by Operator.

(1) County shall be responsible for supplying and maintaining a recycling dumpster near the Airport Terminal Building for Operator's use, in common with other tenants.

22. ALTERATIONS

Operator shall make no structural alterations, additions, or improvements upon said Premises, without the prior written consent of the Airport Manager. Any alterations, additions, or improvements shall be at the sole cost and expense of Operator.

A. Ownership

All alterations, additions, or improvements to the Premises made by Operator shall be the property of Operator, but considered part of the Premises. Unless otherwise instructed by County, all alterations, additions, or improvements shall, at the expiration or termination of this Agreement, become the property of County and shall be surrendered by Operator with the Premises.

B. Removal

By delivery to Operator of written notice not later than sixty (60) days prior to the end of the term of this Agreement, County may require Operator to remove any alterations, additions, or improvements that Operator has made to the Premises by the expiration or termination of this Agreement. County may require the removal at any time of all or any part of any alterations, additions, or improvements made to the Premises by Operator without the required consent.

C. Personal Property

All furniture, furnishings, articles of moveable personal property and equipment installed in or on the Premises by or for the account of Operator that can be removed without structural or other material damage to the Premises (all of which are herein called "Operator's Personal Property") shall be and remain the property of Operator and may be removed by Operator subject to the provisions of this Article 22.

D. Surrender

Operator shall surrender the Premises with all improvements, parts and surfaces broom clean and free of debris, and in good operating order, condition and repair, ordinary wear and tear excepted. Ordinary wear and tear shall not include any damage or deterioration that would have been prevented by good maintenance practice. Operator shall repair any damage occasioned by Operator's installation, maintenance or removal of any alterations, additions, improvements, or equipment on the Premises. Trade fixtures shall remain the property of Operator and shall be removed by Operator.

23. INSPECTION

It is agreed that County, its authorized agents, officers or employees, shall have the right to enter said Premises at all reasonable times for the purpose of inspecting the same and to make such repairs as County, at its own expense, may deem necessary to preserve County's reversion; but it is expressly agreed that Operator, at Operator's own cost and expense, shall comply with the provisions of Articles 20 and 22 herein entitled, "Maintenance" and "Alterations".

24. STORMWATER POLLUTION PREVENTION

The County of Sonoma, Airport Division complies with the federal Clean Water Act and must comply with requirements established in Section A of the California State Water Resources Control Board (State Water Board) National Pollutant Discharge Elimination System (NPDES) General Permit No. CAS000001 for discharges of storm water associated with industrial activities excluding construction activities. This permit is implemented through the Airport's Storm Water Pollution Prevention Plan (SWPPP). This plan identifies specific Best Management Practices (BMPs) the Airport and Operator must employ to prevent storm water pollution.

A. Operator shall reduce non-storm water discharges to the maximum extent practicable by:

- (1) Frequently inspecting vehicles and any equipment stored on the Premises for leaks, and repairing leaks promptly;
- (2) Cleaning up and properly disposing of spills, and immediately notifying the Airport of any spills of hazardous materials; and
- (3) Educating employees in the reduction of storm water pollution by sound environmental practices.

B. The following practices are prohibited on the Premises:

- (1) Hosing down any exterior area where wash water will discharge to a storm drain or conveyance ditch; and
- (2) Washing, waxing, cleaning or servicing vehicles on the Premises in areas other than the wash bay and service areas designated for such activities.

C. Storm Water Pollution Prevention Plan. Operator shall comply with best management practices set forth in the Airport's Storm Water Pollution Prevention Plan (SWPPP) as these practices apply to Operator's use of the Premises. These best management practices were developed for and intended to eliminate non-storm water discharges to the maximum extent possible, and to control discharges, if any, using the best available control technology. Non-storm water discharges include discharge of any material other than clean storm water that will lead to pollutants, including sediments, entering the Airport storm water collection system.

25. RESTRICTION ON USE OF PREMISES

Operator shall not discharge into the sewer system any substances, of whatever nature, that may prove harmful to the sewage system or require any abnormal treatment by the sewage treatment plant. County reserves the right to enter upon the Premises to take samples and to examine the discharge into the sewer system. If harmful or clogging substances are being discharged, Operator hereby agrees to install and operate the treatment facilities necessary for the business.

County reserves the right to make rules regulating type and character of sewage that

will be deposited in the system, such rules to be in conformity with usual practices.

No flammable liquids or gases shall be stored in the Premises in quantities aggregating more than thirty-five (35) gallons, and said storage shall be in metal cabinets. Oil in sealed containers or in drums with hand operating dispensing pumps shall not be deemed to be flammable liquids.

