

**SANTA MARIA PUBLIC AIRPORT DISTRICT
BOARD OF DIRECTORS**

**Thursday
April 26, 2018**

**Administration Building
Airport Boardroom
7:00 P.M.**

**REGULAR MEETING
A G E N D A**

This agenda is prepared and posted pursuant to the requirements of the California Government Code Section 54954.2. By listing a topic on this agenda, the Santa Maria Public Airport District has expressed its intent to discuss and act on each item. The Santa Maria Public Airport District welcomes orderly participation at its meetings from all members of the public. This includes assistance under the Americans with Disabilities Act to provide an equally effective opportunity for individuals with a disability to participate in and benefit from District activities. To request assistance with disability accommodation, please call (805) 922-1726. Notification at least 48 hours prior to the meeting would enable the Santa Maria Public Airport District to make reasonable arrangements to ensure accessibility to this meeting.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL: Rafferty, Adams, Engel, Brown, Baskett

- 1. MINUTES OF THE REGULAR MEETING HELD APRIL 12, 2018.**
- 2. COMMITTEE REPORT(S):**
 - a) AVIATION SUPPORT & PLANNING (Standing or Ad Hoc)**
 - b) ADMINISTRATION & FINANCIAL (Standing or Ad Hoc)**
 - c) MARKETING & PROMOTIONS (Standing or Ad Hoc)**
 - d) CITY & COUNTY LIAISON**
 - e) STATE & FEDERAL LIAISON**
 - f) VANDENBERG LIAISON**
 - g) BUSINESS PARK COMMITTEE (Ad Hoc)**
- 3. GENERAL MANAGER'S REPORT**
 - a) Monthly Activity Report**
- 4. MANAGER OF FINANCE & ADMINISTRATION REPORT**
 - a) Demand Register**
 - b) Budget to Actual**

5. **DISTRICT COUNSEL'S REPORT. (Joshua George and Natalie Frye Laacke)**
6. **PUBLIC SESSION:** Statements from the floor will be heard during public session. Request to Speak forms are provided for those wishing to address the board. After completing the form, please give it to the Clerk. Requests requiring board action will be referred to staff and brought on the next appropriate agenda. Members of the public are cordially invited to speak on agenda items as they occur. Staff reports covering agenda items are available for review in the offices of the General Manager on the Tuesday prior to each meeting. The Board will establish time limit for receipt of testimony. The board reserves the right to establish further time limits for receipt of testimony.
7. **PRESENTATION FROM TRINA FROEHLICH OF MEAD AND HUNT REGARDING AIR SERVICE DEVELOPMENT.**
8. **AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO CONSENT TO THE TRANSFER OF THE HANGAR LOCATED AT 2987-E AIRPARK DRIVE TO STEVE & SHELLY BROWN.**
9. **AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO CONSENT TO THE TRANSFER OF THE HANGAR LOCATED AT 2987-C AIRPARK DRIVE TO ROBERT LEPPER.**
10. **ADOPTION OF RESOLUTION 861. A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT ADOPTING THE RATES AND CHARGES FOR FISCAL YEAR 2018-2019.**
11. **ADOPTION OF RESOLUTION 862. A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT ADOPTING THE APPROPRIATIONS SUBJECT TO LIMITATION FOR FISCAL YEAR 2018-2019 UNDER CALIFORNIA CONSTITUTION ARTICLE XIII B (AS AMENDED) AND IMPLEMENTING STATUTES.**
12. **ADOPTION OF RESOLUTION 863. A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT APPROVING SALARIES AND SALARY ADJUSTMENTS FOR NON-MANAGEMENT EMPLOYEES FOR FISCAL YEAR 2018-2019.**
13. **ADOPTION OF RESOLUTION 864. A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT APPROVING SALARIES AND SALARY ADJUSTMENTS FOR MANAGEMENT EMPLOYEES FOR FISCAL YEAR 2018-2019.**
14. **DISCUSSION AND DIRECTION TO STAFF REGARDING ADMIN AND FIRE STATION ROOFING PROJECT.**

15. **CLOSED SESSION.** The Board will hold a Closed Session to discuss the following item(s):
 - a) **Conference with Real Property Negotiators (Chris Hastert, Tom Ross and District Counsel) Re: 1424 Fairway Dr. (Gov. Code Section 54956.8).**
 - b) **Conference with Real Property Negotiators (Chris Hastert, Tom Ross and District Counsel) Re: APN 111-231-11 (Gov. Code Section 54956.8)**
16. **DIRECTORS' COMMENTS.**
17. **ADJOURNMENT.**

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MINUTES OF THE REGULAR BOARD
MEETING OF THE BOARD OF DIRECTORS
OF THE SANTA MARIA PUBLIC AIRPORT
DISTRICT HELD APRIL 12, 2018

The Board of Directors of the Santa Maria Public Airport District held a Regular Meeting at the regular place at 7:00 p.m. Present were Directors Rafferty, Adams, Engel, Brown and Baskett, General Manager Hastert, Manager of Finance & Administration Reade and District Counsel Frye Laacke.

District Counsel Frye Laacke asked the Board to add an item to the agenda as item 8a. Authorization for the President and Secretary to execute a Memorandum of Lease between the District and Scannell Properties per Government Code 54954.2 Section B2. Director Adams made a Motion to approve. Director Baskett Seconded and it was carried by a 5-0 vote.

1. MINUTES OF THE REGULAR MEETING HELD March 22, 2018. Director Baskett made a Motion to approve the minutes of the regular meeting held March 22, 2018. Director Adams Seconded and it was carried by a 5-0 vote.
2. COMMITTEE REPORT(S):
 - a) AVIATION SUPPORT & PLANNING (Standing or Ad Hoc) – The committee was invited to attend all Air Show planning meetings. The next one is scheduled for April 25th.
 - b) ADMINISTRATION & FINANCIAL (Standing or Ad Hoc) – No meeting scheduled.
 - c) MARKETING & PROMOTIONS (Standing or Ad Hoc) – No meeting scheduled.
 - d) CITY & COUNTY LIAISON – No meeting scheduled.
 - e) STATE & FEDERAL LIAISON – Mr. Hastert and our consultant, Tom Widroe met with Customs.
 - f) VANDENBERG LIAISON – No meeting scheduled.
 - g) BUSINESS PARK COMMITTEE (Ad Hoc) – A meeting will be scheduled in the near future.
3. GENERAL MANAGER'S REPORT. General Manager Hastert notified the Board of a water leak on property, the progress on the Roof Repair project and the upcoming Kite Festival. Our Air Service Development consultant will be presenting at the next meeting as well as the Economic Development meeting. He gave an update on what was discussed at the Chamber meeting and notified the Board that Jim Bray has been helping with the Air Show planning.

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4. MANAGER OF FINANCE & ADMINISTRATION REPORT.

The Manager of Finance & Administration presented the Demand Register to the Board for review and approval.

a) Demand Register. The Demand Register, covering warrants 065222 through 065295 in the amount of \$158,793.00 was recommended for approval as presented. Director Baskett made a Motion to accept the Demand Register as presented. Director Engel Seconded and it was carried by a 5-0 vote.

b) Budget to Actual. Received and filed.

5. DISTRICT COUNSEL'S REPORT. Nothing to report.

6. PUBLIC SESSION: Statements from the floor will be heard during public session. Request to Speak forms are provided for those wishing to address the board. After completing the form, please give it to the Clerk. Requests requiring board action will be referred to staff and brought on the next appropriate agenda. Members of the public are cordially invited to speak on agenda items as they occur. Staff reports covering agenda items are available for review in the offices of the General Manager on the Tuesday prior to each meeting. The Board has established a five-minute time limit for receipt of testimony. The board reserves the right to establish further time limits for receipt of testimony.

No one requested to speak.

7. Nominations for California Special Districts Association Board of Directors. No one on the Board requested to be nominated for the position. No action was taken.

8. Authorization for the President and Secretary to execute the First Amendment of Lease between the District and Scannell Properties. Director Baskett made a Motion to approve. Director Brown Seconded and it was carried by a 5-0 vote.

8a. Authorization for the President and Secretary to execute a Memorandum of Lease between the District and Scannell Properties. Director Engel made a Motion to approve. Director Adams Seconded and it was carried by a 5-0 vote.

9. CLOSED SESSION. At 7:19 p.m. the Board went into Closed Session to discuss the following item(s):

a) Conference with Real Property Negotiators (Chris Hastert, Tom Ross and District Counsel) Re: 1424 Fairway Dr. (Gov. Code Section 54956.8).

At 7:23 p.m., the Board and staff reconvened to Open Public Session.

There were no reportable actions.

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10. DIRECTORS' COMMENTS: Director Brown will miss the next meeting.

Director Baskett would like the District to get solar in the future.

Director Engel wants the Rental Cars to be parked in their designated spots and not in baggage claim parking. He asked what was being done for squirrel maintenance and he had a question on the Pioneer Park Lease.

Director Adams asked the status of the Hangar St. extension with the city.

Director Rafferty is happy to hear Vandenburg is helping with the Air Show.

11. ADJOURNMENT. President Rafferty asked for a Motion to adjourn to a Regular Meeting to be held on April 26, 2018 at 7:00 p.m. at the regular meeting place. Director Brown made that Motion, Director Engel Seconded and the Motion was carried by a 5-0 vote.

ORDER OF ADJOURNMENT

This Regular Meeting of the Board of Directors of the Santa Maria Public Airport District is hereby adjourned at 7:30 p.m. on April 12, 2018.

Hugh Rafferty, President

Carl Engel, Secretary

Monthly Activity Report

March 2018



AGENDA ITEM

3a

4/26/2018

Aviation Building Information

	Inventory	Occupied	Available	Occupancy Rate
T Hangars	140	138	2	99%
Corporate T Hangars	8	8	0	100%
Corporate Hangars	28	28	0	100%
Storage Units	26	24	2	92%
Owner Build	23	23	0	100%
Commercial Aviation Hangar Space (SqFt)	107,782	105,407	275	98%
Commercial Aviation Office Space (SqFt)	28,800	19,449	9,351	68%

Hangar Waiting List

T-Hangars	10
Corporate/Corporate T-Hangar	16

Monthly Activity

	Mar-17	Feb-18	Mar-18	%Change
Operations	3,438	2,738	2,857	-17%
Noise/Nuisance Complaints	0	1	0	
Jet\100LL Fuel (Gallons)	44,087	39,619	48,486	10%

Enplanments

	Mar-17	Feb-18	Mar-18	%Change
Allegiant	1,840	1,522	1,932	5%
Central Coast Shuttle	884	740	1,008	14%

Airline Load Factor

	# of Flights	Load Factor Actual flights	Load Factor SCHED flights
Allegiant	13	90%	90%

Land Lease Information (Acres)

	Inventory	Occupied	Available
Business Park	224	0	224
Agriculture	592.29	592.29	0
Grazing	511	511	0
Non Aviation Land Leases	TBD	48.42	
Aviation Land Leases	TBD	12.22	
Total Airport Acreage	2,550		

Mobile Home Park

	Spaces Rented	Units Sold
Mobile Home Park	78	

2017-2018

**DEMAND REGISTER
SANTA MARIA PUBLIC AIRPORT DISTRICT**

Full consideration has been received by the Santa Maria Public Airport District for each demand numbers 065296 to 065351 and Electronic Payments on Pacific Premier Bank in the amount of \$132,412.67.

CHRIS HASTERT
GENERAL MANAGER

DATE

The undersigned certifies that the attached register of audited demands of the Santa Maria Public Airport District for each demand, numbers 065296 to 065351 and Electronic Payments on Pacific Premier Bank in the total amount of \$132,412.67 has been approved as being in conformity with the budget approved by the Santa Maria Public Airport District and funds are available for their payment.

VERONEKA READE
MANAGER OF FINANCE & ADMINISTRATION

DATE

THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT APPROVED PAYMENT OF THE ATTACHED WARRANTS AT THE MEETING OF APRIL 26, 2018.

CARL ENGEL
SECRETARY

Santa Maria Public Airport District

Demand Register

Check Number	Check Date	Vendor Name	Check Amount	AIP Funding	Description
065296*	4/12/2018	AT&T	\$39.14		Phone Service
065297*	4/12/2018	Bickel's Heating and Air Conditioning	\$250.00		Maint. - Heating & Air Condit.
065298*	4/12/2018	Consolidated Electrical Distributors	\$548.02		Lighting Maintenance
065299*	4/12/2018	City of Santa Maria	\$263.42		Construction Meter
065300*	4/12/2018	Clark Pest Control	\$380.00		Pest Control - Terminal & Adm.
065301*	4/12/2018	De Lage Landen	\$101.60		Lease/Maint. - Copier
065302*	4/12/2018	Ferguson Enterprises, Inc.	\$3.72		Buildg. Maint. - Customs
065303*	4/12/2018	Michael Leger	\$447.39		Tenant Refund
065304*	4/12/2018	Napa Auto Parts	\$334.54		Auto parts
065305*	4/12/2018	Pacific Gas & Electric Company	\$21.75		Electricity
065306*	4/12/2018	Tartaglia Engineering	\$24,071.00	\$21,822.77	AIP 34
065307*	4/12/2018	United Refrigeration, Inc.	\$63.75		Building Maint. - Terminal
065308*	4/16/2018	CalPortland Construction	\$4,811.75		Terminal Apron Reconstruction
065309*	4/16/2018	Chris Hastert	\$265.96		Expense - Travel
065310*	4/16/2018	Los Padres Fire Protection	\$1,579.97		Fire Equipment Service
065311*	4/20/2018	Aflac	\$753.03		Voluntary Ins. - Employee
065312*	4/20/2018	Heritage Oaks Bank - CC	\$3,437.72		Business Travel & Enter.
065313*	4/20/2018	Ray Heath	\$3,575.20		Consulting Service
065314*	4/20/2018	BIOMTRICS4ALL, INC.	\$495.00		Software Maint.
065315	4/24/2018	Adamski Moroski	\$5,385.71		Legal Service
065316	4/24/2018	Advantage Answering Plus	\$248.63		Answering Service
065317	4/24/2018	American Industrial Supply	\$23.65		Lighting & Nav Aid Maint.
065318	4/24/2018	Architect's Consulting Service	\$3,962.50		Architect Services
065319	4/24/2018	AT&T	\$39.15		Phone Service
065320	4/24/2018	John Barta	\$54.90		Security Deposit & Cr. Balance
065321	4/24/2018	Bartlett, Pringle & Wolf	\$314.50		Computer Support
065322	4/24/2018	Berchtold Equipment Company	\$219.53		Heavy Equip Maint - Mechanical
065323	4/24/2018	Bomar Security & Investigation	\$961.00		Security Service
065324	4/24/2018	Consolidated Electrical Distributors	\$355.70		Lighting Maintenance
065325	4/24/2018	Coastal Ag	\$15.99		Weed Abatement
065326	4/24/2018	Comcast	\$557.10		Cable/Internet /Digital Voice
065327	4/24/2018	Fastenal Company	\$100.30		Shop Supplies
065328	4/24/2018	Fedak & Brown LLP	\$2,585.00		Annual Audit
065329	4/24/2018	Fence Factory	\$210.60		Fencing & Gates
065330	4/24/2018	Frontier Communications	\$807.04		Telephone Service
065331	4/24/2018	Hayward Lumber Company	\$40.12		MHP - Maintenance

Santa Maria Public Airport District

Demand Register

Check Number	Check Date	Vendor Name	Check Amount	AIP Funding	Description
065332	4/24/2018	J B Dewar, Inc	\$799.14		Fuel Expense - Gas/Diesel
065333	4/24/2018	J.D. Humann Landscape Contr.	\$141.75		Landscape Maintenance
065334	4/24/2018	Keylock Security Specialists	\$650.00		Maint.- Access Control System
065335	4/24/2018	LAHR INDUSTRIAL WELDING INC	\$281.25		Building Maint. - Terminal
065336	4/24/2018	MarTeeny Designs	\$200.00		Web Page Maint.
065337	4/24/2018	Mead & Hunt, Inc.	\$2,319.04		Air Service Consulting
065338	4/24/2018	Mission Uniform Service	\$359.67		Uniform Service
065339	4/24/2018	Next Day Signs	\$21.60		Signs
065340	4/24/2018	Office Depot	\$311.26		Office Supplies
065341	4/24/2018	Carla Osborn	\$472.94		Medical Reimb.
065342	4/24/2018	Pat's Automotive	\$83.09		Auto Maint. - Mechanical
065343	4/24/2018	James Paulsen	\$585.48		Security Deposit & Cr. Balance
065344	4/24/2018	Roberts & Connell LLP	\$85.50		Legal Service
065345	4/24/2018	Service Star	\$11,190.14		Janitorial Service
065346	4/24/2018	S Lombardi & Assoc., Inc.	\$1,325.00		Airport Advertising
065347	4/24/2018	Tartaglia Engineering	\$29,283.00	\$26,547.97	AIP 35
065348	4/24/2018	Toshiba Financial Services	\$548.56		Copier Lease
065349	4/24/2018	Total Compensation Systems, Inc.	\$1,350.00		Consulting Services
065350	4/24/2018	WageWorks	\$100.00		Cafeteria Plan - Admin. Fee
065351	4/24/2018	Zee Medical Service Company	\$108.38		First Aid
Total Checks Written:			\$107,540.18	\$48,370.74	

*Approved by One Board Member

Electronic Payments

4/5/18	Medical	\$13,488.65
4/17/18	CalPers	\$1,026.27
4/17/18	CalPers	\$3,742.98
4/24/18	Mass	\$3,455.09
4/24/18	Mass	\$3,159.50
Total Electronic Funds Transfers:		\$24,872.49

Total Funds Dispersed: \$132,412.67

Santa Maria Public Airport District

For the For Months Ending January 31. 2018

Revenues

Account Number	Account Description	Actual YTD	Budget YTD	Over/(Under) Budget
61100-052	Landing Fees - Ameriflight	6,281	3,507	2,774
61100-053	Landing Fees - U.S. Forest Service	39,590	14,583	25,007
61100-054	Landing Fees - Federal Express - WestAir	3,987	3,370	617
61100-055	Landing Fees - Allegiant Air	13,999	13,508	491
61100-062	Landing Fees -United (Skywest)	94		94
61100-069	Landing Fees - Charter Jets	4		4
61110-052	Tiedowns - Ameriflight	728	714	14
61110-054	Tiedowns - Federal Express - WestAir in	2,149	2,149	-
61110-059	FBO Tiedowns	62		62
61130-093	Comm Veh Access - Federal Express	6,209	6,209	-
61130-094	Comm Veh Access - UPS	2,345	2,321	24
61140-152	Fuel Flowage Fees - Self Serve	4,073	1,937	2,135
61140-154	Fuel Flowage Fees - CC Jet Center, LLC	49,864	40,431	9,432
62210-005	T-Hangar 3005 Airpark	24,150	24,194	(44)
62210-009	T-Hangar 3009 Airpark	15,438	15,561	(123)
62210-011	T-Hangar 3011 Airpark	14,980	14,962	18
62210-019	T-Hangar 3019 Airpark	14,552	14,962	(410)
62210-023	T-Hangar 3023 Airpark	15,540	15,561	(21)
62210-027	T-Hangar 3027 Airpark	15,316	15,351	(36)
62210-031	T-Hangar 3031 Airpark	15,869	15,351	518
62210-039	T-Hangar 3039 Airpark	20,776	22,309	(1,533)
62210-103	T-Hangar 3103 Airpark	24,616	24,969	(353)
62210-107	T-Hangar 3107 Airpark	18,042	18,224	(182)
62210-109	T-Hangar 3109 Airpark	13,869	14,065	(196)
62210-111	T-Hangar 3111 Airpark	13,178	14,409	(1,231)
62220-035	Corporate T-Hangar 3035 Airpark	22,124	22,227	(103)
62230-005	T-Hangar Storage 3005 Airpark	3,290	3,290	(0)
62230-009	T-Hangar Storage 3009 Airpark	1,106	1,097	9
62230-011	T-Hangar Storage 3011 Airpark	1,162	1,155	7
62230-019	T-Hangar Storage 3019 Airpark	581	578	3
62230-023	T-Hangar Storage 3023 Airpark	553	548	5
62230-027	T-Hangar Storage 3027 Airpark	1,023	1,082	(59)
62230-031	T-Hangar Storage 3031 Airpark	539	1,082	(543)
62230-035	T-Hangar Storage 3035 Airpark	1,113	1,111	2
62230-039	T-Hangar Storage 3039 Airpark	4,774	3,290	1,484
62230-107	T-Hangar Storage 3107 Airpark	966	1,097	(131)
62230-109	T-Hangar Storage 3109 Airpark	476	475	1
62230-111	T-Hangar Storage 3111 Airpark	1,096	1,082	14
62240-001	Corporate Hangars 3001 Airpark	24,906	24,909	(3)
62240-029	Corporate Hangars 3029 Airpark	27,468	27,465	3
62240-105	Corporate Hangars 3105 Airpark	32,634	32,626	8
62240-118	Corporate Hangar 3043 Airpark	29,900	31,840	(1,940)
63310-100	Owner Build Hangar - Land (Sm)	3,749	3,749	-
63310-101	Owner Build Hangars - Land (Lg)	6,498	6,498	-
64410-177	Main Hangar - Artcraft Paints	26,750	26,750	(0)