26. STORAGE AND DISCHARGE OF HAZARDOUS MATERIALS

- A.** Operator shall not cause or permit any Hazardous Materials (as hereinafter defined) to be brought upon, kept or used in or about the Premises or the Airport by Operator, its agents, employees, contractors or invitees, without the prior written consent of Airport, which Airport shall not unreasonably withhold as long as Operator demonstrates to Airport's satisfaction that such Hazardous Materials: (i) are necessary or useful to Operator's permitted use and will be used, kept and stored in a manner that complies with all laws, statutes, ordinances, rules, regulations, orders, requirements, and policies of any and all governmental agencies and authorities and any fire insurance underwriters applicable to any such Hazardous Materials ("Hazardous Materials Laws") and (ii) do not otherwise, due to the quantity, nature or use of such Hazardous Materials, substantially increase the risk of fire or other casualty to the Premises or the Airport.
- B.** To the extent any Hazardous Materials are used, kept, or are present in or on the Premises after the Commencement Date, Operator shall ensure that all such Hazardous Materials, and all uses thereof, are in full compliance with all Hazardous Materials Laws.
- C.** If Operator breaches the obligations stated in subparagraphs (a) or (b) or if, as the result of an occurrence arising out of Operator's or its agents', subcontractors' or invitees' use or presence on the Premises, Hazardous Materials become present on the Premises after the Commencement Date which results in contamination, then Operator agrees to be responsible for any damages or clean-up occasioned thereby. Without limiting the foregoing, if the presence of any Hazardous Materials on the Premises during the term of this Agreement result in any contamination of the Airport, or otherwise results in the release or discharge on, under or from the Premises of Hazardous Materials, Operator shall promptly take all actions at its sole expense as are necessary to return the Airport to the condition existing prior to the introduction of any such Hazardous Materials to the Airport or to otherwise remove and/or abate the

release or discharged Hazardous Materials; provided that Airport's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Airport, will not unreasonably interfere with the use and enjoyment of other portions of the Airport, and will be performed in accordance with all Hazardous Materials Laws. Upon the termination of this Agreement, Operator shall surrender the Premises to Airport free of any and all Hazardous Materials (except any Hazardous Materials existing on the Premises prior to the Commencement Date) and in compliance with all Hazardous Materials Laws.

- D. For the purpose of this section, the term "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §1801 et seq.), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. §6901 et seq.), Section 25117 of the California Health & Safety Code, Section 25316 of the California Health & Safety Code, and in the regulations adopted and publications promulgated pursuant to them, or any other federal, state, or local environmental laws, ordinances, rules, or regulations concerning the environment, industrial hygiene or public health or safety now in effect or enacted after this date.

27. ADVERTISING

Operator shall conform to the Sign Ordinance of the County of Sonoma, as amended, and obtain permits from the appropriate department of said County; in addition, all signs shall be approved by the Airport Manager and shall comply with Airport's advertising sign policy. Operator shall not erect, maintain, or display any signs or other advertising at or on the Airport premises without first obtaining the written approval of the County through its Airport Manager.

28. PEACEABLE POSSESSION

County agrees that Operator, paying the rental and performing the covenants to be paid, observed, kept and performed on Operator's part, shall and may, peaceably and quietly have, hold and enjoy said Premises during the term of this Concession Agreement. Operator, in turn, agrees to quit and deliver up possession of said Premises peaceably and quietly at the expiration of said term, or any sooner termination as

contained within this Agreement.

29. NONDISCRIMINATION

Operator shall comply with all applicable federal, state and local laws, rules and regulations relating to non-discrimination in employment and services because of race, color, ancestry, national origin, religion, sex, marital status, sexual orientation, age, medical condition and handicap.

30. RIGHTS OF SUBSIDIARY AND AFFILIATED COMPANY

The rights and privileges granted Operator hereunder with respect to the use of the Airport, its appurtenances and facilities, including any structures or facilities erected thereon by Operator or in which Operator may lease space, shall accrue to any company now or hereafter subsidiary to or affiliated with Operator to the same extent and degree that such rights and privileges are possessed by Operator hereunder. The exercise of such rights and privileges by any other such company shall be deemed paid for by the payment by Operator of the charges and fees provided for under this Agreement, and no additional fees or charges, other than those specifically set forth and payable by Operator hereunder, shall be assessed against Operator or such other company.

The Airport Manager shall be notified, in writing, at least thirty (30) days prior to any action pursuant to the above.

31. SUBLETTING AND ASSIGNMENT

In view of the fact that the Premises constitutes a major and indispensable component of the County of Sonoma's Airport Master Plan and that, therefore, the identity of the Operator and Operator's experience and qualifications as a car rental operator are of the utmost concern to the County of Sonoma, Operator shall not assign its interest in this Agreement either voluntarily or by operation of law or sublease all or any part of the Premises or allow any other person or entity (except Operator's authorized representatives or employees) to occupy or use all or any part of the Premises without the prior written consent of the County.

A. Conditions of Assignment or Subletting

In giving its consent pursuant to the above article, County shall, in addition to any other requirements or conditions, require compliance with the following:

- (1) Any proposed transferee shall have the qualifications, experience and financial responsibility, as determined by the County, necessary and adequate to fulfill the obligations undertaken in this Agreement by Operator.
- (2) Any proposed transferee, by instrument in writing, shall, for itself and its successors and assignees, and expressly for the benefit of County, have expressly assumed all of the obligations of Operator under this Agreement and agreed to be subject to all of the conditions and restrictions to which Operator is subject; provided, however, that the fact that any transferee of this Agreement, or any other successor in interest whatsoever to this Agreement, whatsoever the reason, shall not have assumed such obligations, shall not, unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by County, relieve or except such transferee or successor of or from such obligations, conditions or restrictions or deprive or limit County of or with respect to any rights or remedies or controls with respect to this Agreement or the Premises. It is the intent of this Agreement, to the fullest extent permitted by law and equity, and excepting only in the manner and to the extent specifically provided otherwise in this Agreement, that no transfer of this Agreement, or any interest herein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally or practically, to deprive or limit County of or with respect to any rights or remedies or controls provided in or resulting from this Agreement with respect to the Premises that County would have had, had there been no such transfer or change.
- (3) There has been submitted to County for review, and the County has approved, all instruments and other legal documents involved in effecting the transfer.
- (4) Any sublease, license or concession agreements between Operator and a subtenant, licensee or Operator shall be in form and substance satisfactory to County; provided, however, that in the absence of a specific written agreement by County to the contrary.
- (5) No such transfer or approval by County thereof shall be deemed to relieve Operator or any other party bound in any way by this Agreement or otherwise with respect to any term, covenant and condition of this Agreement.