Santa Maria Public Airport District

For the For Months Ending January 31. 2018

Revenues

Account Number	Account Description	Actual YTD	Budget YTD	Over/(Under) Budget
64410-178	Main Hangar - Tricor Calif	1,348	1,365	(17)
64410-183	Main Hangar - S B Cellular	15,303	15,383	(80)
64410-184	Main Hangar - Kevin Small	7,497	7,301	196
64410-185	Main Hangar - Art-Craft Suites 119-128	26,218	26,219	(1)
64420-115	Corporate Hangar FBO 3115 Airpark	3,424		3,424
64420-117	Corporate Hangar FBO 3117 Liberator	18,146	10,668	7,478
64420-119	Corporate Hangar FBO 3119 Liberator	4,668	4,623	45
64420-121	Corporate Hangar FBO 3121 Liberator	4,508	4,508	0
64420-125	Corporate Hangar FBO 3125 Liberator (P)	29,464	29,462	1
64420-409	Corporate Hangar FBO 3409 Corsair	31,545	36,638	(5,093)
64420-410	U.S. Forest - Land Use Revenue	37,159	23,333	13,825
64420-438	Corporate Hangar FBO - CALSTAR	6,734	6,666	68
64420-439	Corporate Hangar FBO CC Jet Center	29,813	29,813	-
64420-440	Corporate Hangar FBO 3950 Mitchell	11,133	11,186	(53)
64420-441	Corporate Hangar FBO 3948 Mitchell	1,018	3,586	(2,568)
64420-442	Corporate Hangar FBO 3944 Mitchell	9,989	9,989	-
64420-443	Corporate Hangar FBO 3940 Mitchell	21,497	21,495	2
64420-444	Corporate Hangar FBO Arctic Air	26,012	26,012	-
64420-445	CC Jet Center Self Serve	1,671	1,225	446
64420-447	Rotocraft Leasing - Parking Lot	7,483	7,487	(4)
64420-448	MOF 3015/3025 Airpark Drive	1,484	1,463	21
64420-449	CC Jet Center-Los Padres Disp	2,142	2,145	(3)
64420-450	CCJC (GA Terminal)	6,331	6,706	(375)
64459-203	Utility Reimbursement - Main Hangar	16,837	13,164	3,673
65000-100	Vehicle Access Fee - Uber	9,405		9,405
65510-251	Terminal - TSA Lease	54,658	54,658	-
65510-252	Terminal - Restaurant	18,901	21,785	(2,884)
65510-255	Terminal - Allegiant Air, Inc.	1,288	1,288	-
65510-256	Terminal -Central Coast Shuttle	14,042	14,041	1
65510-257	PFC Revenue	64,040	46,779	17,261
65510-261	Terminal - ProDIGIQ	63		63
65510-262	ARINC	1,014	1,011	3
65520-265	Terminal Concessions - Avis	57,614	56,413	1,202
65520-266	Terminal Concessions - Budget	15,837	10,833	5,003
65520-267	Terminal Concessions - Hertz	36,476	40,264	(3,788)
65520-268	Terminal Concessions - Enterprise	30,985	31,259	(274)
65520-274	Terminal Vending Machines	1,136	1,841	(705)
65530-217	Other Building - Adminstrative Board Room	380	653	(273)
65530-307	Other Building - Avis Service Center	6,355	6,355	(0)
65559-249	Utility Reimbursements - Terminal	1,463	1,435	29
65559-336	TSA - LEO Reimbursement	11,860	16,800	(4,940)
66120-080	Vehicle Training Area/Special Events	4,550		4,550
66120-083	Santa Maria Karting	4,050	3,850	200
66610-361	Farm Land - Castellanos	78,628	74,343	4,286
66610-362	Grazing Land - R. Michel	1,367	1,253	114

Santa Maria Public Airport District

For the For Months Ending January 31. 2018

Revenues

Account Number	Account Description	Actual YTD	Budget YTD	Over/(Under) Budget
66610-363	Grazing Land - Mc Gray & Jokela	791	791	-
66610-364	Master Lease - Mahoney Brothers - CJJ	13,358	13,454	(96)
66610-365	Farm Land - Gresser	293,852	294,788	(936)
66610-366	Grazing Land - Verlade	1,880	1,880	0
66620-201	Airport Business Park	76,260	82,583	(6,322)
66620-320	Pioneer Park	1,128	1,128	-
66620-455	Commercial Land - Hotel	109,334	107,537	1,798
66620-500	Verizon Land Lease	(14,000)		(14,000)
66630-381	Village Mobile Home Park	250,656	239,251	11,405
67300-950	Commercial Filming - Movie Shoots	2,000		2,000
67910-900	Misc.Income Operations	9,036		9,036
67910-921	Misc Income - Late Charges	8	4,083	(4,076)
67910-924	Misc Income - Copy Charges/Postage/Keys	35		35
67910-931	Misc Income - Rebates - PG&E		3,500	(3,500)
67910-951	Misc Income - Airport Access Card	1,622	4,667	(3,045)
69010-951	Interest Income	24,057	13,729	10,328
69110-934	AIP 34 - Airport Master Plan	33,082		33,082
69110-935	AIP 35 Rehabilitate Apron	943,795		943,795
69110-936	AIP 36 Reimbursement		5,434,830	(5,434,830)
69310-965	Tax Revenues	896,558	821,551	75,007
69510-980	Ordinary Dividends - Principal Financial Group	101		101
	Total Revenue	3,905,508	8,199,671	(4,294,163)

Santa Maria Public Airport District

Budget Report

For Expense Only Transactions Posted Year to Date

Account Number	Account Description	Actual Expenses Year to Date	Budgeted Expenses for Twelve Months	Over/(Under Budget)
71110-100	Electricity - Landing Area	12,785	18,692	(5,907)
71110-455	Electricity - Hotel Ramp	810	1,062	(253)
71120-150	ARFF Services	332,555	665,110	(332,555)
71220-100	Signs		1,600	(1,600)
71310-100	Lighting & Nav Aid Maintenance	7,603	11,125	(3,522)
71323-100	Runway Generator Maintenance	1,115	3,250	(2,135)
71330-100	Pavement - Runways & Taxiways	450	8,200	(7,750)
71331-100	Pavement - Ramps & Tiedowns	1,174	10,850	(9,676)
71345-100	Weed/Wildlife Abatement	1,996	24,800	(22,804)
71350-100	Fencing & Gates		4,300	(4,300)
72100-200	Electricity - Hangars	66		66
72110-200	Electricity - Hangars	15,826	25,083	(9,257)
72130-200	Water/Sewer - Hangar	2,923	5,140	(2,217)
72150-200	Emergency Phones - Hangars	1,145	3,240	(2,095)
72250-200	Landscape Supplies - Hangars	467		467
72260-200	Landscaping Hangar Area	4,876	6,528	(1,652)
72290-200	Miscellaneous Hangar Supplies		700	(700)
72300-200	Building Maintenance - Hangar Area	5,784	8,900	(3,116)
72310-200	Lighting Maintenance - Hangars	856	7,000	(6,144)
72311-200	Janitorial Sv Hangar Area	9,580	14,137	(4,557)
72328-200	Fire Extinguisher Service - Hangar		1,500	(1,500)
72331-200	Pavement - Ramp - Hangars	3,092	11,250	(8,158)
72350-200	Fencing & Gates	1,705	3,050	(1,345)
72445-200	Fire Alarm Service - Hangars	1,225	3,260	(2,035)
72480-200	Waste Oil Removal - Hangars	584	1,500	(916)
73700-721	Owner Build - Water/Sewer	1,145	713	432
73700-722	Owner Build - Electricity	169	205	(36)
73700-723	Owner Build - Restroom Janitorial	1,680	2,570	(890)
73700-724	Owner Build - Maintenance		1,000	(1,000)
74110-203	Electricity - Main Hangar	21,814	32,239	(10,425)
74110-204	Utilities - 3940 Mitchell Rd.	209	316	(108)
74120-203	Gas- Main Hangar	345	541	(196)
74130-125	Water/Refuse - Paint Hangar	3,240	4,774	(1,534)
74130-203	Water/Refuse - Main Hangar	4,823	5,544	(721)
74150-125	Emergency Phone Lines - Paint Hangar	1,572	2,052	(480)
74150-203	Emergency Phone Lines - Main Hangar	492	1,500	(1,008)
74260-400	Landscaping - FBO	767	996	(229)
74290-400	Miscellaneous Supplies		1,000	(1,000)
74300-400	Building Maintenance - FBO Hangar Area	4,049	10,350	(6,301)
74311-203	Janitorial Sv Main Hangar & FBOs	1,680	2,570	(890)
74311-218	Customs - Water/Refuse/Sewer	2,460	2,322	137
74315-400	Fire Sprinkler Maintenance		2,500	(2,500)
74331-400	Pavement - Ramps & Tiedowns	600	2,000	(1,400)
74340-400	Drainage Maintenance		1,500	(1,500)
74350-400	Fencing & Gates	1,093	2,800	(1,707)

Santa Maria Public Airport District

Budget Report

For Expense Only Transactions Posted Year to Date

Account Number	Account Description	Actual Expenses Year to Date	Budgeted Expenses for Twelve Months	Over/(Under Budget)
74445-125	Fire Alarm Service - Paint Hangar	315	420	(105)
74445-203	Fire Alarm Service - Main Hangar	315	420	(105)
75110-249	Electricity - Terminal	76,436	96,253	(19,817)
75120-249	Gas - Terminal	3,576	6,602	(3,026)
75130-249	Water/Refuse/Sewer - Terminal	14,392	17,845	(3,454)
75150-249	Emergency Phone Lines - Terminal	5,108	7,762	(2,654)
75150-250	Pay Phone Service - Terminal	2,279	2,735	(456)
75150-300	Audio & Video Monthly Charges	1,708	2,278	(570)
75220-250	Signs	1,468	2,000	(532)
75255-250	Janitorial Sv Terminal Area	75,627	97,626	(21,999)
75260-250	Landscaping - Terminal	21,393	28,428	(7,035)
75300-249	Building Maint. - Terminal	21,910	35,700	(13,790)
75300-339	Building Maintenance - Fire Station	3,341	5,730	(2,389)
75310-240	Lighting Maint - Terminal Area Streets		500	(500)
75310-249	Lighting Maintenance - Terminal	1,663	4,000	(2,337)
75310-339	Lighting Maintenance - Fire Station		100	(100)
75323-249	Emerg Generator Maint - Terminal	1,247	1,500	(253)
75323-339	Emerg Generator Maint - Fire Station	1,275	2,000	(725)
75333-250	Pavement - Roads - Terminal Area	8,433	10,000	(1,567)
75350-250	Fencing & Gates - Terminal	43	2,000	(1,957)
75465-249	Automatic Door Maintenance Service	1,094	3,000	(1,906)
75475-249	Interior Plant Service - Terminal	2,475	3,300	(825)
75700-740	Sig Items - Terminal Accessories	844	9,360	(8,516)
75700-761	Sig Item - Crash Rescue Tool Roll for C-6		11,750	(11,750)
76110-300	Electric - Street Lights	1,394	2,578	(1,185)
76110-310	Electric - Retention Dam Pumps	1,449	7,826	(6,377)
76140-300	Recycled Water		2,250	(2,250)
76220-250	Signs		2,000	(2,000)
76260-300	Landscaping - Revenue Generating Land	7,079	9,476	(2,397)
76290-300	South Well Repairs		500	(500)
76310-300	Street Light Maintenance		500	(500)
76340-300	Drainage Maintenance	1,161	3,000	(1,839)
76345-300	North Well Repairs		1,500	(1,500)
76350-300	Fencing & Gates		2,500	(2,500)
76360-300	Stormwater Retention Facilities	2,523	3,400	(877)
76700-750	MHP - Salaries/ Employee Expenses	59,914	90,283	(30,369)
76700-752	MHP - Maintenance	14,238	34,455	(20,217)
76700-753	MHP - MHP Liability Insurance	6,312	6,750	(438)
76700-754	MHP - Utilities	109,006	154,330	(45,324)
76700-755	MHP - Property Management	18,800	28,200	(9,400)
76700-757	MHP - General and Admin. Expense	12,768	16,710	(3,942)
87010-451	General Manager	118,321	155,759	(37,438)
87010-452	Manager of Operations and Maintenance	69,869	88,864	(18,995)
87010-453	Manager of Finance and Administration	69,869	88,864	(18,995)
87010-454	Operations Officer	39,297	49,953	(10,655)

Santa Maria Public Airport District

Budget Report

For Expense Only Transactions Posted Year to Date

Account Number	Account Description	Actual Expenses Year to Date	Budgeted Expenses for Twelve Months	Over/(Under Budget)
87010-455	Administrative Assistant	40,673	51,785	(11,112)
87010-456	Maintenance Foreman	55,665	70,792	(15,127)
87010-457	Maintenance Workers III	61,384	63,529	(2,145)
87010-458	Maintenance Worker I	47,432	63,871	(16,440)
87010-459	Maintenance Worker II	31,912	34,075	(2,163)
87010-460	Accounting Clerk	66,309	84,626	(18,317)
87010-462	Receptionist	31,053	40,947	(9,894)
87020-473	Longevity Pay	14,940	18,049	(3,110)
87020-474	On Call Pay		8,000	(8,000)
87030-481	Medicare Tax	10,358	11,877	(1,519)
87030-482	Medical Insurance	194,429	245,387	(50,959)
87030-483	Dental Insurance	8,403	12,371	(3,968)
87030-484	Auto Allowance	9,462	12,000	(2,538)
87030-485	Life Insurance	2,726	3,960	(1,234)
87030-486	Disability Insurance	3,190	6,673	(3,483)
87030-487	PERS Retirement	147,303	182,282	(34,979)
87030-488	Worker's Compensation	17,620	18,761	(1,142)
87030-489	Employee Vision Coverage	1,944	1,526	418
87030-495	Unemployment Claims	163		163
87110-150	Electricity - Shop	2,233	3,601	(1,369)
87110-217	Electricity - Administration Building	10,763	15,771	(5,008)
87120-150	Gas - Shop	188	260	(71)
87120-217	Gas - Administration Building	687	1,324	(638)
87130-150	Water/Refuse - Shop	2,155	1,413	742
87130-217	Water/Sewer - Administrative Building	1,005	1,589	(584)
87130-500	Water - Landscaping	19,451	19,608	(157)
87140-500	Trash - Paper Recycling	531	648	(117)
87160-501	Cellular Phone	8,119	13,750	(5,631)
87160-502	Security Phone Lines	783	1,032	(249)
87160-504	Administration Office - Monthly Service	5,316	7,813	(2,497)
87160-505	Administration Office - Toll Calls	1,557	1,903	(346)
87160-507	Administration Office - Fax Line	1,074	1,650	(576)
87160-509	Tower & Fire Station	2,275	2,187	89
87160-510	Shop Phone	1,764	2,317	(553)
87160-511	Answering Service	2,276	3,023	(748)
87160-514	Cellular Phone - ARFF Vehicle	46		46
87210-500	Security Supplies	3,887	3,400	487
87230-500	Janitorial Supplies	5,748	12,249	(6,500)
87240-500	Small Tools	4,322	5,250	(928)
87260-150	Shop Supplies	2,985	4,550	(1,565)
87270-531	Fuel Expense - Gas/Oil	7,048	11,049	(4,001)
87270-532	Fuel Expense - Diesel Fuel/Oil	8,836	11,000	(2,164)
87275-500	Solvent	1,009	1,036	(26)
87280-546	First Aid	1,098	1,036	62
87280-547	Safety Equipment	2,520	3,380	(860)

Santa Maria Public Airport District

Budget Report

For Expense Only Transactions Posted Year to Date

Account Number	Account Description	Actual Expenses Year to Date	Budgeted Expenses for Twelve Months	Over/(Under Budget)
87280-548	Training Supplies		600	(600)
87286-500	Uniform Service	5,658	7,599	(1,941)
87290-500	Sundries	3,830	4,438	(608)
87300-150	Building Maintenance - Shop	1,574	3,650	(2,076)
87300-217	Building Maintenance - Admin Bldg	2,173	7,920	(5,747)
87300-221	Clean HVAC Term & Admin		3,000	(3,000)
87321-150	Equipment Maintenance - Shop	522	750	(228)
87322-500	Radio Maintenance	397	1,000	(603)
87324-521	Copier	5,921	7,931	(2,010)
87324-523	Maintenance - Postage Machine	1,083	1,448	(365)
87328-500	Fire Extinguisher Service	1,580	1,400	180
87360-536	Automotive Maintenance - Mechanical	2,906	8,000	(5,094)
87360-537	Automotive Maintenance - Tires	807	4,000	(3,192)
87370-541	Heavy Equipment Maint - Mechanical	15,597	13,500	2,097
87370-542	Heavy Equipment Maintenance - Tires	1,016	2,500	(1,484)
87370-543	ARFF Vehicle Maintenance	4,960	21,000	(16,040)
87380-554	Fuel System - Fire Alarm Service	315	540	(225)
87400-500	Directors Fees	10,200	21,000	(10,800)
87412-500	Payroll Processing Fees	3,846	4,773	(926)
87414-500	Annual Audit	18,380	27,750	(9,370)
87420-500	Legal Counsel Services	52,308	82,733	(30,425)
87430-500	Engineering Services		25,000	(25,000)
87440-500	Security Service	181,535	340,084	(158,549)
87442-500	Security Services Contingencies	1,400		1,400
87443-500	Security Sys Maint & Repairs	14,127	16,000	(1,873)
87450-500	Janitorial Service - Admin	7,560	11,567	(4,007)
87470-500	Landscaping Services	3,286	4,488	(1,202)
87472-500	Landscaping Contingencies	1,350	5,000	(3,650)
87475-500	Internet/Web Page Maintenance	20,043	27,297	(7,254)
87510-562	Bank Charges - Service Charges	8,633	12,004	(3,371)
87520-566	Freight & Common Carrier	528	473	56
87520-567	Postage	648	1,800	(1,152)
87520-568	Printing & Stationery	90	1,200	(1,110)
87520-569	Reproduction Supplies	511		511
87520-570	Misc Office Supplies	9,417	15,071	(5,654)
87520-572	Books & Publications	1,131	500	631
87530-581	Computer Supplies	5,877	16,120	(10,243)
87530-583	Computer Support Services	54,725	60,070	(5,345)
87540-600	Dues and Memberships	3,295	4,822	(1,527)
87540-601	Dues -AAAE	4,250	4,600	(350)
87540-603	Dues - SWAAAE	95	510	(415)
87540-605	Dues - Chamber of Commerce	350	1,000	(650)
87540-606	Dues - National Notary Association		150	(150)
87540-607	Dues - CA Special Districts Association	6,433	6,388	45
87540-608	Dues - AAEE ARDF CA Airport Storm	4,950	4,950	-

Santa Maria Public Airport District

Budget Report

For Expense Only Transactions Posted Year to Date

Account Number	Account Description	Actual Expenses Year to Date	Budgeted Expenses for Twelve Months	Over/(Under Budget)
87540-610	Costco Membership	180	165	15
87540-618	Santa Maria Times		150	(150)
87540-625	SBCSDA	300		300
87540-628	Pro-rata Share of LAFCO Budget	4,000	3,556	444
87600-596	Advertising - Legal	948	1,000	(52)
87600-599	Advertising - Airport Advertising	58,842	65,000	(6,158)
87610-100	Depreciation - Landing Area	656,502	1,513,200	(856,698)
87610-200	Depreciation - Hangar Area	72,878	152,739	(79,861)
87610-250	Depreciation - Terminal Area	183,247	526,335	(343,088)
87610-300	Depreciation - Revenue Generating Land	115,405	254,890	(139,485)
87610-400	Depreciation - Main Hangar & FBO	28,854	68,219	(39,365)
87610-500	Depreciation - Administration	64,196	96,758	(32,562)
87620-692	Emergency Exercises		500	(500)
87630-591	Insurance - Airport Liability	8,232	20,000	(11,768)
87630-592	Insurance - Auto, Fire, Property	25,797	63,897	(38,100)
87630-595	Insurance - General Liability	20,505	28,707	(8,202)
87650-643	Permits	4,097	5,024	(926)
87650-646	Storm Water Permits	1,400	1,283	117
87660-500	Education	2,709	9,000	(6,291)
87670-500	Business Travel & Entertainment	44,140	54,850	(10,710)
87679-500	Employee Recognition	1,652	3,500	(1,848)
87700-791	Sig Items - Training Live Burn	15,620	26,500	(10,880)
88680-681	SM Chamber Economic Development	33,000	33,000	-
88680-690	Airline Service Enhancement Grant	184,603	184,603	0
88680-691	Planning & Marketing		25,000	(25,000)
88680-692	Consulting Services - Marketing Aviation	9,580	64,410	(54,830)
88680-693	Consulting Services - Contingencies	40,352	102,554	(62,202)
	Total	4,115,787	7,169,593	(3,053,806)



SANTA MARIA PUBLIC AIRPORT (SMX)

Board of Directors Meeting

April 26, 2018



TOPICS

Airline industry update

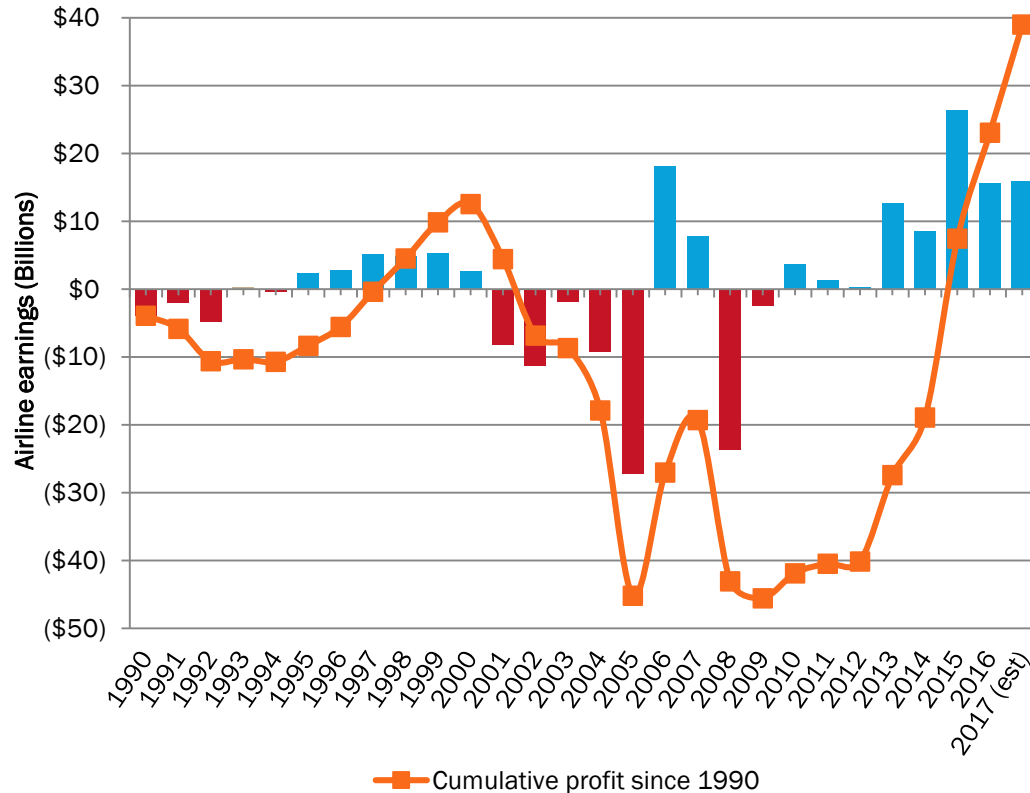
SMX market opportunities
and air service development efforts

Questions and discussion



AIRLINE INDUSTRY UPDATE

INDUSTRY PROFITS



Strongest profitability ever over the last five years.

- Airlines consistently profitable since 2010.
- Trend should continue in 2018 and beyond near-term
- ~\$85 billion combined net income from 2010 through 2017
- Profit drivers include:
 - Capacity restraint aided by industry consolidation
 - Lower fuel prices
 - Increases in ancillary revenue
 - Fleet renewal

What does this mean for SMX?

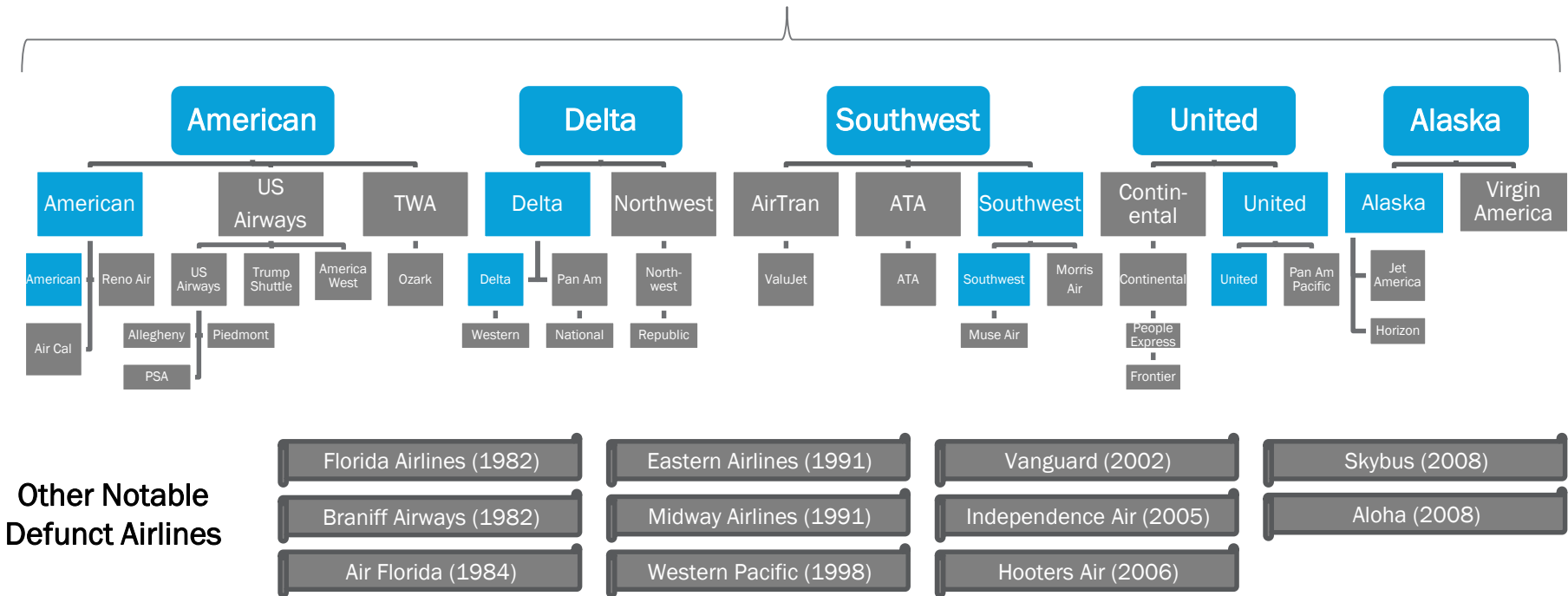
Profitability drives airline expansion =
new market opportunities



Source: Diio Mi, Form 41 Net Income (All Airlines, Total System)

INDUSTRY CONSOLIDATION

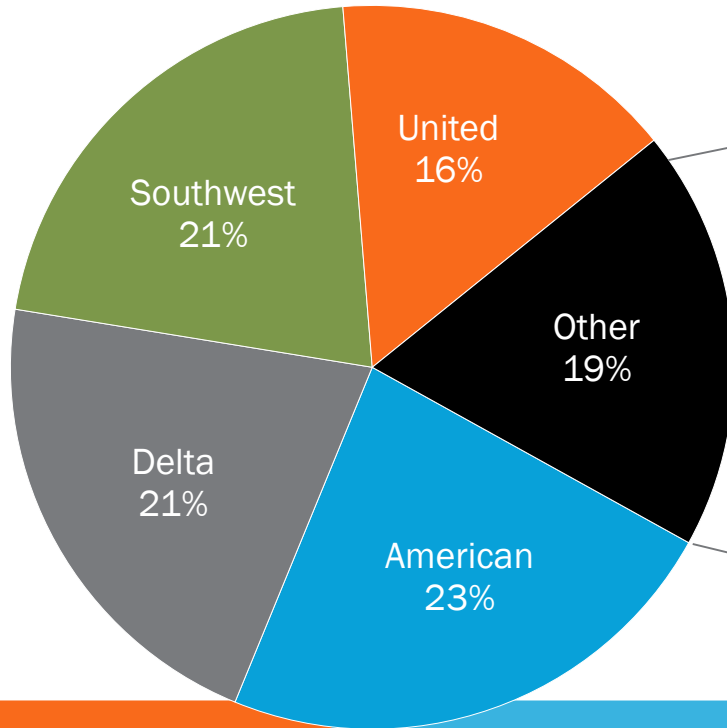
Top 5 airlines control approximately 89% of U.S. domestic market through mergers and acquisitions.



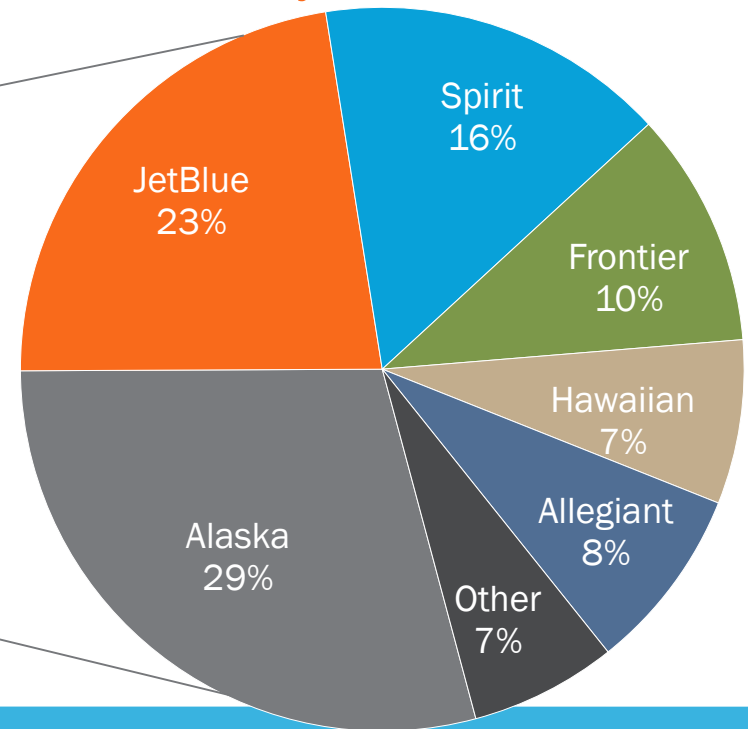
What does this mean for SMX?
Fewer airline options for new service.

DRIVES CAPACITY CONSOLIDATION

**81% of the market is
controlled by 4 airlines.**



**Only 19% of the market is
controlled by all other carriers.**



What does this mean for SMX?

New hub service most likely to come from top 4 airlines.



FUEL PRICES EDGING BACK UP

A 25% increase represents roughly \$6 billion in added operating expenses.

- Fuel prices held roughly around \$3.00 per gallon from 2012 to early 2015.
- 2015 average prices dropped by approximately 35% helping drive record profitability.
- 2016 prices dropped by another 20% on average.
- 2017 are back up 25%, but still far below the pre-2015 levels.



What does this mean for SMX?

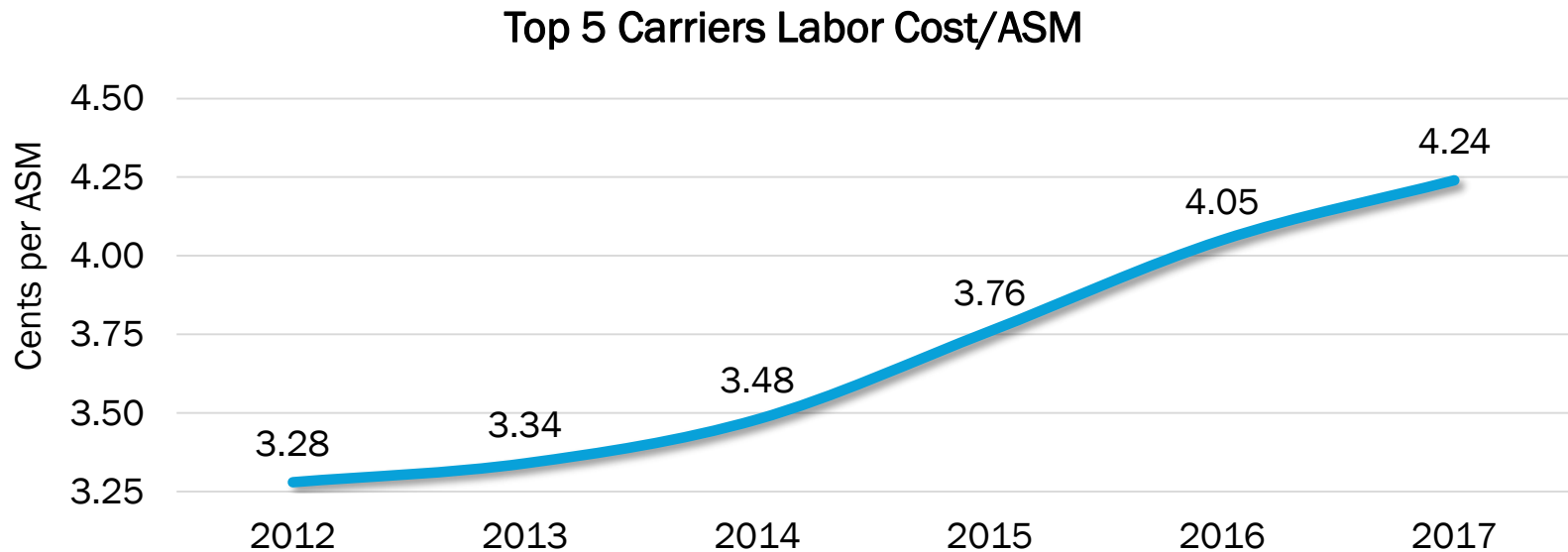
No immediate concern but if fuel continues to increase, airline expansion will be reduced.



Source: US Energy Information Administration for Gulf Coast
Jet Fuel Spot Price Per Gallon through December 2017

UNIT LABOR COSTS ON THE RISE

Unit labor costs have risen almost 30% cumulatively over the past five years, equating to almost \$10 billion in added labor costs.



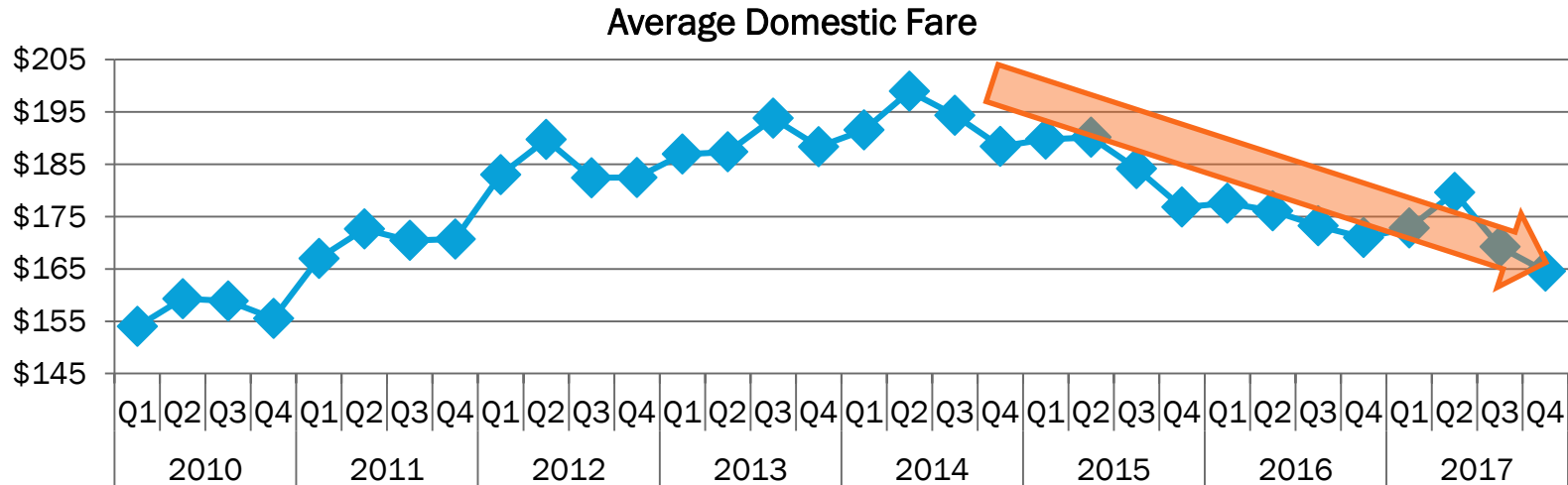
What does this mean for SMX?

Continued pressure on profitability could lead to less airline expansion opportunities.



Source: Annual Reports

AIRFARES DECLINING OVER LAST 3 YEARS



- Airfares rose 20% from 2010 to 2014 driven by the elimination of unprofitable routes and strict adherence to capacity control and industry consolidation.
- Last 3 years' declines driven by falling fuel prices (2015 to 2016), increases in capacity and ultra-low-cost carrier (ULCC) competition.

What does this mean for SMX?

Market's willingness to pay higher fares will be more attractive to airlines considering service.



ULTRA-LOW-COST CARRIER GROWTH

The 3 ULCCs grew flights 88% and seats 114% over the last 5 years.

- Domestic departures for all US carriers grew ~2% since July 2013.
- Big 4 airlines held flights steady but grew seats by shifting fleets to larger aircraft.
- Alaska and JetBlue grew roughly 30% over that time.

Carrier	Departures			Seats		
	July 2013	July 2018	2018 vs 2013	July 2013	July 2018	2018 vs 2013
Domestic Schedule Comparison						
AA/US	186,941	184,442	(1%)	17,978,687	19,355,522	8%
DL	156,716	155,185	(1%)	16,106,941	18,180,316	13%
UA	149,119	143,438	(4%)	12,337,156	14,624,526	19%
WN/FL	116,602	119,428	2%	16,297,202	17,957,564	10%
AS/VX	30,333	39,447	30%	3,671,610	4,951,947	35%
B6	22,146	27,320	23%	2,870,900	3,693,489	29%
NK	7,218	15,906	120%	1,168,532	2,919,064	150%
F9	7,397	10,507	42%	1,041,648	1,968,860	89%
G4	4,799	10,004	108%	833,855	1,635,326	96%
HA	6,658	8,513	28%	990,278	1,244,423	26%
SY	1,271	1,434	13%	177,087	223,608	26%
Total	750,570	764,496	2%	74,412,260	87,415,971	17%

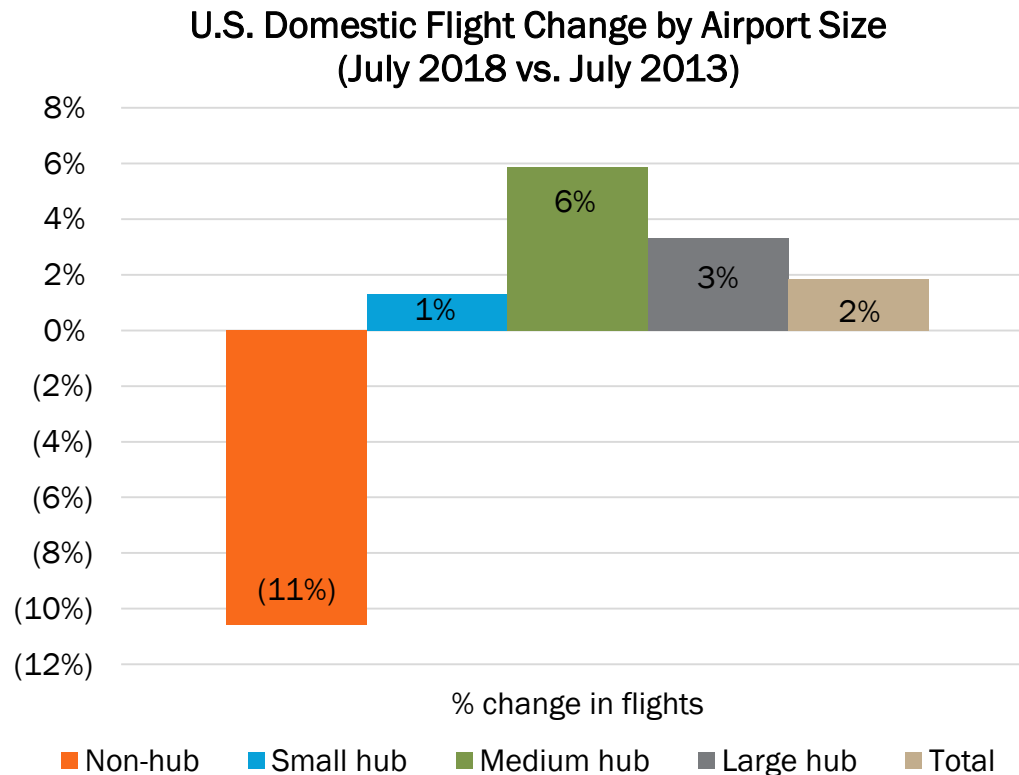
What does this mean for SMX?

Additional growth by Allegiant or additions by other ULCCs such as Frontier is possible.



Source: Diio Mi Schedule (July 2018 versus July 2013); Ranked by July 2018 flights

FLIGHT CHANGE BY AIRPORT SIZE



Flights at non-hub airports like SMX are down double digits.

- Overall, flights are up slightly over the past five years.
- Medium and large hubs show the most significant growth.