B. Notice of Change of Ownership

Operator represents and agrees for itself and any successor in interest of itself that without the prior written approval of County, there shall be no significant change (voluntary or involuntary) in the membership, management or control of Operator which would prevent or impair the ability of Operator to complete its obligations under this Agreement.

If Operator is (a) a corporation the stock of which is not publicly traded over a national exchange or (b) an unincorporated association, limited liability company, or partnership, then the transfer, assignment or hypothecation of any stock or ownership interest in such corporation, association, limited liability company or partnership in the aggregate in excess of fifty percent (50%), whether in one or in multiple transactions, shall be deemed an assignment for purposes of this Article which requires the prior written approval of the County, which approval shall be granted upon the terms and conditions set forth in this Article.

Operator shall promptly notify County of any and all significant changes in the membership, management or control of Operator whether legal or beneficial, or of any other act or transaction involving or resulting in any change in the ownership or identity of Operator, or with respect to the identity of the parties in control of Operator or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. This Agreement may be terminated by County if there is any significant change in the membership, management or control of Operator whether legal or beneficial, or of any other act or transaction involving or resulting in any change in the ownership or identity of Operator, or with respect to the identity of the parties in control of Operator or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information.

C. General Provisions

(1) No assignment of any interest in this Agreement made with County's consent, or as herein otherwise permitted, shall be effective until there shall have been delivered to County an executed counterpart of such assignment containing an agreement, in recordable form, executed by the assignor and the proposed assignee, wherein and whereby such assignee assumes due performance of the obligations on the assignor's part to be performed under this Agreement to the end of the term hereof.

- (2) The consent by County to an assignment hereunder shall not in any way be construed to relieve Operator from obtaining the express consent in writing of County to any further assignment.
- (3) Notwithstanding an assignment by Operator hereunder to which County has consented, Operator shall remain liable for all liabilities and obligations hereunder.

32. DEFAULT

A. Default; Breach

A "Default" is defined as the occurrence of one or more of the events listed below. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Operator to cure such Default within any applicable grace period:

- (1) The abandonment of the Premises.
- (2) The failure of Operator to fulfill any obligation under this Agreement which endangers or threatens life or property, where such failure continues beyond a feasible period not to exceed three (3) business days following written notice to Operator.
- (3) The failure of Operator to make any payment of rent or any other amount required under this Agreement where such failure continues for a period of five (5) days following written notice to Operator.
- (4) The failure of Operator to observe and comply with any applicable laws, covenants, or restrictions of record, building codes, regulations and ordinances in the occupancy and use of the Premises where the failure continues for a period of more than ten (10) days following written notice to Operator.
- (5) A Default by Operator as to any of the terms, covenants, conditions or provisions of this Agreement, except those terms, covenants and conditions covered in subsections 1-4 of this Section A, where such Default continues for a period of thirty (30) days following written notice to Operator; provided, however, if the nature of the Default is such that more than thirty (30) days is reasonably required for its cure, then it shall not be deemed to be a Breach if

Operator commences such cure within the thirty (30) day period and thereafter diligently prosecutes the cure to completion.

- (6) The occurrence of any of the following events: (a) the making of any general arrangement or assignment for the benefit of creditors; (b) becoming a "debtor" as defined in 11 U.S.C. §101 or any successor statute thereto; (c) the appointment of a trustee or receiver to take possession of substantially all of Operator's assets located at the Premises or Operator's interest in this Agreement, where possession is not restored to Operator within thirty (30) days; the attachment, execution or other judicial seizure of substantially all of Operator's assets located at the Premises or Operator's interest in this Agreement, where such seizure is not discharged within thirty (30) days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect and shall not affect the validity of the remaining provisions.

B. Remedies

- (1) If Operator fails to perform any affirmative duty or obligation of Operator under this Agreement, within the grace period assigned above (or in the case of an emergency, without notice), County may, at its option (but without obligation to do so), perform such duty or obligation on Operator's behalf, including but not limited to, the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits, or approvals. The costs and expenses of any such performance by County shall be due and payable by Operator upon invoice therefore. If any check given to County by Operator or any permitted transferee shall not be honored by the bank upon which it is drawn, County, at its own option, may require all future payments to be made under this Agreement by Operator or any permitted transferee to be made only by cashier's check.
- (2) In the event of a Breach of this Agreement by Operator, with or without further notice or demand, and without limiting County in the exercise of any right or remedy which County may have be reason of such Breach, County may terminate Operator's right to possession of the Premises by any lawful means, in which case this Agreement and the term hereof shall terminate and Operator shall immediately surrender possession of the Premises to County. In such event, County shall be entitled to recover from Operator:
- (a) The worth at the time of award of any unpaid rent and other charges which

had been earned at the time of such termination; and

- (b) Any other amount necessary to compensate County for all the detriment proximately caused by Operator's failure to perform its obligations under this Agreement or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, any costs or expenses incurred by County in maintaining or preserving the Premises after such default, preparing the Premises for re-letting to a new Operator and any repairs or alterations to the Premises.