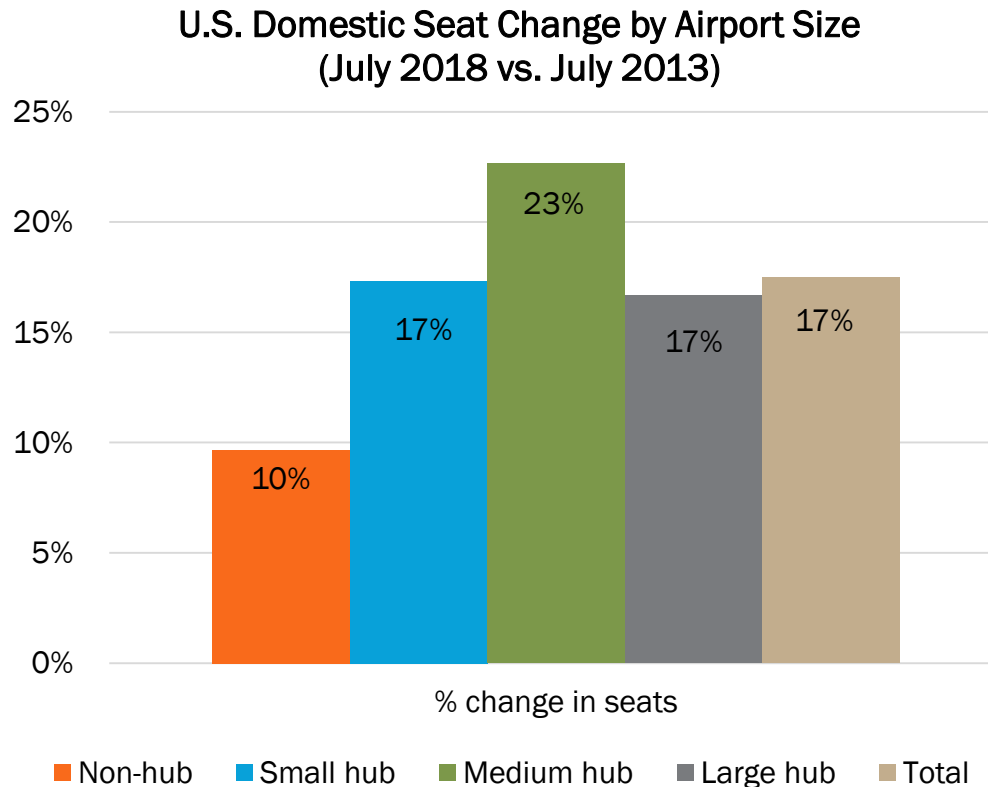
What does this mean for SMX?

SMX is not alone in the fight as a non-hub airport.



Source: Diio Mi Scheduled Flights for the month of July 2018 vs July 2013

SEAT CHANGE BY AIRPORT SIZE



Non-hub airports are lagging behind the growth in larger hub categories.

- Seats increased in all airport categories over the last five years.
- Most of this growth resurgence has just been in the last two years.
- Non-hub seat growth directly related to up-gauging of existing service to larger regional jets.

What does this mean for SMX?

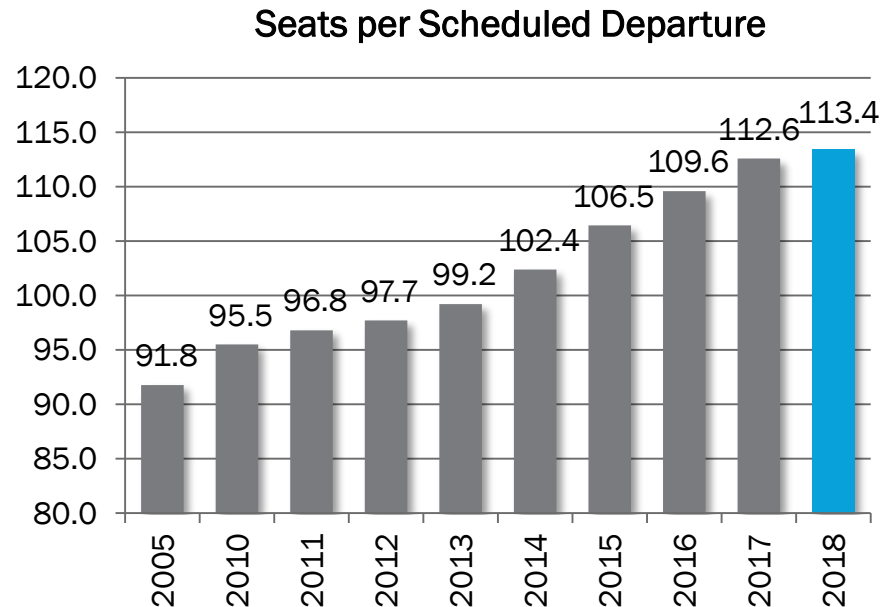
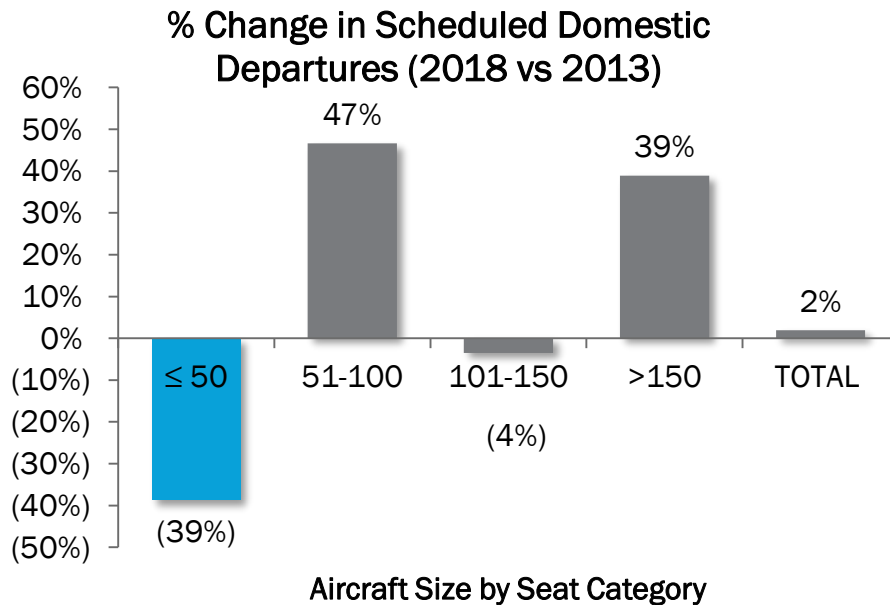
There is more pressure for non-hub airports to be able to support larger regional jet aircraft.



Source: Diio Mi Scheduled Seats for the month of July 2018 vs July 2013

FLEET TRENDS – AIRCRAFT SIZE

Smaller regional aircraft are being replaced with larger regional aircraft, including retirements of turboprop aircraft.



What does this mean for SMX?

While 50-seat regional jets are still a possibility, 50-seat or smaller turboprops will not return to SMX.



Source: Diio Mi US Domestic Schedule Departures and Seats for Calendar Years Shown

EQUIPMENT USE – 5-YEAR CHANGE

The type of aircraft (e.g. turboprop, regional jet, etc.) operated in the last five years has changed significantly.

- Turboprop aircraft-operated flights are down approximately 41%.
- Regional jet-operated flights are down 2% in total.
 - Largest decrease in the 30-50 seat range.
 - Largest increase in the 71-100 seat range.
- Use of narrow-body jets is up 17% - most growth in the new larger narrow-body.

Aircraft Type	July 2018	July 2013	% Change
Turboprop (< 30)	41,525	53,126	(22%)
Turboprop (30-50)	9,417	34,129	(72%)
Turboprop (50+)	9,212	15,148	(39%)
Regional jet (30-50)	111,282	177,340	(37%)
Regional jet (51-70)	50,940	51,040	0%
Regional jet (71-100)	110,549	50,252	120%
Narrow-body (90-125)	30,480	35,522	(14%)
Narrow-body (126-160)	211,802	213,605	(1%)
Narrow-body (> 160)	184,491	114,917	61%
Total U.S. Domestic	764,496	750,570	2%
Sum of Category:			
Turboprop	60,154	102,403	(41%)
Regional jets	272,771	278,632	(2%)
Narrowbody jets	426,773	364,044	17%

What does this mean for SMX?

Larger regional jets are the most likely aircraft for the SMX market with new air service.



The background of the slide is composed of several geometric shapes. A large orange triangle occupies the right half of the slide. On the left, there are two blue triangles: a lighter blue one in the upper left and a darker blue one in the lower left, meeting at a diagonal line.

SMX MARKET OPPORTUNITIES AND AIR SERVICE DEVELOPMENT EFFORTS

SMX STRENGTHS – AIRLINE PERSPECTIVE

Centrally located

- Easy access via CA Highway interchange

Fastest growing Central Coast city

- Actively seeking business expansion
- Population grew 37% since 2000 – only 1% at SBA and 6% at SBP
- 25-mile radius population of nearly 300,000 - larger than SBP or SBA

Airport of choice for Vandenberg Air Force Base

- Supports more than 18,000 military, family, contractors and civilian employees
- Growing military operations and private satellite launches

Strong tourism throughout region

Superior airport facilities

- Runway 12-30 at 8,000 feet - longest runway on the California Coast between LAX and SJC
- High quality terminal
- Hotel within walking distance of terminal

SMX is managed by a special district.

- Ability to work closely with an airline regarding incentives and risk sharing for new service
- Financially stable with a wide range of revenue sources
- Allows SMX to keep costs very low

SMX strengths are presented to every airline in every one-on-one meeting to support initiation of air service.



SMX CHALLENGES – AIRLINE PERSPECTIVE

SMX proximity to SBA and SBP is the biggest hurdle to new air service.

- Existing airlines believe they are adequately serving the Central Coast by serving SBA and SBP.
 - Alaska serves Seattle from both airports/Portland from SBA.
 - American serves Phoenix from both airports/Dallas from SBA.
 - United serves Denver, Los Angeles and San Francisco from both airports.
- New airlines look to the airport with the highest historical proven passenger demand.

Historical air service underperformed on a load factor basis at SMX.

- Since January 2010, Los Angeles averaged a 53% load factor for United, 50% for Mokulele.
- San Francisco averaged 56% for United.
- Average domestic load factor nationwide was 85% in 2017.
- Air service at SBA/SBP must perform very well for an existing airline to consider adding service at SMX – SBA averaged 73% and SBP 78% in 2017.

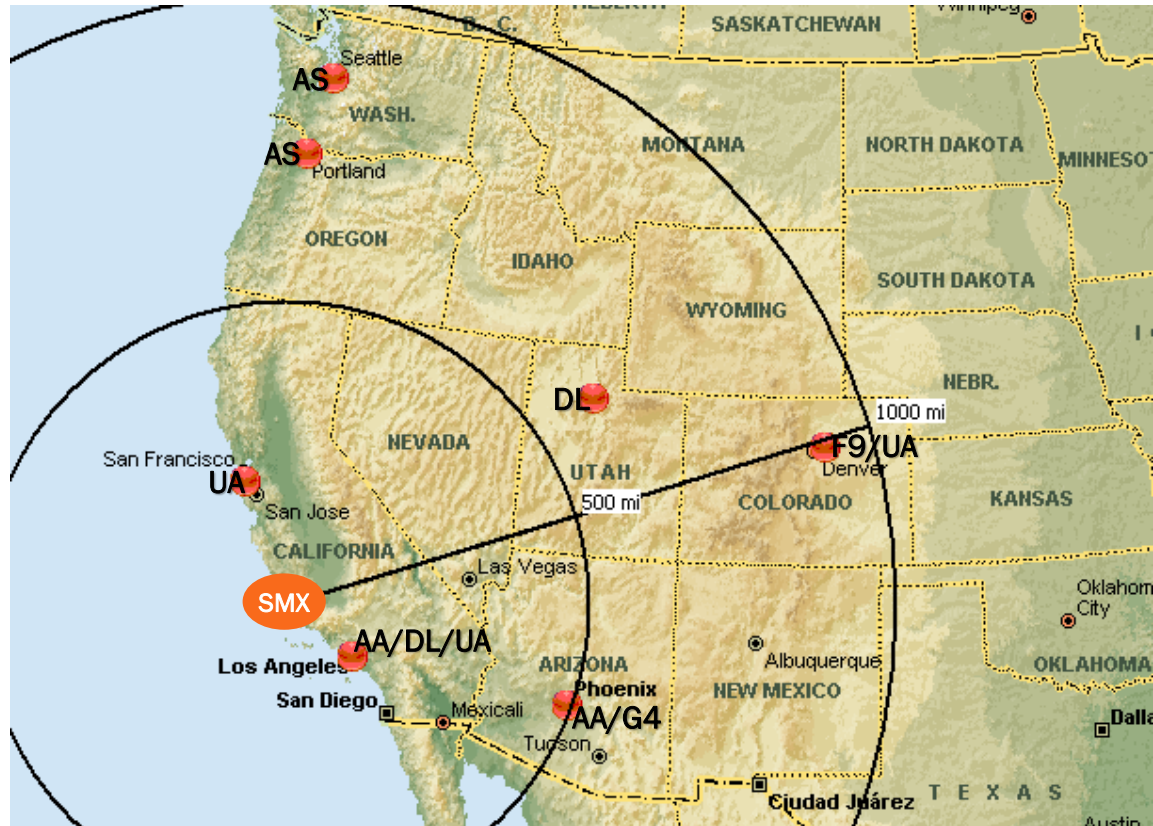
SMX air service has been hampered by SBA and SBP due to proximity and performance.



OPPORTUNITIES FOR NEW SERVICE

Nonstop service beyond 1,000 miles is unlikely.

- Longer stage lengths are higher risk due to higher cost for crew and fuel.
- Longer stage lengths require larger aircraft and higher passenger demand.
- Top opportunities with the most likely carriers to provide service for SMX are shown on the map.



Eastbound hubs provide the best connecting opportunities for SMX compared to north/south hubs.

EFFORTS BY AIRLINE

Airline	Destination	Comments
Alaska Airlines (AS)	Portland, OR (PDX)	<ul style="list-style-type: none"> - Met with AS at the 2017 JumpStart and 2017 Mead & Hunt conferences. - Positives: Strong SBA load factors and SMX-PDX growth when UA served SFO. - Negatives: Pilot shortage limiting AS growth and high staff turnover.
	Seattle, WA (SEA)	<ul style="list-style-type: none"> - Positives: Strong SBA/SBP load factors and SMX-SEA growth when UA served SFO. - Negatives: Same as above plus need more SBP data.
Allegiant Air (G4)	Phoenix, AZ (AZA)	<ul style="list-style-type: none"> - Met with G4 at the 2018 Mead & Hunt conference and their annual airports conference in April 2017. - On short list for AZA service but did not make the cut in 2018 – still under consideration for 2019. - Other markets like SAN also discussed but AZA the most likely.
American Airlines (AA)	Los Angeles, CA (LAX)	<ul style="list-style-type: none"> - Met with AA at 2018 Mead & Hunt conference; held conference call in November 2017. - Positives: Short stage length limits risk. - Negatives: Gate space/aircraft availability, existing UA SBA/SBP-LAX service and limited local market demand.
	Phoenix, AZ (PHX)	<ul style="list-style-type: none"> - Close to new service announcement in 2017 – AA staff turnover = starting over with pitch. - Positives: While SBA/SBP loads are average, AA is happy with overall performance and route forecasted positively. - Negatives: Aircraft availability and concern over pulling from existing SBA/SBP service.

EFFORTS BY AIRLINE

Airline	Destination	Comments
Delta Air Lines (DL)	Los Angeles, CA (LAX)	<ul style="list-style-type: none"> - DL does not currently serve the Central Coast region – very little expansion in smaller markets in recent years and, as such, has not accepted SMX meeting requests. - Positives: Short stage length in good range for CRJ-200. - Negatives: Highly gate space constrained and DL is limited with their flying with smaller regional aircraft due to scope clause issues.
	Salt Lake City, UT (SLC)	<ul style="list-style-type: none"> - Positives: Excellent connecting opportunities via SLC and in good range of CRJ-200. - Negatives: Previous unsatisfactory SBA/SBP performance and scope clause issues.
Frontier Airlines (F9)	Denver, CO (DEN)	<ul style="list-style-type: none"> - Met with F9 at 2018 and 2017 Mead & Hunt conferences and follow-up discussions on cost, etc. in process. - Positives: Previous SBA service performed well, SMX is a low cost airport with proven ULCC success, and F9 does not currently serve the Central Coast. - Negatives: Large aircraft size.
	Other Destinations	<ul style="list-style-type: none"> - Recent discussions with F9 indicate that they are looking at expansion at multiple airports/hubs; however, DEN is the best SMX fit due to local market demand.

EFFORTS BY AIRLINE

Airline	Destination	Comments
SkyWest Airlines (OO)	Phoenix, AZ (PHX)	<ul style="list-style-type: none"> - Headquarters meeting held in St. George, UT, in January 2018 and met with OO at the 2017 Mead & Hunt conference. - Positives: While SBA/SBP loads are average, AA is happy with overall performance and route forecasted positively. - Negatives: AA will not likely approve OO to operate the service as it would pull from AA's SBA/SBP service.
	San Francisco, CA (SFO)	<ul style="list-style-type: none"> - Positives: Short stage length in good range for CRJ-200. - Negatives: Lack of gate space and UA has removed most California pro-rate markets.
Southwest Airlines (WN)	Multiple Destinations including DEN, LAS, OAK, PHX and SAN.	<ul style="list-style-type: none"> - Regular meetings with WN at industry conferences including the 2017 and 2018 Mead & Hunt conference and 2017 JumpStart conference. - Positives: WN does not currently serve the Central Coast and SMX is the lowest cost airport. - Negatives: Until WN can offer less-than-daily service, the Central Coast will have difficulty with profitable WN service based on their current model of high daily frequency with large capacity aircraft.

EFFORTS BY AIRLINE

Airline	Destination	Comments
United Airlines (UA)	Denver, CO (DEN)	<ul style="list-style-type: none"> - Cessation of SFO service stalled efforts until recently. - Met with UA at 2018 Mead & Hunt conference – no communication in 2017. - Positives: Top SMX market with military ties and 88% SBP load factor supports more regional service. - Negatives: Long stage length means higher risk/cost, untested market and low 76% SBA load factor.
	Los Angeles, CA (LAX)	<ul style="list-style-type: none"> - Positives: Previous UA service was likely profitable with high fares and improved connectivity recently. - Negatives: Low load factors on SBA/SBP service, short stage length, low local demand and lack of gate space.
	San Francisco, CA (SFO)	<ul style="list-style-type: none"> - Service failure was directly tied to the high local fare and the lack of published government fares – local market did not materialize. - Positives: All markets will now be “contract” based with UA which will provide improved fare parity. - Negatives: Low load factors on SBA/SBP service, lack of gate space and poor historical results at SMX.

EFFORTS BY AIRLINE

Airline	Destination	Comments
Other Airlines	Various	- Elite Airways: Prepared presentation for their review in March/April based on their request.
		- Mokulele Airlines: Numerous discussions/meetings with Mokulele prior to service cessation. Several issues hampered success including lack of codeshare agreements and LAX operational difficulties. The move to BUR was unsuccessful.
		- SkyValue Airlines: Met with SkyValue at the 2017 JumpStart conference. At the time, SkyValue was looking at potential Reno service and operating like a “mini-Allegiant” carrier.
		- Surf Air: Membership based airline serving intra-California. Discussed potential service at the 2017 JumpStart conference.

Efforts in summary, airport staff have been diligent in meeting with airlines to try to restore hub service to the Santa Maria Valley.



NEXT STEPS

One-On-One Airline Meetings

- Continue attending at least two annual industry conferences
 - Mead & Hunt's Air Service Development Conference
 - ACI-NA JumpStart
- Schedule headquarters meetings in the Fall as follow-up to conference meetings
 - Airlines have been accepting fewer meetings in the past two years but we continue to request them.

Continue to Strengthen the Airline Presentation

- Recently reworked the presentation with Chamber's assistance
- Additional business-related travel data would be useful

Watch for New Airline Entrants and Opportunities

- Mead & Hunt will remain vigilant



Airport staff will update the community on progress when possible; however, due to competitive strategy, airlines like to keep meetings confidential.

QUESTIONS & DISCUSSION

Thank You!

Mead & Hunt, Inc.:
Trina Froehlich, CPA
Senior Consultant
Phone: (541) 521-5962
trina.froehlich@meadhunt.com



Mead&Hunt

April 23,2018

**Santa Maria Public Airport District
3217 Terminal Drive
Santa Maria, CA 93455**

Re: Assignment of lease

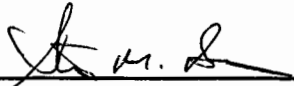
Dear Chris Hastert

I Ravindra Chandrasena, am seeking to sell my interest in the "Owner/Built Hanger" located at 2995E Airpark Drive to Steven M Brown.

We are seeking the approval of the sale and reassignment of the lease dated 2018, from Amanthi or Ravindra Chandrasena to "The Brown Family Trust dated 8/12/92" Steven M or Shelly E Brown Trustees, 2743 Lorencita Drive, CA 93455.

The date of transfer will be on 5/31/2018 (based on airport approval).

Please advise if any question or problems. Steve 805-310-1488 and or Ravindra 213-952-1515.



Steven M. Brown



Ravindra Chandrasena

ASSIGNMENT OF LEASE

2995-E Airpark Drive

The Assignment of Lease is made this *26th day of April 2018*, by and between Ravindra R. & Amanthi Chandrasena, an owner, builder, hereinafter called "Tenant" or "Assignor", and **The Brown Family Trust dated 8/12/92 (Steven M. or Shelly E. Brown Trustees)**, Purchaser, hereinafter called "Assignee".

Recitals

a. Tenant and Santa Maria Public Airport District (hereinafter called "Landlord" or District") made and entered into a written ground lease dated March 1, 2004 for leased premises located at the SANTA MARIA PUBLIC AIRPORT, Santa Maria, California, hereinafter referred to as the "Lease". A true copy of the Lease is marked Exhibit "A", attached and incorporated herein in full by this reference.

b. Tenant is selling and transferring its ownership to the Assignee and hereby requests the District to consent to an Assignment of the Lease.

Now, therefore, the parties agree as follows:

Assignment

1. Recitals. The recitals set forth in this Agreement are true and correct and are incorporated by this reference.

2. Assignment. As of the effective date referred to herein, Assignor assigns and transfers to Assignee all right, title, and interest in the Lease.

3. Effective Date of Assignment. The Assignment shall be effective on May 31, 2018, provided Tenant/Assignor is not in default under the terms of the Lease.

4. Assumption of Lease Obligations. Assignee does hereby accept the foregoing assignment and assumes and agrees to perform, full and be bound by all the terms, covenants, conditions, and obligations required to be performed and fulfilled by Assignor as Tenant under the Lease, as of the effective date, including timely payment of any and all payments due to the Landlord or payable on behalf of Tenant to Landlord under the Lease as they become due and payable. Assignee acknowledges that all terms and provisions of the Lease continue in full force and effect as to Assignee.

5. Assignor's Covenants. Assignor covenants that the copies of the Lease, attached hereto as Exhibit "A" are true and accurate copies of said documents.

6. Further Assignments. Assignee shall not further assign or transfer any interest in the Lease and/or Leased Premises except as provided in Paragraph 16 of the Lease.

7. Litigation Costs and Attorney Fees. In the event of any action or proceeding brought by either party against the other under or arising out of this Assignment of Lease, the prevailing party shall be entitled to recover all reasonable costs, expenses, expert witness expenses and attorneys' fees in such action or proceeding including costs of appeal, if any. In addition, should it be necessary for the District to employ legal counsel to enforce any of the provisions herein contained, Assignor and Assignee agree to pay all District's attorneys' fees, costs, expenses and expert witness expenses reasonably incurred.

8. Indemnification. Assignor indemnifies Assignee from and against any loss, cost, or expense, including attorney fees and court costs relating to the failure of Assignor to fulfill Assignor's obligations under the Lease, and accruing with respect to the period on or prior to the date of this Assignment. Assignee indemnifies Assignor from and against any loss, cost, or expense, including attorney fees and court costs relating to the failure of Assignee to fulfill

Assignment. Assignor states that no other assignment by Assignor exists in connection with the Lease.

9. Successors and Assigns. The Assignment shall be binding on and inure to the benefit of the parties to it, their heirs, executors, administrators, successors in interest, and assigns.

10. Governing Law. This Assignment shall be governed by and construed in accordance with California law and litigation shall be filed and prosecuted in Santa Barbara County, North County Division, State of California

11. Notices. Any notice shall be given as set forth in paragraph 16-A of the Lease to Assignor shall be sent to:

**ASSIGNOR: Ravindra R. & Amanthi Chandrasena
402 Chalfonte Ct.
Santa Maria, CA 93454**

Notices to Assignee shall be sent to:

**ASSIGNOR: Steven M. or Shelly E. Brown
2743 Lorencita Drive
Santa Maria, CA 93455**

Dated: _____

Tenant: RAVINDRA R. CHANDRASENA

Dated: _____

Tenant: AMANDTHI CHANDRASENA

Dated: _____

Assignee: STEVEN M. BROWN

Dated: _____

Assignee: SHELLY E. BROWN

12. Consent of Landlord

The undersigned, as Landlord under the Lease, hereby consents to the foregoing Assignment of Lease dated April 26, 2018 from Ravindra and Amanthi Chandrasena, Assignor, to Steven M. or Shelly E. Brown, Assignee. Landlord's consent to this assignment shall in no way be deemed a waiver of its rights under Paragraph 16 of the Lease, Assignment, Subletting, and Encumbering, to prohibit assignment in future.

Dated: April 26, 2018

Approved as to content for District:

Santa Maria Public Airport District

General Manager

Hugh Rafferty, President

Approved as to form for District:

District Counsel

Carl Engel, Secretary

ASSIGNMENT OF LEASE

2995-E Airpark Drive

The Assignment of Lease is made this *14th day of NOVEMBER, 2016*, by and between **MICHAEL AND JUDITH STAINNER**, an owner, builder, hereinafter called "Tenant" or "Assignor", and **RAVINDRA & AMANTHI CHANDRASENA**, Purchaser, hereinafter called "Assignee".

Recitals

a. Tenant and Santa Maria Public Airport District (hereinafter called "Landlord" or District") made and entered into a written ground lease dated March 1, 2004 for leased premises located at the SANTA MARIA PUBLIC AIRPORT, Santa Maria, California, hereinafter referred to as the "Lease". A true copy of the Lease is marked Exhibit "A", attached and incorporated herein in full by this reference.

b. Tenant is selling and transferring its ownership to the Assignee and hereby requests the District to consent to an Assignment of the Lease.

Now, therefore, the parties agree as follows:

Assignment

1. Recitals. The recitals set forth in this Agreement are true and correct and are incorporated by this reference.

2. Assignment. As of the effective date referred to herein, Assignor assigns and transfers to Assignee all right, title, and interest in the Lease.

3. Effective Date of Assignment. The Assignment shall be effective on December 15, 2016, provided Tenant/Assignor is not in default under the terms of the Lease.

4. Assumption of Lease Obligations. Assignee does hereby accept the foregoing assignment and assumes and agrees to perform, full and be bound by all the terms, covenants, conditions, and obligations required to be performed and fulfilled by Assignor as Tenant under the Lease, as of the effective date, including timely payment of any and all payments due to the Landlord or payable on behalf of Tenant to Landlord under the Lease as they become due and payable. Assignee acknowledges that all terms and provisions of the Lease continue in full force and effect as to Assignee.

5. Assignor's Covenants. Assignor covenants that the copies of the Lease, attached hereto as Exhibit "A" are true and accurate copies of said documents.

6. Further Assignments. Assignee shall not further assign or transfer any interest in the Lease and/or Leased Premises except as provided in Paragraph 16 of the Lease.

7. Litigation Costs and Attorney Fees. In the event of any action or proceeding brought by either party against the other under or arising out of this Assignment of Lease, the prevailing party shall be entitled to recover all reasonable costs, expenses, expert witness expenses and attorneys' fees in such action or proceeding including costs of appeal, if any. In addition, should it be necessary for the District to employ legal counsel to enforce any of the provisions herein contained, Assignor and Assignee agree to pay all District's attorneys' fees, costs, expenses and expert witness expenses reasonably incurred.

8. Indemnification. Assignor indemnifies Assignee from and against any loss, cost, or expense, including attorney fees and court costs relating to the failure of Assignor to fulfill Assignor's obligations under the Lease, and accruing with respect to the period on or prior to the date of this Assignment. Assignee indemnifies Assignor from and against any loss, cost, or expense, including attorney fees and court costs relating to the failure of Assignee to fulfill

EXHIBIT "A"

Assignment. Assignor states that no other assignment by Assignor exists in connection with the Lease.

9. Successors and Assigns. The Assignment shall be binding on and inure to the benefit of the parties to it, their heirs, executors, administrators, successors in interest, and assigns.

10. Governing Law. This Assignment shall be governed by and construed in accordance with California law and litigation shall be filed and prosecuted in Santa Barbara County, North County Division, State of California

11. Notices. Any notice shall be given as set forth in paragraph 16-A of the Lease to Assignor shall be sent to:

ASSIGNOR: MICHAEL & JUDITH STAINNER

276 CANDICE COURT

ARROYO GRANDE, CA 93420

Notices to Assignee shall be sent to:

ASSIGNEE: RAVINDRA & AMANTHI CHANDRASENA

402 CHALFONTE COURT

SANTA MARIA, CA 93454

Dated: 11/14/16

Tenant:


MICHAEL STAINNER

Dated: 11/14/16

Tenant:


JUDITH STAINNER

Dated: 11/22/16

Assignee:


RAVINDRA CHANDRASENA

Dated: 11/30/16

Assignee:


AMANTHI CHANDRASENA

12. Consent of Landlord

The undersigned, as Landlord under the Lease, hereby consents to the foregoing Assignment of Lease dated November 14, 2016 from Michael & Judith Stainner, Assignor, to Ravindra & Amanthi Chandrasena, Assignee. Landlord's consent to this assignment shall in no way be deemed a waiver of its rights under Paragraph 16 of the Lease, Assignment, Subletting, and Encumbering, to prohibit assignment in future.

Dated: November 10, 2016

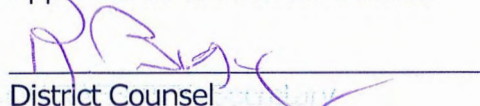
Approved as to content for District:

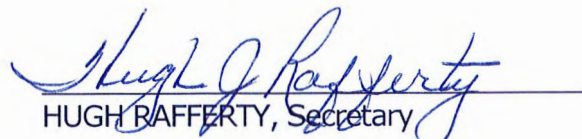

General Manager

District – Santa Maria Public Airport District


CARL ENGEL, President

Approved as to form for District:


District Counsel


HUGH RAFFERTY, Secretary

M. J. Stainner
Bill of Sale Sold AS Is

Subject: Bill of Sale for Hangar 2995E Airpark Drive

Location Santa Maria Airport

Documents: Enclosed and description on file in the Airport Administration office.

Buyer: Ravindra or Amanthi Chandrasena herein Buyer

Sellers: Michael and Judith Stainner herein Seller
276 Candice Court, Arroyo Grande, CA 93420

Signing Date: September 22, 2016

Closing Date: November 10, 2016

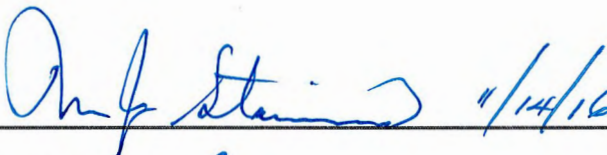
The Seller has received \$2,000.00 towards the purchase price of \$58,000.00 Fifty

Eight Thousand US dollars leaving a balance of \$56,000.00 . To be paid


by Certified Check; on or before Closing Date November 10, 2016

After the closing date; this agreement is null and void and the deposit shall be forfeited!

The seller will officially sign and transfer ownership of said property at the Santa Maria Airport Administration office upon approval of Land Lease and or hangar ownership that may apply, promptly after payment clears the sellers bank. **The deposit is nonrefundable after October 13, 2016.** Note: It is agreed that the seller will maintain possession of this hangar until December 15, 2016 as he has numerous items to be liquidated and holds the buyer harmless after the closing date. He will vacate the property not to exceed December 15, 2016. However the sellers agree to expedite and vacate as soon as possible. For Hangar 2995E Airpark Drive, Located on Santa Maria Airport, CA



 11/14/16

Seller Michael J. Stainner

 11/14/16

Seller Judith Stainner

276 Candice Court, Arroyo Grande

Buyer  11/22/16  11/30/16

Ravindra or Amanthi Chandrasena
402 Chalfonte Court, Santa Maria

Michael Stainner
276 Candice Ct.
Arroyo Grande, CA

Re: Proposed Transfer of
Santa Maria Airport Hangar 2995E

Santa Maria Airport Board of Directors
Attention President Carl Engel


November 9, 2016

Dear Sir,

I would like to apologize for this late request to transfer my rights to Hangar 2995E. I have just become aware of your scheduled meetings with regard to the upcoming holidays.

I am requesting that this transfer be added to your current agenda.

This is a formal request for a proposed transfer of ownership to : Ravindra or Amanthi Chandrasena
402 Chalfonte Court, Santa Maria.

Sincerely,

Michael Stainner
This is a draft proposal

M.J.Stainner

276 Candice Court Arroyo Grande, CA 93420

November 11, 2016

Subject: Hangar 2995E Ownership Transfer

Santa Maria Airport Commission

Dear Sir,

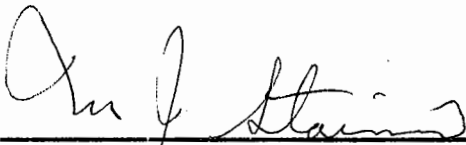
As of December 15, 2016 I relinquish all rights to the above hangar.

Please transfer said hangar to Ravindra Chandrasena or his assignment as directed by Mr Chandrasena

Address: 402 Chalfonte Court, Santa Maria CA 93454

Thank you for the years of our congenial ownership .

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Michael J. Stainner", written over a horizontal line.

Michael Stainner

LEASE AND AGREEMENT

Owner/Built Hangar Site

As of March 1, 2004, SANTA MARIA PUBLIC AIRPORT DISTRICT, (herein called "District"), and MIKE STAINNER, ("Tenant,"), agree as follows:

1. **Leasehold Premises.** District leases to Tenant unimproved land located on the Santa Maria Public Airport known as **Hangar Site 17**, commonly as **2995-E Airpark Drive**, in the City of Santa Maria, County of Santa Barbara, State of California, consisting of **2250 square feet**, and more particularly described on Exhibit "B" attached hereto and incorporated by this reference, subject to all existing and future easements and rights, restrictions, reservations and matters of record (the "Premises").

2. **Term.** The term of this Lease is Forty (40) years commencing on the date first above written and expiring on February 29 2044. This Lease maybe extended for two (2) additional five (5) year terms provided: (1) Tenant is not in default, and (2) Tenant delivers to District, 60 days prior to the end of each term written notice of its intent to exercise its option to extend the lease. The terms and conditions of the Lease will remain unchanged during the extension, except as provided herein.

3. **District Right to Relocate.** District reserves the right to relocate the Premises and Tenant's improvements thereon to a different location on the Airport selected by District, at District's expense at any time during the Initial Term or any Extended Term. District shall have no obligation to pay Tenant for Tenant's time or inconvenience in any such relocation or cost of relocating Tenant's personal property. Tenant shall relocate Tenant's personal property at Tenant's sole cost and expense.

4. **Rent**

a. **Monthly Rent During First Five Years.** Monthly rent for and during the first five (5) years of the term shall be the sum of **\$ 38.25**, calculated by multiplying the number of square feet leased by a factor of \$.017 per square foot per month (based on the Districts Long-term Land Lease Policy and recovery of capital cost over twenty years) ("Base Rent").

Tenant shall pay Base Rent to District in advance on the first calendar day of each month. Rent is payable without prior notice, demand, deduction or offset at District's office at 3217 Terminal Drive, Santa Maria, CA 93455, or at such other address District may direct Tenant in writing. The Base Rent shall be adjusted every five years on the anniversary of the commencement date of the Lease (the "Adjustment Date"). Adjustments, if any, shall be based upon increases, if any, in the Consumer Price Index, All Items, 1982-84 = 100, published by the United States Department of Labor, Bureau of Labor Statistics, for Los Angeles/Riverside/Orange County Area for All Urban Consumers ("Index"). The Index in publication three (3) months immediately before the commencement of the term of this lease shall be the "Base Index." The Index in publication three (3) months immediately before the then Adjustment Date shall be the "Comparison Index." As of each Adjustment Date, the monthly Base Rent payable during the ensuing five (5) year period shall be increased by a percentage equal to the percentage increase, if any, in the Comparison Index over the Base Index. If the

EXHIBIT A

Comparison Index for any Adjustment Date is equal to or less than the Comparison Index for the preceding Adjustment Date (or the Base Index, in the case of First Adjustment Date), the Base Rent for the ensuing five-year period shall remain unchanged. When the Base Rent payable as of each Adjustment Date is determined, District shall promptly give Tenant written notice of such adjusted Base Rent and the manner in which it was computed. The adjusted Base Rent shall become the new "Base Rent" but shall not exceed five percent (5%) CPI increase per year.

b. Late Charge. Tenant acknowledges that late payment of rent by Tenant to District will cause District to incur costs not contemplated by this lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges. Therefore, if any installment of rent due from Tenant is not received by District on or before the date it is due (or on the next business day of the District that is not a Saturday, Sunday or holiday on which the administrative office of the District is closed for a whole day, if the date the rent installment is due falls on a Saturday, Sunday or holiday on which the administrative office of the District is closed for a whole day), Tenant shall pay to District an additional sum of ten percent (10%) of the overdue rent as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that District will incur by reason of late payment by Tenant. Acceptance of any late charge shall not constitute a waiver of Tenant's default with respect to the rights and remedies available to District.

c. Additional Rent. The rent shall be absolutely net to District. Tenant shall pay all costs, fees, taxes, liens, interest, insurance, charges, expenses, assessments, reimbursements, maintenance and obligations of every kind and nature whatsoever relating to the Premises or the improvements to be constructed thereon that may arise or become due during the term or any extended term of, or arising out of the provisions of, this lease (Additional Rent). Tenant shall indemnify and save District harmless from and against Additional Rent. Should Tenant fail to pay any Additional Rent when due, District shall have all of the rights, powers and remedies provided for in this lease in the event of nonpayment of rent or other event of default. District shall at all times have the right (at its sole election and without any obligation to do so) to advance on behalf of Tenant any amount payable under the terms hereof by Tenant, or to otherwise satisfy any of Tenant's obligations hereunder deemed necessary to protect the interests of District under this lease. No advance by District shall operate as a waiver of any of District's rights under this lease and Tenant shall remain fully responsible for the performance of its obligations under this lease. Any sums so paid by District shall constitute Additional Rent and shall be immediately due and payable from Tenant.

5. Construction by Tenant.

a. Obligation To Construct. **THE PREMISES ARE BEING LEASED EXPRESSLY FOR THE DEVELOPMENT, CONSTRUCTION AND OPERATION BY TENANT OF AN AIRCRAFT STORAGE HANGAR FOR THE EXPRESSED PURPOSE OF STORING THE TENANT'S OWN AIRCRAFT.** Tenant leases the Premises with the obligation of constructing the Improvements together with any related or on- or off-site improvements necessitated by the development of the Premises and any subsequent improvements, at Tenant's sole cost and expense. Tenant shall construct all on and off-site improvements required herein, at Tenant's sole cost and expense, in the time and manner set forth herein. Tenant shall obtain any and all governmental approval legally required to improve or alter the Premises. Tenant shall construct the improvements free of claims against District and the Premises in compliance with the requirements set forth in Exhibit "A", entitled "Owner Built Hangar Specifications", attached,

and incorporated by this reference. **TENANT SHALL CONSTRUCT THE IMPROVEMENTS (INCLUDING THE FINISHED FLOOR) AND THE FINISHED GRADE IN ACCORDANCE WITH THE PROJECT GRADING PLAN AND THE INDIVIDUAL SITE PLAN. THE INDIVIDUAL SITE PLAN IS ATTACHED AS EXHIBIT "C" AND INCORPORATED BY THIS REFERENCE.**

b. Schedule of Improvements. Tenant shall begin construction and installation of the Improvements within six (6) months of the lease commencement. Tenant shall complete construction of the Improvements within eighteen (18) months after the lease commencement. This eighteen (18) month period may be increased by any delay due to acts of God or actions of third parties not subject to Tenant's control, not to exceed one additional year. If Tenant fails to timely begin and complete construction, District may terminate this lease after thirty (30) days' notice of its intent to terminate.

c. Indemnity Against Claims. Tenant shall keep the Premises and improvements thereon free and clear of all mechanic's liens and other liens. Tenant shall defend, indemnify and save harmless District and the Premises from and harmless against any and all liability, loss, damage, claims, costs, attorneys' fees and other expenses of any type arising out of work performed on the Premises or in easements and rights-of-way for or by Tenant, or on account of claims for liens of contractors, subcontractors, materialmen, laborers, architects, engineers or other design professionals, for work performed or materials or supplies furnished by Tenant or persons claiming under it. District shall have the right, but not the duty, to pay or otherwise discharge, stay, or prevent the execution of any judgment or lien, or both. Tenant shall reimburse District for all sums paid by District under this paragraph, together with all of District's reasonable attorneys' fees and costs, plus interest on all sums expended at the rate of ten percent (10%) per annum from the date paid by District to the date paid by Tenant.

d. Licensed Contractor. All work on the improvements shall be done by licensed and insured contractors; provided Tenant may act as general contractor for itself as long as licensed and insured subcontractors perform the work. Tenant shall provide proof satisfactory to District that all contractors carry workers' compensation insurance for anyone working on the Premises, and public liability and property damage insurance (\$1,000,000 combined single limit). District shall be an additional insured.

e. Plans and Specifications. Prior to beginning construction, Tenant shall deliver to District a set of plans and specifications of all improvements in sufficient detail to determine compliance with District's requirements for appearance, site development and for approval from various agencies responsible for issuing building permits. District shall have final approval authority and no work on site shall commence until the lease with District has been executed and District has issued a written confirmation of its approval.

f. Notice of Non-Responsibility. At least ten (10) days prior to initiation of any improvement, or delivery of any materials to the Premises, Tenant shall notify District of same in writing. District shall have the right to post and record a Notice of Non-Responsibility in accordance with Civil Code 3094.

g. Parcel or Subdivision Map. District, at its cost and expense, shall prepare a Parcel Map and file same with the City of Santa Maria identifying individual parcels that will be leased to individual tenants.