C. Remedies Not Exclusive. No right or remedy herein conferred upon or reserved to County or Operator is intended to be exclusive of any other right or remedy, except as expressly stated herein, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter existing at law or in equity or by statute, except such rights or remedies as are expressly limited herein.

D. Waiver of Rights of Redemption. Operator hereby waives for itself and all those claiming under it all rights which it may have under any present or future constitution, statute, or rule of law (a) to redeem the Premises after termination of Operator's right of occupancy by order or judgment of any court or by any legal process or writ or (b) which exempts property from liability for debt or for distress for rent.

33. BANKRUPTCY

It is agreed that in the event Operator shall be adjudged bankrupt, either by voluntary or involuntary proceedings, then this Agreement shall immediately terminate and County shall have the right forthwith to re-enter said Premises, and in no event shall this Agreement be, or be treated as, an asset of Operator after adjudication of bankruptcy.

If Operator shall become insolvent or fail in business, then this Agreement may be terminated at the option of County, in which event County shall have the right to immediately re-enter said Premises, and in no event shall this Agreement be, or be treated as, an asset of Operator after the exercise of said option.

As hereinabove set forth, it is agreed that this Agreement is not assignable by Operator, either voluntarily or involuntarily, or by any process of law, except as herein otherwise provided, and shall not be under the control of the creditors, or trustee or trustees of Operator in case of bankruptcy, or in the insolvency of Operator, but shall then be

subject to termination, as herein provided.

34. FORFEITURE

If the following events occur, the County, at its option, may elect to do the things hereinafter set forth in this article:

- A.** If Operator offers, causes or affects composition of creditors, or
- B.** A reorganization or plan to reorganize, or
- C.** Adjustment or plan of readjustment of Operator's debts, or
- D.** If any receiver, attachment or keeper of the business or of the property or assets of Operator be instituted, and such receiver, attachment or keeper be not discharged or released within ten (10) days, or
- E.** If the receiver makes a general or any assignment for the benefit of creditors, or
- F.** If the receiver should abandon or vacate the Premises, then in any of such events, the County shall have the option:
 - (1) To collect by suit or otherwise, each installment of rent or other sum as it becomes due hereunder, or to enforce, by suit or otherwise, any other term or provision hereof on the part of Operator required to be kept or performed; or
 - (2) To re-enter said Premises, remove all persons therefrom, and either:
 - (a) With or without terminating or forfeiting this Agreement, and in either event without in any way affecting any rights or remedies of County or any duties or obligations of Operator hereunder, to re-let said Premises as the agent and for the account of Operator upon such terms and conditions as County may deem advisable, in which event the rents received on any such re-letting shall be applied as follows: First, to the expenses of re-letting and collecting, including any necessary renovation and alteration of the Premises and a reasonable attorney's fee and any real estate commission actually paid; and thereafter toward payment of all sums due or to become due to County hereunder. If a sufficient sum shall not be

thus realized to pay such rent and other charges, then Operator shall pay to County monthly any deficiency and County may sue therefore as each monthly deficiency shall arise; such monthly deficiencies shall be paid promptly when due, as herein provided, notwithstanding the fact that County may thereafter receive monthly rental in excess of the monthly payments herein specified during subsequent months; or

(b) Terminate this Agreement.

The foregoing remedies of County shall not be exclusive, but shall be cumulative and in addition to all remedies now or hereafter allowed by law or elsewhere provided for.

35. WAIVER OF BREACH

County's failure to declare a default or breach of covenant on the part of Operator shall not be construed as a waiver thereof; nor shall any custom or practice, which may grow up between the parties in the course of administering this instrument, be construed so as to waive or to lessen the right of County to insist upon the performance by Operator of any term, covenant or condition hereof, or to exercise any rights given them on account of any such default. A waiver of any particular breach or default shall not be deemed to be a waiver of the same or any other subsequent breach of default.

36. HOLDING OVER; SURRENDER

A. Holding Over

Upon prior written permission from the Airport, Operator may continue to hold possession of the Premises after the term of this Agreement on a month-to-month basis pursuant to the terms of the Agreement. Either party may terminate a hold over concession with or without cause upon thirty (30) days written notice from the other party.

B. Surrender

At the end of the term or sooner termination of this Agreement, Operator shall surrender possession of the Premises to the County. All of Operator's personal property shall be removed by Operator on or prior to the date of termination of this Agreement.

37. NOTICES

Any notice required or permitted to be given under this Agreement shall be in writing and may be given by personal delivery (by hand or by messenger or courier service) or may be sent by regular, certified or registered mail with the U.S. Postal Service, with postage prepaid.

Notices, bills and payments shall be addressed as follows:

Airport: Airport Manager
 Charles M. Schulz-Sonoma County Airport
 2290 Airport Blvd.
 Santa Rosa, CA 95403

Operator: Sixt Car Rental
 PO Box 458
 3362 Fulton Rd.
 Santa Rosa, CA 95403

or to such other address as either party may have furnished to the other in writing as a place for the service of notice.