6. **Tenant's Use of Premises.** The Premises shall be used for the storage, maintenance, and repair of Tenant's aircraft and aircraft equipment and for no other purpose.

a. **Permitted Uses.**

i. Indoor storage of aircraft registered in the Tenant's name. The Tenant must be the owner of the improvements (hangar) on the Premises;

ii. Indoor storage of automobiles while the aircraft is being operated outside the hangar;

iii. Indoor storage of equipment and tools used for preventive maintenance, construction or restoration of the aircraft stored on the Premises;

iv. Maintenance, construction and restoration of an aircraft as described in FAR Part 43, Appendix A, or under the direct supervision of a mechanic properly and appropriately certified by the Federal Aviation Administration; and

v. As long as at least one aircraft stored on the Premises is registered to Tenant, other non-owned aircraft may be stored on the Premises, subject to the provisions of Section 16, Assignment.

b. **Specific Prohibited Uses.** Tenant shall not use or permit use of the Premises, or any portions thereof, for any of the following prohibited purposes or uses:

i. Use any portion of the Premises contrary to or in violation of the directives, rules or regulations of the District as they exist now or in the future.

ii. Store any property outside of the hangar on the Premises.

iii. Store hazardous or toxic materials in quantities greater than ten (10) gallons, except with a safety plan approved by the City of Santa Maria Fire Department and after issuance of appropriate permits.

iv. Any use, activity or improvement which will generate smoke affecting aircraft visibility or attract large concentrations of birds or which may otherwise affect safe air navigation.

v. Any use or activity which would interfere with or create a hazard to the operation of the Airport or aircraft.

vi. Spray painting, except spray painting of aircraft in an approved paint booth.

vii. Any residential use.

viii. Any trade, profession, business or commercial use, enterprise or activity, except approved subleases for aircraft storage.

ix. Storage of jet or aviation or other fuel on the Premises, other than inside fuel tanks of aircraft stored on the Premises or vehicles temporarily parked on the Premises.

x. Place any signs without District's prior written approval.

7. **Nuisance or Unlawful Uses.** Tenant shall not commit waste, including environmental contamination, nuisance or unlawful activity on the premises nor shall Tenant permit others to commit waste, nuisance or unlawful activity on the premises.

8. **Alterations and Improvements.**

a. Tenant shall make no alterations, additions or improvements on the Premises or otherwise at the Airport without District's prior written consent, except interior, non-structural alterations or improvements. District specifically reserves the right to approve the exterior appearance of the improvements throughout the term of the Lease. All alterations, additions or improvements made by Tenant at the Airport shall be Tenant's property during the term of the Lease. Tenant shall remove all fixtures and improvements, including slabs and foundations, and cap all utilities, at Tenant's expense, at expiration or termination of the Lease, unless directed otherwise in writing by District. District may, at District's sole option, elect that the slab and foundation shall remain on the Premises at expiration or termination. The slab and foundation shall thereafter become District's property without any payment to Tenant. Tenant shall restore District's property to at least its former condition as when received and repair any damage resulting from any removal.

b. Should Tenant fail to remove the improvements at the expiration or termination of the Lease, District may, at its option, remove the improvements, at Tenant's expense, or the improvements shall become District's property, without payment to Tenant, free and clear of all liens and encumbrances. Tenant shall indemnify and hold District harmless from and against any liens or encumbrances.

9. **Tenant's First Right to New Lease of Premises.** If, within six (6) months prior to the expiration of the term of this Lease, District elects to enter into a new lease of the Premises for aircraft storage purposes, then District shall first negotiate with Tenant the terms and conditions of a new lease for said Premises before offering the Premises to anyone else.

10. **Holdover.** If Tenant holds over beyond the term or extended term with the consent of District, such tenancy shall be from month to month subject to the terms and conditions of this Lease. Holdover shall not be renewal of this Lease. The monthly Base Rent shall be the monthly Base Rent due immediately prior to the holdover, increased by any increase in the Index defined in Section 4, since the last rent adjustment, unless otherwise agreed in writing by both parties.

11. **Repairs and Maintenance.**

a. Tenant shall, at Tenant's sole cost and expense, keep and maintain the Premises and all improvements thereon in first class condition and repair at all times in accordance with all applicable laws, rules, ordinances, orders and regulations of any governmental agency or body having jurisdiction. Tenant shall keep the Premises, at Tenant's expense, clean and free from litter, garbage, refuse and debris at all times. Tenant shall take reasonable measures to protect the Leased Premises and airport from infestation of birds, insects, rodents and other pests. Tenant shall comply with all reasonable orders and instructions of District's General Manager in the use of the Leased Premises, which the General Manager deems to be in the best interest of the District, the public or users of the Airport, or for their safety and welfare.

b. If Tenant fails to maintain or make repairs as required herein, District shall have the option, but not the obligation, of making necessary corrections after a reasonable written notice from District of its intent to do so. All costs incurred by District in making said corrections, including but not limited to the cost of labor, materials, equipment and administration, shall be Additional Rent, and Tenant shall pay the same within fifteen (15) days of receipt of a statement of District's costs. District may, at its option, choose other remedies available herein as allowed by law.

12. **Tenant Obligations.** Tenant shall:

a. Comply with the rules, regulations and directives of the District related to the use of the Airport and its facilities, including the owner-built hangar sites.

b. Comply with, at Tenant's expense, all laws, regulations, ordinances and orders of federal, state and local governments as they relate to Tenant's use of Tenant's aircraft or Tenant's use or occupation of the Premises, the Airport or Airport facilities.

c. Furnish District with a copy of the registration certificate: (i) for each aircraft to be stored on the Premises prior to commencement of the Lease; (ii) after commencement of the Lease, within ten (10) days of acquiring a different or additional aircraft, or subleasing to a non-owned aircraft; and (iii) immediately after District's written request for such a copy at any other time.

d. Provide annual proof, to District's reasonable satisfaction, that the aircraft registered to the Tenant is in fact stored on the Premises. If an experimental aircraft is being constructed on the Premises, provide annual proof, to District's reasonable satisfaction, of reasonable progress towards completion.

e. When the aircraft is in operation out of the hangar, park all vehicles inside the hangar.

13. **Utilities.** District shall have no responsibility to provide water, utility service or extensions of any kind to the Premises, and any such water, utility service or extension by Tenant shall be at Tenant's sole cost and expense after consent by District as provided in Paragraph 8 herein. District will provide electrical and telephone conduit to each lot. Tenant is responsible to provide wiring. District has a 4-inch sewer lateral available to certain lots (2995a and b, 2997a and b, 2987a, b, c and d, and 2989 a, b, c and d, Airpark Drive). If Tenant is

leasing one of those lots, Tenant may, at Tenant's cost, extend piping and obtain a meter from the City of Santa Maria for water. Tenant shall extend the utilities, as needed, separately meter each utility and pay all utility service charges.

14. **Indemnification.** Tenant shall investigate, protect, defend (with counsel reasonably acceptable to District) indemnify and hold harmless District, its directors, officers, employees, agents and representatives, and the Premises (collectively "District") at all times from and against any and all liability, proceedings, liens, actions, penalties, liabilities, losses, expenses, claims or demands of any nature, including costs and expenses for legal services and causes of action of whatever character which District may incur, sustain or be subjected to (collectively "Liability or Loss") arising out of or in any way connected with: the acts or omissions of Tenant or any subtenant, or their officers, agents, employees, or guests (collectively "Tenant"); or Tenant's operations on, or use or occupancy of, the Premises or the Santa Maria Public Airport. The foregoing indemnification excludes only Liability or Loss caused by the sole active negligence of District or its willful misconduct. Tenant shall also indemnify and hold District harmless from and against any Liability or Loss, including third party claims, environmental requirements and environmental damages (as defined in Exhibit "D", Hazardous Material Definitions) costs of investigation and cleanup, penalties, fines, and losses (including, without limitation, diminution in property value of the Premises or the improvements thereon or District's property or improvements in the vicinity of the Leased Premises) of whatever kind or nature, which result from or are in any way connected with the release, receipt, handling, use, storage, accumulation, transportation, generation, discharge, or disposal (collectively Release) of any toxic or hazardous materials (defined in Exhibit "D") which occurs in, on or about the Premises as the result of any of Tenant's activities on the Premises. Tenant shall notify District immediately of any Release of any toxic or hazardous material on the Premises or Airport.

15. **Insurance**

a. Tenant shall procure and maintain during the term of this Lease and any extensions, general liability insurance to protect against bodily injury, including death, products, and personal/advertising injury liability; contractual liability; liability for damages through the use of or arising out of accidents occurring on or about the Premises, or arising out of any act of Tenant, or caused by the neglect or misconduct of the Tenant in a minimum amount \$100,000.00 combined single limit for bodily injury and property damage per person and \$250,000.00 per occurrence combined single limit for bodily injury and property damage.

b. The policies shall name District as an additional insured and shall provide that Tenant's insurance will operate as primary insurance and District's insurance will not be called upon to contribute to a loss covered by this paragraph or the indemnification provisions of this Lease. Tenant shall require the insurer to notify District in writing, at least thirty (30) days prior to cancellation, modification or refusal to renew such policy. All policies shall be issued by companies admitted and licensed to do business in California and having a Best's rating of "A". Tenant shall provide District with a current insurance certificate issued by the insurer. The types, coverage, form and liability limits of insurance may be changed or increased by District's Board of Directors after giving Tenant at least ninety (90) days' prior written notice.

16. **Assignment**

a. Tenant shall not assign, transfer, mortgage, encumber or grant control of this Lease or any interest, right or privilege herein, or sublet a portion of the leased premises without the prior written consent of District. District's consent shall not be unreasonably withheld for an assignment or transfer to Tenant's spouse, child(ren), sibling(s) or parent(s). The assignee, transferee, mortgagor, or other person acquiring an interest in the Lease shall agree in writing to be bound by all terms and conditions of the Lease. A sublease of the entire Premises is expressly prohibited and void and, at the option of District, shall terminate the Lease. The Premises must be occupied by the person who owns the improvements (hangar) and owns an aircraft stored on the Premises. Tenant's interest in this Lease is not assignable by operation of law. To prevent speculation in the construction and resale of hangars, if Tenant wishes to assign, transfer, sell or grant control of this Lease and/or the improvements thereon, and District approves, the approval will be conditioned on Tenant paying to District a transfer fee equal to the following:

- i. During the first year after occupancy, the sum of \$15,000;
- ii. During the second year after occupancy, the sum of \$10,000;
- iii. During the third through fifth years of occupancy, the sum of \$5,000;

provided, no transfer fee shall be required if Tenant assigns or transfers the Lease to Tenant's spouse, child(ren), sibling(s) or parent(s).

b. Subject to the District's General Manager's prior written consent, Tenant may sublet a portion, but not all, of the Premises for storage of aircraft owned by another. District's General Manager's consent may be conditioned on:

i. Ongoing proof that at least one (1) aircraft stored in the hangar is owned by and registered to Tenant.

ii. Each subtenant has a written sublease incorporating the terms and conditions of this Lease.

iii. Ongoing proof that at least one (1) aircraft stored in the hangar is owned by and registered to subtenant.

iv. Tenant shall notify District in writing within ten (10) days of any storage of non-owned aircraft with such identifying information as District requests, together with the written sublease for District consent.

v. Tenant shall pay any sublease rent to District which is in excess of the sublessee's pro rata share, based on per square foot occupancy, of: the rent charged under this Lease, utilities, taxes, insurance, maintenance and Cost of the Improvements (amortized at eight percent (8%) over twenty (20) years). The "Cost of Improvements" is defined as the amount paid by Tenant for constructing the slab, foundation, utility extensions, hangar and other improvements made by Tenant to the Premises, including engineering and design fees, prior to occupancy by Tenant.

vi. No District owned hangars are available for lease in the near future.

17. **Taxes, Licenses and Permits.** Tenant shall pay before delinquency any and all taxes, (including real property and possessory interest taxes, assessments, fees or charges) which may be imposed, levied or assessed upon any leasehold or possessory interests of Tenant, or Tenant's occupancy of the Premises, and personal property, structures, improvements or fixtures owned, controlled or installed by Tenant. Tenant acknowledges that by entering into this lease, a possessory interest, subject to taxation, may be created. Tenant agrees to pay all such taxes. Tenant shall also secure and maintain in force during the term of this lease all licenses and permits necessary or required by law for the conduct of Tenant's operations.

18. **District's Remedies on Tenant's Breach.** In the event Tenant fails to pay rent when due, abandons or vacates the Premises, or is in default under any provision of this lease, District may terminate this lease and resort to the rights and remedies provided by the laws of the State of California, as well as the following cumulatively or in the alternative remedies:

a. District may recover from Tenant on terminating the Lease damages proximately resulting from the breach, including the cost of recovering the premises and the value of the premises for the remainder of the Lease term, less any rent received by District from subleases or reletting of the Premises, which sum shall be immediately due District from Tenant.

b. Tenant assigns to District all subrents and other sums falling due from subtenants, up to the amounts due District under this Lease during any period in which Tenant is in default. District may, at District's election, re-enter the Premises and improvements with or without process of law, with or without terminating this Lease, and either or both collect these sums or bring action for the recovery of the sums directly from such obligors, or both.

19. **Nondiscrimination.** Tenant will not discriminate or permit discriminations against any person or class of persons by reason of race, color, creed, sex or national origin in any such manner prohibited by Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, or as the regulation may be amended from time to time.

20. **Right of Entry.** District and City of Santa Maria and authorized agents of each shall have the right to enter the Premises for any reasonable purpose upon twenty-four (24) hours' oral or written notice, and at any time without notice in case of any emergency.

21. **Miscellaneous**

a. Notices shall be written and delivered personally to the person to whom the notice is to be given or mailed postage prepaid, addressed to such person. District's and Tenant's addresses for this purpose are:

District: Santa Maria Public Airport District
3217 Terminal Drive

Santa Maria, CA 93455

Tenant: Name MICHAEL STANNER
Address 276 CANDICE CT
City, State & Zip Code ARLROYO GRANDE, CA 93420
Phone 805 473 1776

Either party may change its address for such notice by giving written notice of such change to the other party. Notice shall be deemed delivered at time of personal delivery or 48 hours after deposit in any United States Post Office or mailbox.

b. District's waiver of breach of one term, covenant or condition of this Lease is not a waiver of breach of others nor of subsequent breach of the one waived. District's acceptance of rent installments after breach is not a waiver of the breach. Any waiver by District must be in writing and signed by District.

c. This Lease and its terms, covenants and conditions apply to and are binding upon and inure to the benefit of the heirs, successors, executors, administrators and assigns of the parties hereto.

d. Time is of the essence herein.

e. The prevailing party shall recover from the non-prevailing party reasonable attorney's fees and costs in the event any legal action or proceeding between District and Tenant arises in connection with this Lease.

f. No prior and contemporaneous conversations, negotiations, possible and alleged agreements concerning the subject matter hereof, other than those referred to herein, are merged herein. This is an integrated agreement. Any modification of this Lease must be agreed upon in writing by every Party to this Lease.

g. If any provision of this Lease is determined to be invalid or unenforceable, the remaining provisions shall continue to operate to the extent possible.

h. This Lease shall be construed in accordance with the laws of the State of California.

i. This Lease is deemed to have been drafted by the Tenant and District.

j. The parties executing this Lease represent they have appropriate authority.

k. Unless stated otherwise herein, no real estate brokers have been involved in this Lease and no real estate broker commissions or fees are due or owed from District.

l. In any real estate transaction it is recommended that you consult with a professional.

22. **Federal Aviation Administration Rider Attached.** The provisions of the FAA Rider attached hereto as Exhibit "E", consisting of four pages, are incorporated herein and made a part hereof.

23. **FAA Approval.** This Lease is made subject to any approval of the Federal Aviation Administration which may be required.

24. **Surrender and Site Assessment.** Tenant shall, on expiration or sooner termination, surrender to District the Premises in the same or better condition as when received, normal wear and tear, damage by acts of God or by the elements excepted.

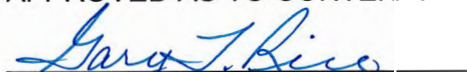
At District's option, exercised by written notice to Tenant, within thirty (30) days of expiration or sooner termination of this Lease, Tenant shall, at Tenant's sole cost and expense, cause to be conducted a site assessment of the Premises to confirm that the Premises are free of any hazardous material or contamination. The nature and extent of the site assessment and the selection of the person performing the site assessment and certification shall be approved by District. The Premises shall be certified to be free of any hazardous material or contamination by a person certified by the appropriate governmental agency to conduct such site assessments. Any contamination or environmental damage on the Premises or originating on the Premises and migrating off the Premises shall be remediated by Tenant to meet or exceed the strictest governmental standards or requirements and to District's reasonable satisfaction. Tenant shall be responsible for all remedial investigation and remediation, including submission and approval of the remediation closure plan.

25. **Damage or Destruction.** In the event the improvements are damaged or destroyed, Tenant may, at its option, either (1) continue paying rent and restore the improvements to their former condition and appearance, within a reasonable period of time, not to exceed one hundred eighty (180) days from the date of damage or destruction; or (2) terminate the Lease by thirty (30) days' written notice to District, remove the remaining improvements, and restore the Premises to their same or better condition as when received.

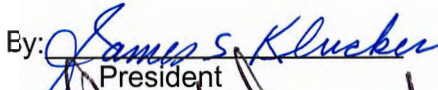
IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused it to be executed as of the day, month and year first above written.

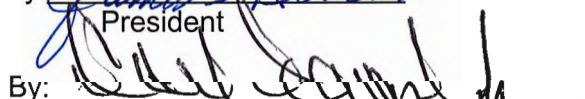
DISTRICT:

APPROVED AS TO CONTENT:

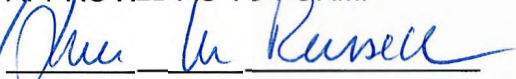

General Manager

SANTA MARIA PUBLIC AIRPORT DISTRICT

By: 
President

By: 
Secretary

APPROVED AS TO FORM:


District Counsel

TENANT:


MIKE STANNER

t:\smpad\OwnerBuild
2-4-04

Owner build Hangar Specs

Hangar Type: Steel Pre-fabricated Rectangular Hangar building

Maximum hangar size to fit: Plot A (45 feet x 50 feet)-40 feet x 45 feet hangar
Plot B (55 feet x 65 feet)-50 feet x 60 feet hangar

Structure must be 2.5 feet from property line

	60'x50' Hangar	45'x40'
Eave Height	18'	14'
Hangar Skin Gauge	26 GAUGE	26GAUGE
Doors (see below)	See below	See below

Door options: Door cannot intrude on adjoining property

Bi-fold
Stacking
Roll inside hangar
Roll up

Skylights: Interior natural lighting to be provided by wall or door panels only. Minimum standard for skylight material is 8 ounces per square foot.

Roof: Low profile ridge line perpendicular to taxilane

Slope 1"rise for each 12 inches of horizontal run

Panels shall overlay outside walls a minimum of 4"

Roof to slope to side of hangar

Gutters installed along side edges, downspouts at front corners (gutters and downspouts comprised of same material and same paint color)

PREFABRICATED METAL BUILDINGS

- a. Prefabricated metal building types, conforming to the drawings with indicated dimensions and specified requirements.
- b. Preliminary requirements to the work as follows.
 1. Design calculations, record drawings, shop and erection drawings.
 2. Obtaining building permits (fees paid by Owner builder).
 3. Field measurements and verification of existing field conditions prior to any building work.
 4. Coordination and cooperation with work of other trades.
- c. Prefabricated metal building assembly and field erection of components complete and inclusive with listings as follows.
 1. Structural steel and miscellaneous metal, including anchor bolts and other anchorage embedded in concrete.
 2. Light gauge steel members, roofing and siding.
 3. Cold formed members.
 4. Hangar doors, hardware and locking hasp and staple.
 5. Confirm location of anchors and embedded items.
 6. Flashing and trim members.

EXHIBIT "A"

7. Gutters and downspouts.
8. Factory finish on galvanized metal surfaces.
9. Factory panel painting.
10. All accessories, closures and hardware required for a complete installation.
11. Closures, caulking, sealants and waterproofing as required for a complete weathertight installation.
12. Twenty (20) year bonded guarantee on roof and wall panel finish.

QUALITY ASSURANCE

- a. Fabricator/erector qualifications: Firm with successful experience in design, engineering, construction and erection of buildings similar to those erected around Santa Maria Public Airport.
- b. Design Criteria: Design and engineer buildings to comply with Codes applicable at the building site. Obtain building permits for work of this Section before starting fabrication. Building shall be in accord with MBMA and AISC standards.

REFERENCE SPECIFICATIONS AND STANDARDS

- a. Provide work conforming to latest edition of the City of Santa Maria Building Code, and comply with pertinent recommendations of the manufacturer of the approved Prefabricated Metal Buildings Systems.
- b. American Society for Testing and Materials (ASTM) as referenced herein.

SUBMITTALS

- a. Shop and erection drawings. Contractor shall submit shop and erection drawings to the City of Santa Maria Building Department for the purpose of the Contractor obtaining approval of building permit and for checking by the District Engineer.
- b. Shop and erection drawings required for building permit purposes shall be identified by the Contractor as shop and erection drawings. Contractor shall submit shop and erection drawings as well as such other drawings as may be required by the Building Department of the City of Santa Maria, Community Development Department, for issuance of building permit. Drawings shall include but will not necessarily be limited to the following:
 1. Foundation plans showing construction joints; foundation details; allowable soil pressure; loads; anchor bolts; etc.
 2. Plans and details for grade beams and concrete flooring.
 3. Framing plan showing typical sections and connection detail, eave condition, diagonal bracing, purlin, beam, and column layout.
 4. Floor plan showing interior partitions, operation of sliding hangar doors (in open and closed position) and other pertinent information.
 5. Exterior elevations and floor elevations.
 6. Roof framing and bracing plan.
 7. Electrical plan.
 8. Miscellaneous details such as: Hangar door construction, including locking devices, cane bolts, door stops and other accessories. Hangar door restraint in all

positions. Spacing details of continuous members. Typical high rib wall and roof panels. Roof and wall panel fasteners. Typical purlin details and connections. Ridge and rake details. Exterior and interior base details.

9. Engineering calculations: The Contractor shall furnish to the City Building Official three (3) copies of complete engineering calculations signed by a Structural Engineer or Civil Engineer registered in the State of California. The calculation shall accompany the drawings described above, as applicable. Shop and erection drawings shall bear the signature of a California registered Civil or Structural Engineer.

10. Revisions: Any and all revisions to the drawings required by District and by the City Building Official to obtain building permits shall be performed at no additional cost to the District.

FIELD MEASUREMENTS

Before starting work, secure field measurements pertaining to or affecting the work of this section, and verify the locations and exact positions of anchor bolts.

DESIGN LOADS

Except as stipulated otherwise, the design loads for each Prefabricated Metal Building shall be in accordance with City of Santa Maria Building Codes, latest edition. Building shall withstand wind loads with doors opened or closed.

Materials

Flange material for built up sections - minimum yield stress of 50,000 psi

Web material for built up sections - minimum yield stress of 36,000 psi

Cold-formed structural members - steel having a minimum yield stress of 50,000 psi

High tensile bolts - electrogalvanize plated followed by supplementary gold di-chromate treatment applied by the dip process

Machine bolts – same as above

Galvanized steel - zinc coating shall be 1.25 ounces per square foot

Diagonal brace rods – steel, galvanized 7 wire strand extra high strength grade with a minimum guaranteed proof load.

Exterior wall and roof covering - prime, hot dip, galvanized steel not less than 26 gauge.

Zinc coating - 1.25 ounces per square foot

Panel high ribs - not less than 1¼" minimum depth

(Top and bottom of panel must be filled with foam closer strips.)

Fasteners

- a. Roof fasteners - Stainless Steel No. 14 X 3/4" long self-tapping bolts *or* Stainless Steel No. 12 self-drilling bolts. A sealing washer of 1/8" thick neoprene appropriate diameter shall be provided at each bolt.
- b. Roof Lap. Roof lap fasteners - No. 10 X 1/2" long self-tapping bolt
- c. The No. 10 bolt shall be stainless steel and shall be furnished with a 5/16" hexagonal head. Washer shall be integral with the head and shall be 1/2" diameter. Bolt shall have a type "A" point. The fastener shall be installed at one-third points between purlins.
- d. Wall fasteners for color walls. Wall panel fasteners for color walls shall be No. 14 X 3/4" self-tapping bolts or No. 12 self-drilling bolts, with a tough thermo-plastic nylon resin 7/16" or greater hexagonal head, colored to match the panel color. The nylon head shall have a flared flange to act as self-sealing washer, a tapered outer edge, and a molded inner ring on a recessed undersurface to provide a double seal. The No. 14 X 3/4" bolt shall have a Type "A" point and shall be manufactured from material meeting AISI No. C-1018. The bolt shall be plated with .0005" thickness zinc coating, and a chromate finish. The fastener shall be installed in the flat of the panel at 1'-0" spacing at intermediate points. Panel ends to be bolted at 6" nominal spacing.
- e. Wall fastener for galvanized partitions shall be a No. 14 X 3/4" self-tapping bolt or No. 12 self-drilling bolts. The bolts shall be cadmium plated and shall be furnished with a 3/8" or larger hexagonal head. The washer shall be separate and shall be 5/8" or larger diameter. The bolt shall have a Type "A" point. The bolt shall be manufactured of material meeting AISI No. C-1018. The bolt shall be plate with zinc plating of .00075" thickness and coated with clear chromate dip. The fastener shall be installed in the flat of the panel at 1'-0" intermediate spacing, and at 6" spacing (nominal) at panel ends.
- f. Wall panel lap fasteners shall be 1/8" diameter blind rivets colored to match the panel color. The fastener shall be installed at one-third points between girts. Blind rivets *shall be stainless steel*.

Mastic:

- a. Standard mastic shall be preformed bead type meeting or exceeding Military Specification MIL-C-18969, Type 2 Grade B.
- b. At roof side laps, a permanently pliable three thirty seconds by one half inch preformed bead of mastic shall be placed on the under lapping rib in a bead of constant cross section to insure continuous contact of the mastic with the upper and lower panels.

Base Angle:

- a. Base angle for exterior perimeter of building shall be a roll formed section, shaped such that panel fasteners at base are not exposed to the interior of building.
- b. Base angle shall be 18 gage material prepainted

Conforming ridge caps, which are required, per standard of manufacturer, shall be not less than 26 gauge, hot dip galvanized steel with not less than 1.25 ounces of zinc per square foot of surface. Ridge cap shall have factory painting to match roof panels. **Conforming three foot ridge caps which match the panel configuration and the roof pitch are required.**

Concrete Foundations and Slab Floors.

a. Concrete Foundations

P.C. concrete with 15% flyash replacement by weight of cement of type I.P. & P. Permanente Portland-Pozzolan cement meeting ASTM C595 with 15% by weight or Port Costa 1/4" X 8 mesh light weight aggregate as produced by Kaiser Sand and Gravel Co., Santa Maria plant and minimum 28 day strength of 3000 psi shall be used. Provide mix design by state certified laboratory for approval 5 days prior to beginning any concrete work. Install in accord with approved foundation plan. Slump shall not exceed 3" for foundations.

b. P.C. Concrete Floor Slabs

1. P.C. concrete with 15% flyash replacement by weight of cement of type I.P. & P. Permanente Portland-Pozzolan cement meeting ASTM C595 with 15% by weight or Port Costa 1/4" X 8 mesh light weight aggregate as produced by Kaiser Sand and Gravel Co., Santa Maria plant and minimum 28 day strength of 3000 psi shall be used. Provide mix design by state certified laboratory 5 days prior to any desired use for review and approval. Slump shall not exceed 4".

Contraction Joints

Determined by size of slab using ratio of 2.5 times thickness of slab measured in feet.

Lease Site:

Entire site must be covered with impermeable material. If site is not fully paved, suitable material must be approved by General Manager.

All drainage must flow to taxilane in front of hangar.

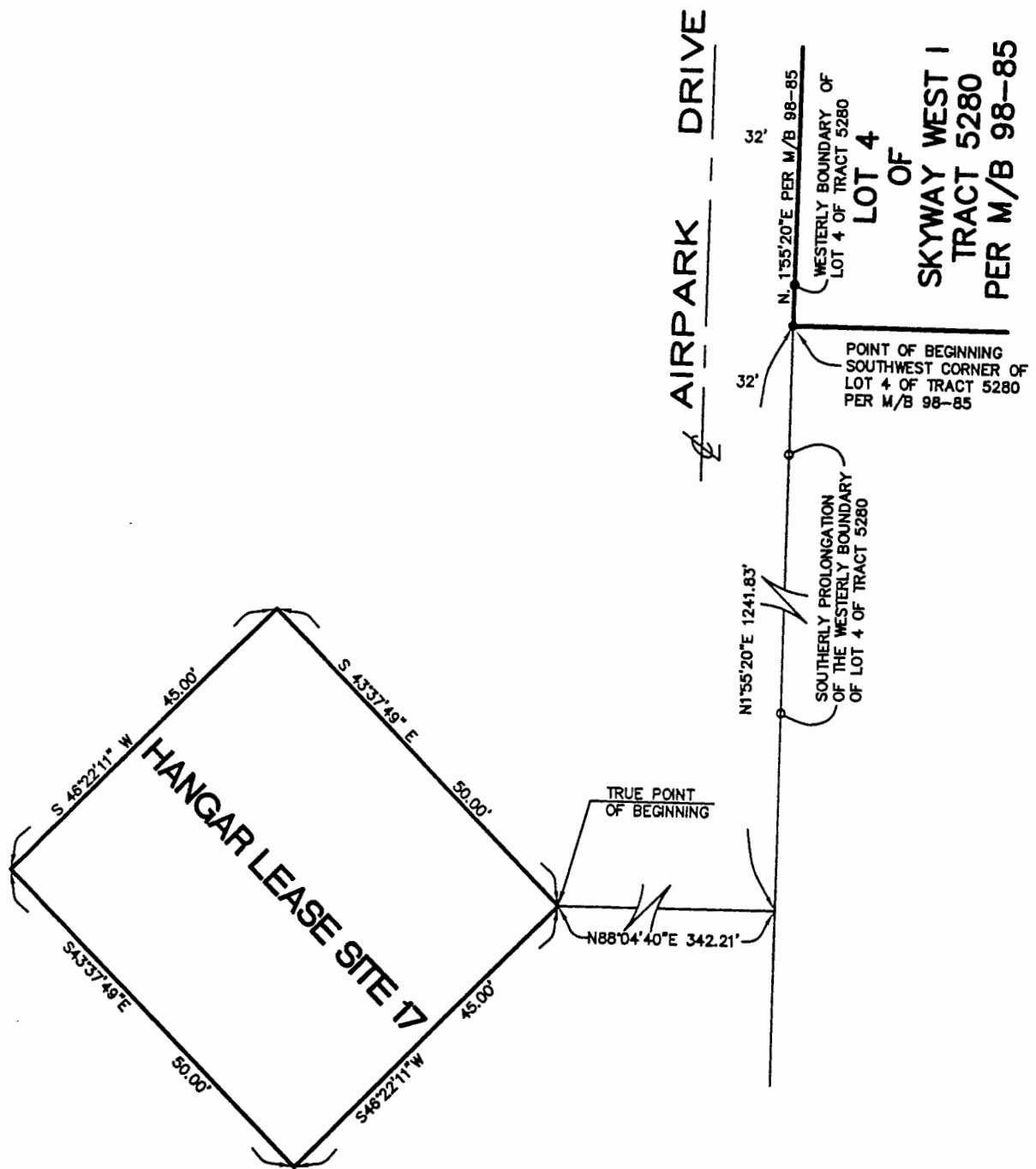
EXHIBIT "B"

LEASE DESCRIPTION FOR HANGAR SITE 17

THAT PORTION OF THE WESTERLY HALF OF SECTION 34, TOWNSHIP 10 NORTH, RANGE 34 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF SANTA MARIA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF LOT 4 OF "SKYWAY WEST I TRACT 5280" RECORDED AS MAP BOOK 98, PAGES 85 AND 86, RECORDS OF THE COUNTY OF SANTA BARBARA, IN THE CITY OF SANTA MARIA, STATE OF CALIFORNIA; THENCE SOUTH $1^{\circ} 55' 20''$ WEST 1241.83 FEET ALONG THE SOUTHERLY PROLONGATION OF THE WESTERLY BOUNDARY OF SAID LOT 4 TO A POINT; THENCE NORTH $88^{\circ} 04' 40''$ WEST 342.21 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE SOUTH $46^{\circ} 22' 11''$ WEST 45.00 FEET; THENCE NORTH $43^{\circ} 37' 49''$ WEST 45.00 FEET; THENCE NORTH $46^{\circ} 22' 11''$ EAST 45.00 FEET; THENCE SOUTH $43^{\circ} 37' 49''$ EAST 45.00 FEET TO THE **TRUE POINT OF BEGINNING**.

0313 HANGAR SITE 17 - 2/19/04 4:45 PM



SKETCH OF
HANGAR LEASE SITE 17
2995-E AIRPARK DRIVE

BEING A PORTION OF THE WESTERLY HALF
OF SECTION 34, TOWNSHIP 10 NORTH, RANGE 34
WEST, SAN BERNARDINO MERIDIAN, IN THE CITY
OF SANTA MARIA, COUNTY OF SANTA BARBARA,
STATE OF CALIFORNIA

EXHIBIT "B"

SCALE: 1"=20'



PREPARED BY:

SKYWAY ENGINEERING, INC.
3130 SKYWAY DRIVE-SUITE 305
SANTA MARIA, CA 93455(805)928-1221

HAZARDOUS MATERIAL
Definitions

A. HAZARDOUS MATERIAL

Hazardous Material means any substance:

(i) the presence of which requires investigation or remediation under any federal, state or local statute, regulation, ordinance, order, action, policy or common law; or

(ii) which is or becomes defined as a "hazardous waste", "hazardous substance", pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) and/or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); or

(iii) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, the State of California or any political subdivision thereof; or

(iv) the presence of which on the Premises or the Airport causes or threatens to cause a nuisance upon the Premises or the Airport or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the Premises or Airport; or

(v) the presence of which on adjacent properties could constitute a trespass by; or

(vi) without limitation which contains gasoline, diesel fuel or other petroleum hydrocarbons; or

(vii) without limitation which contains polychlorinated bipheynols (PCBs), asbestos or urea formaldehyde foam insulation; or

(viii) without limitation radon gas.

B. ENVIRONMENTAL REQUIREMENTS

Environmental Requirements means all applicable present and future statutes, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, and similar items, of all governmental agencies, departments, commissions, boards, bureaus, or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human health or the environment, including, without limitation:

1. All requirements, including but not limited to those pertaining to reporting, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or threatened releases of "Hazardous Materials", chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials or wastes whether solid, liquid, or gaseous in nature, into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials, or wastes, whether solid, liquid, or gaseous in nature; and

2. All requirements pertaining to the protection of the health and safety of employees or the public.

C. ENVIRONMENTAL DAMAGES

Environmental Damages means all claims, judgments, damages, losses, penalties, fines, liabilities, encumbrances, liens, costs, and expenses of investigation and defense of any claims, whether or not such claim is ultimately defeated, and of any good faith settlement of judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys' fees and disbursements and consultants' fees, any of which are incurred at any time caused by "Hazardous Materials" upon, about, beneath the Premises or Airport or migrating or threatening to migrate from the Premises or the Airport, or the existence of a violation of "Environmental Requirements" pertaining to the Premises or the Airport as the result of "Tenant"'s use or occupancy of the Premises or the Airport or as the result of any of "Tenant"'s (or "Tenant"'s agents, employees, invitees or officers') actions or omissions, regardless of whether the existence of such "Hazardous Materials" or the violation of "Environmental Requirements" arose prior to the present ownership or operation of the Premises, and including without limitation:

1. Damages for personal injury, or injury to property or natural resources occurring upon or off of the Premises or the Airport, (foreseeable or unforeseeable), including, without limitation, lost profits, consequential damages, the cost of demolition and rebuilding of any improvements on real property, interest and penalties;

2. Fees incurred for the services of attorneys, consultants, "Tenant"s, experts, laboratories and all other costs incurred in connection with the investigation or remediation of such "Hazardous Materials" or violation of "Environmental Requirements" including, but not limited to, the preparation of any feasibility studies or reports or the performance of any cleanup, remediation, removal, response, abatement, containment, closure, restoration or monitoring work required by any federal, state or local governmental agency or political subdivision, and including without limitation any attorney's fees, costs and expenses incurred in enforcing this agreement or collecting any sums due hereunder; and

3. Liability to any third person or governmental agency to indemnify such person or agency for costs expended in connection with the items referenced in subparagraph 2 herein;

4. Diminution in the value of the Premises or the Airport, and damages for the loss of business and restriction on the use of or adverse impact on the marketing of rentable or usable space or of any amenity of the Premises or the Airport.

EXHIBIT "E"

RIDER

Rider to the Owner/Built Hangar Site Lease and Agreement dated March 1, 2004, herein called "Lease and Agreement between Santa Maria Public Airport District (herein called "District") and MIKE STAINNER, (herein called "Tenant").

LEASE PROVISIONS REQUIRED BY FEDERAL AVIATION ADMINISTRATION

1. Tenant, for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the leased property described in this lease for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Tenant 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.

2. Tenant for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under the leased property 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 Tenant shall use the leased property 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.

3. That in the event of breach of any of the above nondiscrimination covenants, District shall have the right to terminate this lease and to reenter and repossess the leased property and the facilities thereon, and hold the same as if this lease 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.

4. Tenant 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 Tenant may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

5. Noncompliance with Provision 4 above shall constitute a material breach thereof and in the event of such noncompliance District shall have the right to terminate this lease and the estate hereby created without liability therefor or at the election of the District or the United States either or both said governments shall have the right to judicially enforce Provision 4 above.

6. Tenant agrees that it shall insert the above five provisions in any lease agreement, contract, license, permit or other instrument by which Tenant grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the leased property.

7. Tenant 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 participation in any employment activities covered in 14 CFR Part 152, Subpart E. Tenant 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. Tenant assures that it will require that its covered suborganizations provide assurances to the Tenant that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

8. District 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 Tenant and without interference or hindrance.

9. District reserves the right, but shall not be obligated to Tenant, 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 Tenant in this regard.

10. This lease shall be subordinate to the provisions and requirements of any existing or future agreement between District and the United States relative to the development, operation or maintenance of the Airport.

11. Tenant 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 property, or in the event of any planned modification or alterations of any present or future building or structure situated on the leased property.

12. 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).

13. There is hereby reserved to District, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the leased property. 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 Airport.

14. Tenant by accepting this lease expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on the leased property above the mean sea level elevation of 300 feet. In the event the aforesaid covenants are breached, District reserves the right to enter upon the leased property and to remove the offending structure of object and cut the offending tree, all of which shall be at the expense of Tenant.

15. Tenant by accepting this lease agrees for itself, its successors and assigns that it will not make use of the leased property in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, District reserves the right to enter upon the leased property and cause the abatement of such interference at the expense of Tenant.

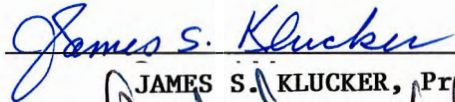
16. This lease and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire affecting the control, operation, regulation and taking over of said Airport or the exclusive or nonexclusive use of the Airport by the United States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

MUTUAL CANCELLATION OF LEASE

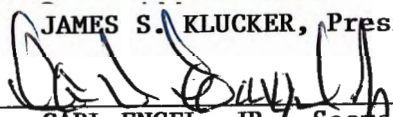
The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT (hereinafter referred to as "District") and **MIKE STAINNER**, an individual, (hereinafter referred to as "Tenant"), do hereby agree that the lease dated **March 1, 2004**, between District and Tenant covering **Hangar Site 16, commonly known as 2995-D Airpark Drive** at the Santa Maria Public Airport is cancelled and terminated as of **May 1, 2004** with the same force and effect as if the said date were the date originally set for the expiration of the lease. Tenant agrees that Tenant is not hereby released from the performance of any of the terms, covenants, conditions and provisions accruing prior to said date. Tenant further agrees to surrender and vacate the leased premises on or before said date and remove all property of Tenant from the leased premises, and any property left on the leased premises after said date shall be deemed abandoned and become the property of District at District's election. Tenant warrants and represents to District that Tenant has not at any time heretofore done, suffered or permitted any act, matter or thing whatsoever whereby the leased premises or Tenant's leasehold interest has, is or may be in any wise sublet, assigned, affected or encumbered.

DATED: May 13, 2004

SANTA MARIA PUBLIC AIRPORT DISTRICT



JAMES S. KLUCKER, President



CARL ENGEL, JR., Secretary



MIKE STAINNER

FIRST AMENDMENT OF LEASE AND AGREEMENT

RE: Lease and Agreement dated March 1, 2004, between SANTA MARIA PUBLIC AIRPORT DISTRICT and MIKE STAINNER, An Individual, (the "Lease") agree as follows:

The SANTA MARIA PUBLIC AIRPORT DISTRICT ("District") and MIKE STAINNER ("Tenant") hereby agree to amend the Lease effective May 28, 2009, as follows:

1. The Tenant under the Lease shall be changed to; MICHAEL or JUDITH STAINNER, husband and wife as joint tenants. Michael and Judith Stainner share all rights, title and interest of Tenant in the Lease and agree to perform, fulfill and be bound by all the terms, covenants, conditions, and obligations required to be performed as Tenant under the Lease.

All other terms, covenants, conditions, provisions and agreements of said Lease, as amended, shall remain in full force and effect.

Dated: May 28, 2009

SANTA MARIA PUBLIC AIRPORT DISTRICT

Approved as to content for District:



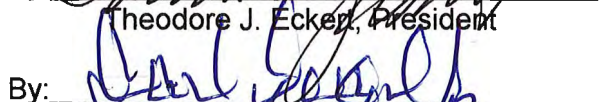
General Manager

By:



Theodore J. Eckerz, President

By:



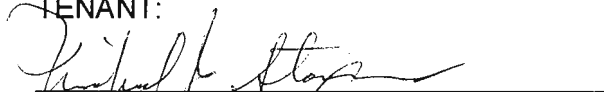
Carl Engel, Jr., Secretary

Approved as to form for District:

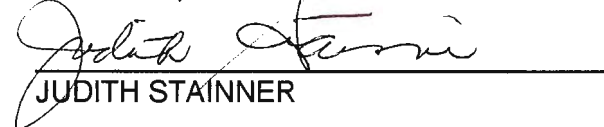


District Counsel

TENANT:



Michael J. Stainner



JUDITH STAINNER

April 9,2018

Santa Maria Public Airport District
3217 Terminal Drive
Santa Maria, CA 93455

Re: Assignment of lease

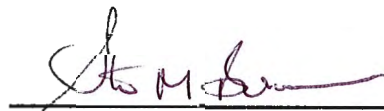
Dear Chris Hastert

I Steven M. Brown, am seeking to sell my interest in the "Owner/Built Hanger" located at 2995C Airpark Drive to Robert J. (Bob) Lepper.