When a notice is given by a generally recognized overnight courier service, the notice shall be deemed received on the next business day. When a copy of a notice is sent by facsimile or email, the notice shall be deemed received upon transmission as long as (1) the original copy of the notice is promptly deposited in the U.S. mail and postmarked on the date of the facsimile or email, (2) the sender has a written confirmation of the facsimile or email, and (3) the facsimile or email is transmitted before 5:00 p.m. (recipient's time). Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no date is shown, the postmark thereon. If sent by regular mail, the notice shall be deemed given forty-eight (48) hours after the same is addressed as required herein and mailed with postage prepaid. In all other instances, notices shall be effective upon receipt by the recipient. Either party may at any time change its address for notices by giving written notice of such change to the other party in the manner provided in this paragraph.

38. COMPLETE UNDERSTANDING AND AMENDMENTS

This Agreement sets forth all of the agreements and understandings of the parties and

any modification must be amended in writing and properly executed by both parties.

39. SUCCESSORS

This Agreement is intended to and does bind and shall inure to the benefit of all the parties hereto, and their respective heirs, executors, administrators, successors and assigns.

40. REPRESENTATION

Operator hereby affirms that this Agreement is entered into upon the sole reliance of Operator's own observations and not because of any influence or representation of County or any other person.

41. TIME

Time is of the essence of this Agreement and all of the terms and covenants hereof are conditions.

42. CAPTIONS

The title or headings to the Articles of this Agreement are for convenience only and are not a part of this Agreement, and shall have no effect upon the construction or interpretation of any part hereof.

43. NON-INTERFERENCE WITH OPERATION OF AIRPORT

Operator covenants and agrees that it will not allow any condition on the Premises, nor permit the conduct of any activity on such Premises, which shall materially or adversely affect the development, improvement, operation, or maintenance of the Airport or its facilities; nor will Operator use or permit the Premises to be used in any manner which might interfere with landing and take-off of aircraft from the Airport or otherwise constitute a hazard.

If any proscribed or prohibited condition or activity, as described above, shall be permitted to exist on the Premises, or on any part thereof, then, as an alternative to termination of this Agreement under the provisions of Article 44. "Subordination to Rights of Federal Government" of this Agreement, the County, after giving thirty (30) days written notice to Operator, during which period Operator may abate or correct the omission or objection so set forth in County's notice, may thereupon correct such

omission or objection by entering the Premises itself, or by its agents, servants or employees, without such entering causing or constituting a termination of this Agreement or an interference with possession of the Premises by Operator, and the County may cause abatement of such proscribed or prohibited condition or activity; and, in such event, the Operator agrees to pay the County the expenses of the County incurred in the above connection as additional rent within thirty (30) days after the submission of an invoice showing the reasonable expenditure or the incurring of any such reasonable expenditure by the County.

44. SUBORDINATION TO RIGHTS OF FEDERAL GOVERNMENT

It is understood and agreed that Operator accepts all of the terms of this Agreement subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operations, regulation or taking over of said Airport; and Operator agrees to hold harmless and without liability the County in the event that the United States Government, for any reason, exercises any such right, resulting in the County being unable to comply with any or all of the terms of this Agreement.

This Agreement and all of the provisions hereof shall be subject and subordinate at all times to all of the terms and conditions of the instruments and documents under which County acquired said leased property from the United States of America and shall be given only such effect as will not conflict or be inconsistent with such terms and conditions.

45. FEDERAL AVIATION ADMINISTRATION REQUIREMENTS

In addition to the foregoing terms, covenants and conditions of this Agreement, the following covenants and agreements are hereby made an integral part of this Agreement by reason of the requirements of the Federal Aviation Administration:

A. Compliance with requirements of Department of Transportation. Operator for itself, its heirs, personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this Agreement, for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Operator shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21,

Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

- B. Discrimination prohibited.** Operator, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, (3) that Operator shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
- C. Breach.** That in the event of breach of any of the above nondiscrimination covenants, County shall have the right to terminate the Agreement and to reenter and repossess said land and the facilities thereon, and hold the same as if said Agreement had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.
- D. Accommodations, services.** Operator shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided that Operator may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.
- E. Non-compliance with Section D.** Non-compliance with Section D. above shall constitute a material breach thereof and in the event of such non-compliance County shall have the right to terminate this Agreement and the estate hereby created without liability therefore or at the election of County or the United States either or both said Governments shall have the right to judicially enforce those provisions.

F. Agreements with Operator. Operator agrees that it shall insert the above five provisions in any agreement, contract, etc. by which said Operator grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the Leased Premises.

G. Affirmative Action. Operator assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Operator assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Operator assures that it will require that its covered sub-organizations provide assurances to Operator that they similarly will undertake affirmative action programs and that they will require assurances from their sub-organizations, as required by 14 CFR Part 152, Subpart E, to the same effort.

H. Future Development. County reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of the Operator, and without interference or hindrance.

I. Right to repair. County reserves the right, but shall not be obligated to Operator to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of the Operator in this regard.

J. Subordinate to right of United States Government. This Agreement shall be subordinate to the provisions and requirements of any existing or future agreement between County and the United States, relative to the development, operation or maintenance of the Airport.

K. Right of flight. There is hereby reserved to County, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises herein leased. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation on the Charles M. Schulz-Sonoma County Airport.

L. Approach protection. Operator agrees to comply with the notification and review

requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the leased Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the leased Premises.

M. Maximum elevation, right to cure. Operator by accepting this Agreement expressly agrees for itself, its successors and assigns that it will not erect or permit the erection of any structure or project, nor permit the growth of any tree on the land leased hereunder above the mean sea level elevation of 147 feet.

N. Interference with Operations. Operator by accepting this Agreement agrees for itself, its successors and assigns that it will not make use of the Premises in any manner, which might interfere with the landing and taking off of aircraft from the Charles M. Schulz-Sonoma County Airport or otherwise constitute a hazard.

In the event the aforesaid covenant is breached, County reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Operator.

O. Exclusive use prohibited. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349a).

P. War or National Emergency. This Agreement and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of said Airport or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

46. CONSTRUCTION DURING TERM

It is understood by Operator that dirt and dust will be created from time to time by the maintenance or construction of the Airport Terminal Building and associated facilities. Due to the close proximity of the Airport Terminal Building and Rental Car Parking, Preparation and Ready Areas to said maintenance and construction, the Premises and any vehicles parked in those lots may be subject to dust and dirt. Operator accepts this condition without reservation as a part of this Agreement and as such, shall not be entitled to a reduction in its fees to County as a result of any dust or dirt landing on Operator's rental counter and office space located in the Airport Terminal Building or

vehicles located in the Rental Car Parking, Preparation or Ready Areas.

Operator further understands that construction may cause inconvenience and disruption. Operator accepts this condition without reservation as part of this Agreement and as such, shall not be allowed any compensation or reduction in fees to County for losses suffered as a result of said construction.

47. CORPORATE AUTHORITY

If Operator signs as a corporation, Operator covenants that each of the persons executing this Agreement on behalf of Operator is a duly authorized and existing officer of the corporation, that Operator has, is and shall remain during the term of this Agreement qualified to do business in the State of California, that the corporation has full right and authority to enter into this Agreement and that each, both or all of the persons signing on behalf of the corporation were authorized to do so. Upon County's request, Operator shall provide County with evidence reasonably satisfactory to County confirming the foregoing covenants and warranties.

48. NO JOINT VENTURE

It is agreed that nothing contained in this Agreement shall be deemed or construed as creating a partnership or joint venture between County and Operator or between County and any other party or cause County to be responsible in any way for the debts or obligations of Operator or any other party.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date:

OPERATOR: AUTODISTRIBUTORS, INC., a Nevada corporation

By:

Steve Schneider
President

Date: _____

COUNTY: COUNTY OF SONOMA, a political subdivision of the State of California

By:

Susan Gorin
Chair, Board of Supervisors

Date: _____

ATTEST:

APPROVED AS TO FORM FOR COUNTY:

Clerk of the Board of Supervisors

Deputy County Counsel

APPROVED AS TO SUBSTANCE FOR COUNTY:

CERTIFICATES OF INSURANCE ON FILE WITH DEPARTMENT:

Airport Manager

Airport Property Specialist

Exhibit A

Rental Counter Location

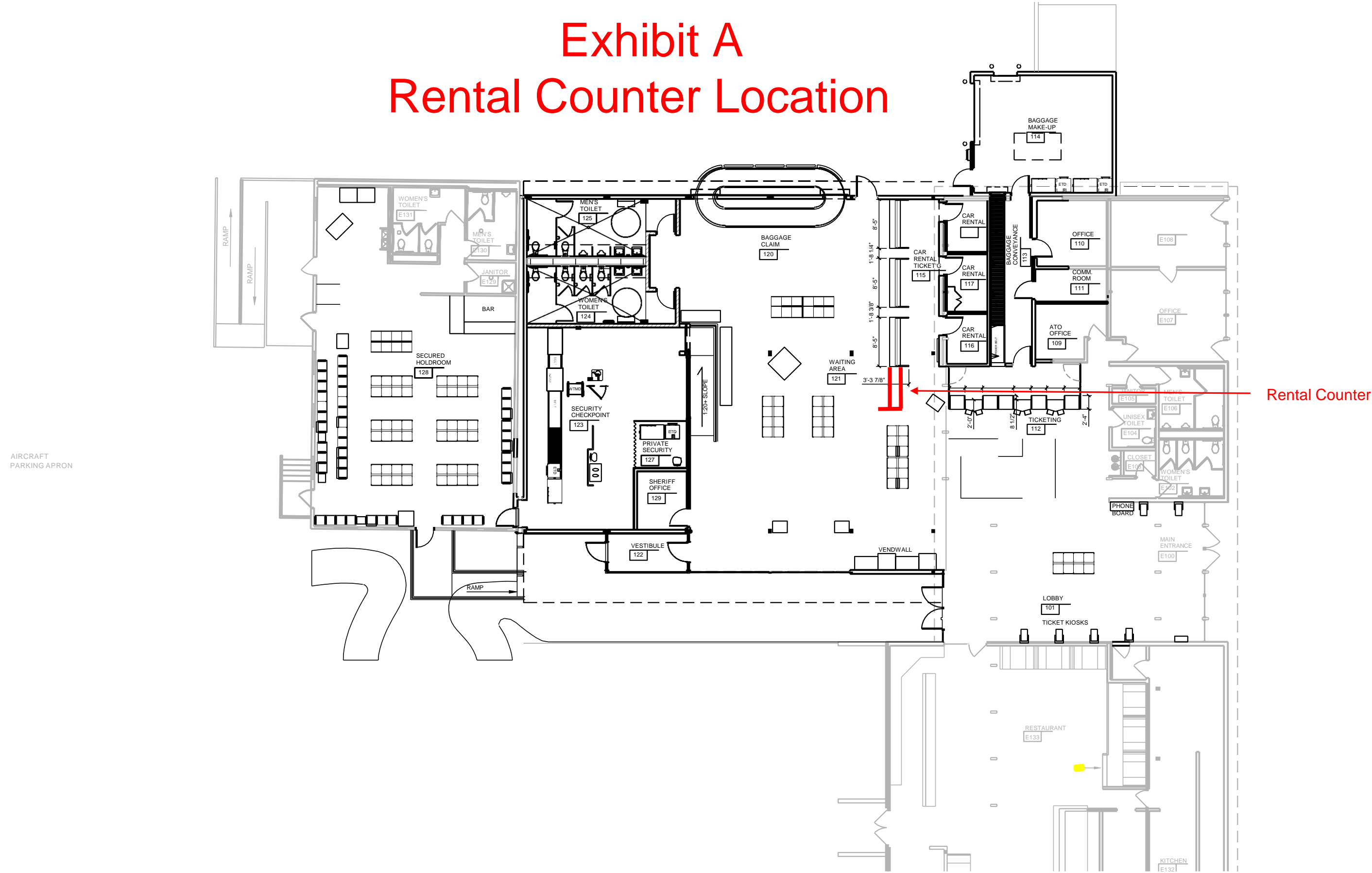


Exhibit B

Parking Diagram

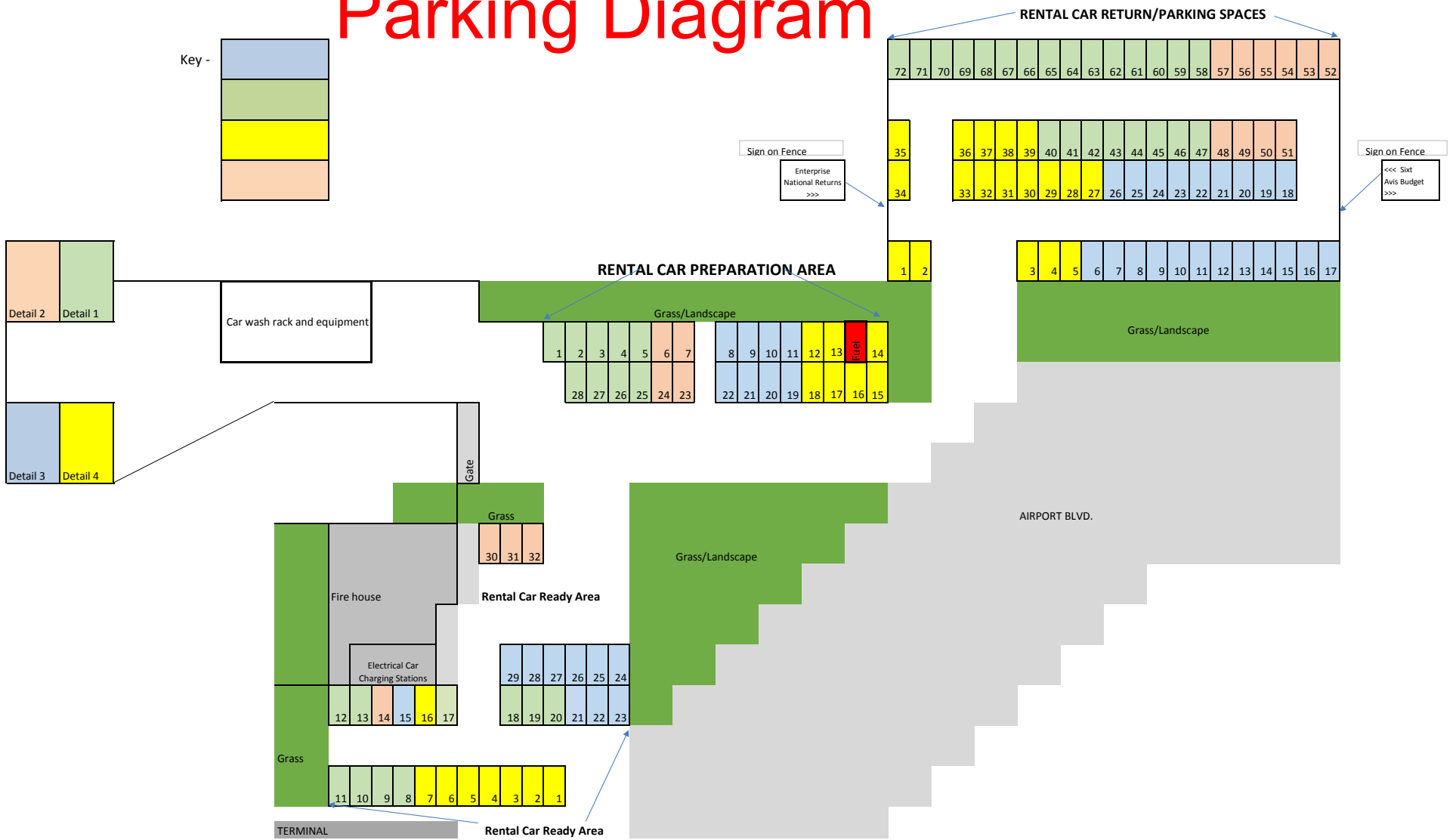


Exhibit C

Operator shall maintain and require its subcontractors and agents to maintain insurance as described below unless such insurance has been expressly waived by the attachment of a *Waiver of Insurance Requirements*.

County reserves the right to review any and all of the required insurance policies and/or endorsements, but has no obligation to do so. Failure to demand evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency shall not relieve Operator from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the term of this Agreement or any extensions of the term.

1. Workers Compensation Insurance & Employers Liability Insurance

- a. Required if Operator has employees.
- b. Workers Compensation insurance with statutory limits as required by the Labor Code of the State of California.
- c. Employers Liability with limits of \$1,000,000 per Accident; \$1,000,000 Disease per employee; \$1,000,000 Disease per policy.
- d. The policy shall be endorsed to include a written waiver of the insurer's right to subrogate against County.
- e. Required Evidence of Insurance:
 - i. Subrogation waiver endorsement; and
 - ii. Certificate of Insurance.

If Operator currently has no employees, Operator agrees to obtain the above-specified Workers Compensation and Employers Liability insurance should any employees be engaged during the term of this Agreement or any extensions of the term.

5. Commercial General Liability Insurance

- a. Minimum Limits: \$1,000,000 per Occurrence; \$2,000,000 General Aggregate. If Operator maintains higher limits than the specified minimum limits, County requires and shall be entitled to coverage for the higher limits maintained by Operator.
- b. Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by County. Operator is responsible for any deductible or self-insured retention and shall fund it upon County's written request, regardless of whether Operator has a claim against the insurance or is named as a party in any action involving the County.
- c. The County of Sonoma, its officers, agents and employees shall be additional insureds for liability arising out of Operator's ongoing operations at the Airport.
- d. The insurance provided to the additional insureds shall apply on a primary and non-contributory basis with respect to any insurance or self-insurance program maintained by them.
- e. The policy shall be endorsed to include a written waiver of the insurer's right to subrogate against County.
- f. The policy shall cover inter-insured suits between County and Operator and include a "separation of insureds" or "severability" clause which treats each insured separately.
- g. Required Evidence of Insurance:
 - i. Copy of the endorsement or policy language indicating that insurance is primary and

- non-contributory;
- ii. Copy of the additional insured endorsement or policy language granting additional insured status; and
- iii. Certificate of Insurance.

6. Automobile Liability Insurance

- a. Minimum Limits: \$1,000,000 combined single limit per accident.
- b. Insurance shall apply to all owned autos. If Operator currently owns no autos, Operator agrees to obtain such insurance should any autos be acquired during the term of this Agreement or any extensions of the term.
- c. Insurance shall apply to all hired and non-owned vehicles.
- d. Required Evidence of Insurance: Certificate of Insurance.

4. Pollution Liability Insurance

- a. Minimum Limits: \$1,000,000 per pollution incident, \$1,000,000 aggregate.
- b. Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by County. Operator is responsible for any deductible or self-insured retention and shall fund it upon County's written request, regardless of whether Operator has a claim against the insurance or is named as a party in any action involving the County.
- c. If the insurance is on a Claims-Made basis, the retroactive date shall be no later than the commencement of the Agreement.
- d. Insurance shall be maintained for the entire period of the Agreement
- e. If the insurance is on a Claims-Made basis, the continuation coverage may be provided by: (a) renewal of the existing policy; (b) an extended reporting period endorsement; or (c) replacement insurance with a retroactive date no later than the commencement of the Work.
- f. The County of Sonoma, its employees, representatives, consultants, and agents shall be additional insureds for liability arising out of operations by or on behalf of Operator in the performance of the Agreements.
- g. The insurance provided to the additional insureds shall apply on a primary and non-contributory basis with respect to any insurance or self-insurance program maintained by them.
- h. Required Evidence of Insurance:
 - i. Additional insured endorsement or policy language granting additional insured status;
 - ii. Endorsement or policy language indicating that insurance is primary and non-contributory; and
 - iii. Certificate of Insurance.

5. Increases in Limits of Insurance

- a. County may periodically require higher policy limits if such increased limits are reasonably available in commercial insurance markets.

6. Standards for Insurance Companies

- a. Insurers shall have an A.M. Best's rating of at least A:VII.

7. Documentation

- a. The Certificate of Insurance shall include the following reference: Sixt Concession Agreement.
- b. All required Evidence of Insurance shall be submitted prior to the execution of this

Agreement.

- c. The name and address for Additional Insured endorsements and Certificates of Insurance is: County of Sonoma, its officers, agents and employees, c/o Airport Manager, Charles M. Schulz – Sonoma County Airport, 2290 Airport Boulevard, Santa Rosa, CA 95403.
- d. Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least ten (10) days before expiration or other termination of the existing policy.
- e. Operator shall provide immediate written notice if: (1) any of the required insurance policies is terminated; (2) the limits of any of the required policies are reduced; or (3) the deductible or self-insured retention is increased.
- f. Upon written request, certified copies of required insurance policies must be provided within thirty (30) days.

8. Policy Obligations

Operator's indemnity and other obligations shall not be limited by the foregoing insurance requirements.

9. Material Breach

If Operator fails to maintain insurance which is required pursuant to this Agreement, it shall be deemed a material breach of this Agreement. County, at its sole option, may terminate this Agreement and obtain damages from Operator resulting from said breach. Alternatively, County may purchase such required insurance and Operator shall immediately reimburse County for any premium costs advanced by County for such insurance. These remedies shall be in addition to any other remedies available to County.