We are seeking the approval of the sale and reassignment of the lease dated March 1, 2004, from Steven M. Brown to "Robert J. and Mary Ellen Lepper Revocable Living Trust", 510 Jones Lane, Nipomo, CA 93444.

The date of transfer will be on 5/31/2018 (based on airport approval).

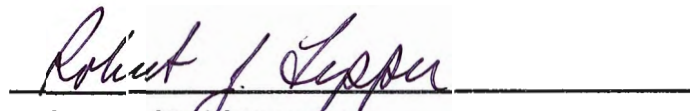
Please advise if any question or problems. Steve 805-310-1488 and or Bob 559-289-3312.



Steven M. Brown



Shelly E. Brown



Robert J. (Bob) Lepper

ASSIGNMENT OF LEASE

2995-C Airpark Drive

The Assignment of Lease is made this *26th day of April 2018*, by and between Steven M. and Shelly E. Brown, an owner, builder, hereinafter called "Tenant" or "Assignor", and **Robert J. or Mary Ellen Lepper Revocable Living Trust**, Purchaser, hereinafter called "Assignee".

Recitals

a. Tenant and Santa Maria Public Airport District (hereinafter called "Landlord" or District") made and entered into a written ground lease dated March 1, 2004 for leased premises located at the SANTA MARIA PUBLIC AIRPORT, Santa Maria, California, hereinafter referred to as the "Lease". A true copy of the Lease is marked Exhibit "A", attached and incorporated herein in full by this reference.

b. Tenant is selling and transferring its ownership to the Assignee and hereby requests the District to consent to an Assignment of the Lease.

Now, therefore, the parties agree as follows:

Assignment

1. Recitals. The recitals set forth in this Agreement are true and correct and are incorporated by this reference.

2. Assignment. As of the effective date referred to herein, Assignor assigns and transfers to Assignee all right, title, and interest in the Lease.

3. Effective Date of Assignment. The Assignment shall be effective on May 31, 2018, provided Tenant/Assignor is not in default under the terms of the Lease.

4. Assumption of Lease Obligations. Assignee does hereby accept the foregoing assignment and assumes and agrees to perform, full and be bound by all the terms, covenants, conditions, and obligations required to be performed and fulfilled by Assignor as Tenant under the Lease, as of the effective date, including timely payment of any and all payments due to the Landlord or payable on behalf of Tenant to Landlord under the Lease as they become due and payable. Assignee acknowledges that all terms and provisions of the Lease continue in full force and effect as to Assignee.

5. Assignor's Covenants. Assignor covenants that the copies of the Lease, attached hereto as Exhibit "A" are true and accurate copies of said documents.

6. Further Assignments. Assignee shall not further assign or transfer any interest in the Lease and/or Leased Premises except as provided in Paragraph 16 of the Lease.

7. Litigation Costs and Attorney Fees. In the event of any action or proceeding brought by either party against the other under or arising out of this Assignment of Lease, the prevailing party shall be entitled to recover all reasonable costs, expenses, expert witness expenses and attorneys' fees in such action or proceeding including costs of appeal, if any. In addition, should it be necessary for the District to employ legal counsel to enforce any of the provisions herein contained, Assignor and Assignee agree to pay all District's attorneys' fees, costs, expenses and expert witness expenses reasonably incurred.

8. Indemnification. Assignor indemnifies Assignee from and against any loss, cost, or expense, including attorney fees and court costs relating to the failure of Assignor to fulfill Assignor's obligations under the Lease, and accruing with respect to the period on or prior to the date of this Assignment. Assignee indemnifies Assignor from and against any loss, cost, or expense, including attorney fees and court costs relating to the failure of Assignee to fulfill

Assignment. Assignor states that no other assignment by Assignor exists in connection with the Lease.

9. Successors and Assigns. The Assignment shall be binding on and inure to the benefit of the parties to it, their heirs, executors, administrators, successors in interest, and assigns.

10. Governing Law. This Assignment shall be governed by and construed in accordance with California law and litigation shall be filed and prosecuted in Santa Barbara County, North County Division, State of California

11. Notices. Any notice shall be given as set forth in paragraph 16-A of the Lease to Assignor shall be sent to:

**ASSIGNOR: Steven M. or Shelly E. Brown
2743 Lorencita Drive
Santa Maria, CA 93455**

Notices to Assignee shall be sent to:

**ASSIGNOR: Robert J. or Mary Ellen Lepper
510 Jones Lane
Nipomo, CA 93444**

Dated: _____

Tenant: STEVEN M. BROWN

Dated: _____

Tenant: SHELLEY E. BROWN

Dated: _____

Assignee: ROBERT J. LEPPER

Dated: _____

Assignee: MARY ELLEN LEPPER

12. Consent of Landlord

The undersigned, as Landlord under the Lease, hereby consents to the foregoing Assignment of Lease dated April 26, 2018 from Steven M. and Shelly E. Brown, Assignor, to Robert J. or Mary Ellen Lepper, Assignee. Landlord's consent to this assignment shall in no way be deemed a waiver of its rights under Paragraph 16 of the Lease, Assignment, Subletting, and Encumbering, to prohibit assignment in future.

Dated: April 26, 2018

Approved as to content for District:

Santa Maria Public Airport District

General Manager

Hugh Rafferty, President

Approved as to form for District:

District Counsel

Carl Engel, Secretary

LEASE AND AGREEMENT

Owner/Built Hangar Site

AD JMK
CE

As of March 1, 2004, SANTA MARIA PUBLIC AIRPORT DISTRICT, (herein called "District"), and STEVEN M. BROWN, An Individual, ("Tenant,") agree as follows:

1. **Leasehold Premises.** District leases to Tenant unimproved land located on the Santa Maria Public Airport known as **Hangar Site 15**, commonly as **2995-C Airpark Drive**, in the City of Santa Maria, County of Santa Barbara, State of California, consisting of **2250 square feet**, and more particularly described on Exhibit "B" attached hereto and incorporated by this reference, subject to all existing and future easements and rights, restrictions, reservations and matters of record (the "Premises").

2. **Term.** The term of this Lease is Forty (40) years commencing on the date first above written and expiring on February 29 2044. This Lease maybe extended for two (2) additional five (5) year terms provided: (1) Tenant is not in default, and (2) Tenant delivers to District, 60 days prior to the end of each term written notice of its intent to exercise its option to extend the lease. The terms and conditions of the Lease will remain unchanged during the extension, except as provided herein.

3. **District Right to Relocate.** District reserves the right to relocate the Premises and Tenant's improvements thereon to a different location on the Airport selected by District, at District's expense at any time during the Initial Term or any Extended Term. District shall have no obligation to pay Tenant for Tenant's time or inconvenience in any such relocation or cost of relocating Tenant's personal property. Tenant shall relocate Tenant's personal property at Tenant's sole cost and expense.

4. **Rent**

a. **Monthly Rent During First Five Years.** Monthly rent for and during the first five (5) years of the term shall be the sum of **\$ 38.25**, calculated by multiplying the number of square feet leased by a factor of \$.017 per square foot per month (based on the Districts Long-term Land Lease Policy and recovery of capital cost over twenty years) ("Base Rent").

Tenant shall pay Base Rent to District in advance on the first calendar day of each month. Rent is payable without prior notice, demand, deduction or offset at District's office at 3217 Terminal Drive, Santa Maria, CA 93455, or at such other address District may direct Tenant in writing. The Base Rent shall be adjusted every five years on the anniversary of the commencement date of the Lease (the "Adjustment Date"). Adjustments, if any, shall be based upon increases, if any, in the Consumer Price Index, All Items, 1982-84 = 100, published by the United States Department of Labor, Bureau of Labor Statistics, for Los Angeles/Riverside/Orange County Area for All Urban Consumers ("Index"). The Index in publication three (3) months immediately before the commencement of the term of this lease shall be the "Base Index." The Index in publication three (3) months immediately before the then Adjustment Date shall be the "Comparison Index." As of each Adjustment Date, the monthly Base Rent payable during the ensuing five (5) year period shall be increased by a percentage equal to the percentage increase, if any, in the Comparison Index over the Base Index. If the

EXHIBIT "A"

Comparison Index for any Adjustment Date is equal to or less than the Comparison Index for the preceding Adjustment Date (or the Base Index, in the case of First Adjustment Date), the Base Rent for the ensuing five-year period shall remain unchanged. When the Base Rent payable as of each Adjustment Date is determined, District shall promptly give Tenant written notice of such adjusted Base Rent and the manner in which it was computed. The adjusted Base Rent shall become the new "Base Rent" but shall not exceed five percent (5%) CPI increase per year.

b. Late Charge. Tenant acknowledges that late payment of rent by Tenant to District will cause District to incur costs not contemplated by this lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges. Therefore, if any installment of rent due from Tenant is not received by District on or before the date it is due (or on the next business day of the District that is not a Saturday, Sunday or holiday on which the administrative office of the District is closed for a whole day, if the date the rent installment is due falls on a Saturday, Sunday or holiday on which the administrative office of the District is closed for a whole day), Tenant shall pay to District an additional sum of ten percent (10%) of the overdue rent as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that District will incur by reason of late payment by Tenant. Acceptance of any late charge shall not constitute a waiver of Tenant's default with respect to the rights and remedies available to District.

c. Additional Rent. The rent shall be absolutely net to District. Tenant shall pay all costs, fees, taxes, liens, interest, insurance, charges, expenses, assessments, reimbursements, maintenance and obligations of every kind and nature whatsoever relating to the Premises or the improvements to be constructed thereon that may arise or become due during the term or any extended term of, or arising out of the provisions of, this lease (Additional Rent). Tenant shall indemnify and save District harmless from and against Additional Rent. Should Tenant fail to pay any Additional Rent when due, District shall have all of the rights, powers and remedies provided for in this lease in the event of nonpayment of rent or other event of default. District shall at all times have the right (at its sole election and without any obligation to do so) to advance on behalf of Tenant any amount payable under the terms hereof by Tenant, or to otherwise satisfy any of Tenant's obligations hereunder deemed necessary to protect the interests of District under this lease. No advance by District shall operate as a waiver of any of District's rights under this lease and Tenant shall remain fully responsible for the performance of its obligations under this lease. Any sums so paid by District shall constitute Additional Rent and shall be immediately due and payable from Tenant.

5. Construction by Tenant.

a. Obligation To Construct. **THE PREMISES ARE BEING LEASED EXPRESSLY FOR THE DEVELOPMENT, CONSTRUCTION AND OPERATION BY TENANT OF AN AIRCRAFT STORAGE HANGAR FOR THE EXPRESSED PURPOSE OF STORING THE TENANT'S OWN AIRCRAFT.** Tenant leases the Premises with the obligation of constructing the Improvements together with any related or on- or off-site improvements necessitated by the development of the Premises and any subsequent improvements, at Tenant's sole cost and expense. Tenant shall construct all on and off-site improvements required herein, at Tenant's sole cost and expense, in the time and manner set forth herein. Tenant shall obtain any and all governmental approval legally required to improve or alter the Premises. Tenant shall construct the improvements free of claims against District and the Premises in compliance with the requirements set forth in Exhibit "A", entitled "Owner Built Hangar Specifications", attached,

and incorporated by this reference. **TENANT SHALL CONSTRUCT THE IMPROVEMENTS (INCLUDING THE FINISHED FLOOR) AND THE FINISHED GRADE IN ACCORDANCE WITH THE PROJECT GRADING PLAN AND THE INDIVIDUAL SITE PLAN. THE INDIVIDUAL SITE PLAN IS ATTACHED AS EXHIBIT "C" AND INCORPORATED BY THIS REFERENCE.**

b. Schedule of Improvements. Tenant shall begin construction and installation of the Improvements within six (6) months of the lease commencement. Tenant shall complete construction of the Improvements within eighteen (18) months after the lease commencement. This eighteen (18) month period may be increased by any delay due to acts of God or actions of third parties not subject to Tenant's control, not to exceed one additional year. If Tenant fails to timely begin and complete construction, District may terminate this lease after thirty (30) days' notice of its intent to terminate.

c. Indemnity Against Claims. Tenant shall keep the Premises and improvements thereon free and clear of all mechanic's liens and other liens. Tenant shall defend, indemnify and save harmless District and the Premises from and harmless against any and all liability, loss, damage, claims, costs, attorneys' fees and other expenses of any type arising out of work performed on the Premises or in easements and rights-of-way for or by Tenant, or on account of claims for liens of contractors, subcontractors, materialmen, laborers, architects, engineers or other design professionals, for work performed or materials or supplies furnished by Tenant or persons claiming under it. District shall have the right, but not the duty, to pay or otherwise discharge, stay, or prevent the execution of any judgment or lien, or both. Tenant shall reimburse District for all sums paid by District under this paragraph, together with all of District's reasonable attorneys' fees and costs, plus interest on all sums expended at the rate of ten percent (10%) per annum from the date paid by District to the date paid by Tenant.

d. Licensed Contractor. All work on the improvements shall be done by licensed and insured contractors; provided Tenant may act as general contractor for itself as long as licensed and insured subcontractors perform the work. Tenant shall provide proof satisfactory to District that all contractors carry workers' compensation insurance for anyone working on the Premises, and public liability and property damage insurance (\$1,000,000 combined single limit). District shall be an additional insured.

e. Plans and Specifications. Prior to beginning construction, Tenant shall deliver to District a set of plans and specifications of all improvements in sufficient detail to determine compliance with District's requirements for appearance, site development and for approval from various agencies responsible for issuing building permits. District shall have final approval authority and no work on site shall commence until the lease with District has been executed and District has issued a written confirmation of its approval.

f. Notice of Non-Responsibility. At least ten (10) days prior to initiation of any improvement, or delivery of any materials to the Premises, Tenant shall notify District of same in writing. District shall have the right to post and record a Notice of Non-Responsibility in accordance with Civil Code 3094.

g. Parcel or Subdivision Map. District, at its cost and expense, shall prepare a Parcel Map and file same with the City of Santa Maria identifying individual parcels that will be leased to individual tenants.

6. **Tenant's Use of Premises.** The Premises shall be used for the storage, maintenance, and repair of Tenant's aircraft and aircraft equipment and for no other purpose.

a. **Permitted Uses.**

i. Indoor storage of aircraft registered in the Tenant's name. The Tenant must be the owner of the improvements (hangar) on the Premises;

ii. Indoor storage of automobiles while the aircraft is being operated outside the hangar;

iii. Indoor storage of equipment and tools used for preventive maintenance, construction or restoration of the aircraft stored on the Premises;

iv. Maintenance, construction and restoration of an aircraft as described in FAR Part 43, Appendix A, or under the direct supervision of a mechanic properly and appropriately certified by the Federal Aviation Administration; and

v. As long as at least one aircraft stored on the Premises is registered to Tenant, other non-owned aircraft may be stored on the Premises, subject to the provisions of Section 16, Assignment.

b. **Specific Prohibited Uses.** Tenant shall not use or permit use of the Premises, or any portions thereof, for any of the following prohibited purposes or uses:

i. Use any portion of the Premises contrary to or in violation of the directives, rules or regulations of the District as they exist now or in the future.

ii. Store any property outside of the hangar on the Premises.

iii. Store hazardous or toxic materials in quantities greater than ten (10) gallons, except with a safety plan approved by the City of Santa Maria Fire Department and after issuance of appropriate permits.

iv. Any use, activity or improvement which will generate smoke affecting aircraft visibility or attract large concentrations of birds or which may otherwise affect safe air navigation.

v. Any use or activity which would interfere with or create a hazard to the operation of the Airport or aircraft.

vi. Spray painting, except spray painting of aircraft in an approved paint booth.

vii. Any residential use.

viii. Any trade, profession, business or commercial use, enterprise or activity, except approved subleases for aircraft storage.

ix. Storage of jet or aviation or other fuel on the Premises, other than inside fuel tanks of aircraft stored on the Premises or vehicles temporarily parked on the Premises.

x. Place any signs without District's prior written approval.

7. **Nuisance or Unlawful Uses.** Tenant shall not commit waste, including environmental contamination, nuisance or unlawful activity on the premises nor shall Tenant permit others to commit waste, nuisance or unlawful activity on the premises.

8. **Alterations and Improvements.**

a. Tenant shall make no alterations, additions or improvements on the Premises or otherwise at the Airport without District's prior written consent, except interior, non-structural alterations or improvements. District specifically reserves the right to approve the exterior appearance of the improvements throughout the term of the Lease. All alterations, additions or improvements made by Tenant at the Airport shall be Tenant's property during the term of the Lease. Tenant shall remove all fixtures and improvements, including slabs and foundations, and cap all utilities, at Tenant's expense, at expiration or termination of the Lease, unless directed otherwise in writing by District. District may, at District's sole option, elect that the slab and foundation shall remain on the Premises at expiration or termination. The slab and foundation shall thereafter become District's property without any payment to Tenant. Tenant shall restore District's property to at least its former condition as when received and repair any damage resulting from any removal.

b. Should Tenant fail to remove the improvements at the expiration or termination of the Lease, District may, at its option, remove the improvements, at Tenant's expense, or the improvements shall become District's property, without payment to Tenant, free and clear of all liens and encumbrances. Tenant shall indemnify and hold District harmless from and against any liens or encumbrances.

9. **Tenant's First Right to New Lease of Premises.** If, within six (6) months prior to the expiration of the term of this Lease, District elects to enter into a new lease of the Premises for aircraft storage purposes, then District shall first negotiate with Tenant the terms and conditions of a new lease for said Premises before offering the Premises to anyone else.

10. **Holdover.** If Tenant holds over beyond the term or extended term with the consent of District, such tenancy shall be from month to month subject to the terms and conditions of this Lease. Holdover shall not be renewal of this Lease. The monthly Base Rent shall be the monthly Base Rent due immediately prior to the holdover, increased by any increase in the Index defined in Section 4, since the last rent adjustment, unless otherwise agreed in writing by both parties.

11. **Repairs and Maintenance.**

a. Tenant shall, at Tenant's sole cost and expense, keep and maintain the Premises and all improvements thereon in first class condition and repair at all times in accordance with all applicable laws, rules, ordinances, orders and regulations of any governmental agency or body having jurisdiction. Tenant shall keep the Premises, at Tenant's expense, clean and free from litter, garbage, refuse and debris at all times. Tenant shall take reasonable measures to protect the Leased Premises and airport from infestation of birds, insects, rodents and other pests. Tenant shall comply with all reasonable orders and instructions of District's General Manager in the use of the Leased Premises, which the General Manager deems to be in the best interest of the District, the public or users of the Airport, or for their safety and welfare.

b. If Tenant fails to maintain or make repairs as required herein, District shall have the option, but not the obligation, of making necessary corrections after a reasonable written notice from District of its intent to do so. All costs incurred by District in making said corrections, including but not limited to the cost of labor, materials, equipment and administration, shall be Additional Rent, and Tenant shall pay the same within fifteen (15) days of receipt of a statement of District's costs. District may, at its option, choose other remedies available herein as allowed by law.

12. **Tenant Obligations.** Tenant shall:

a. Comply with the rules, regulations and directives of the District related to the use of the Airport and its facilities, including the owner-built hangar sites.

b. Comply with, at Tenant's expense, all laws, regulations, ordinances and orders of federal, state and local governments as they relate to Tenant's use of Tenant's aircraft or Tenant's use or occupation of the Premises, the Airport or Airport facilities.

c. Furnish District with a copy of the registration certificate: (i) for each aircraft to be stored on the Premises prior to commencement of the Lease; (ii) after commencement of the Lease, within ten (10) days of acquiring a different or additional aircraft, or subleasing to a non-owned aircraft; and (iii) immediately after District's written request for such a copy at any other time.

d. Provide annual proof, to District's reasonable satisfaction, that the aircraft registered to the Tenant is in fact stored on the Premises. If an experimental aircraft is being constructed on the Premises, provide annual proof, to District's reasonable satisfaction, of reasonable progress towards completion.

e. When the aircraft is in operation out of the hangar, park all vehicles inside the hangar.

13. **Utilities.** District shall have no responsibility to provide water, utility service or extensions of any kind to the Premises, and any such water, utility service or extension by Tenant shall be at Tenant's sole cost and expense after consent by District as provided in Paragraph 8 herein. District will provide electrical and telephone conduit to each lot. Tenant is responsible to provide wiring. District has a 4-inch sewer lateral available to certain lots (2995a and b, 2997a and b, 2987a, b, c and d, and 2989 a, b, c and d, Airpark Drive). If Tenant is

leasing one of those lots, Tenant may, at Tenant's cost, extend piping and obtain a meter from the City of Santa Maria for water. Tenant shall extend the utilities, as needed, separately meter each utility and pay all utility service charges.

14. **Indemnification.** Tenant shall investigate, protect, defend (with counsel reasonably acceptable to District) indemnify and hold harmless District, its directors, officers, employees, agents and representatives, and the Premises (collectively "District") at all times from and against any and all liability, proceedings, liens, actions, penalties, liabilities, losses, expenses, claims or demands of any nature, including costs and expenses for legal services and causes of action of whatever character which District may incur, sustain or be subjected to (collectively "Liability or Loss") arising out of or in any way connected with: the acts or omissions of Tenant or any subtenant, or their officers, agents, employees, or guests (collectively "Tenant"); or Tenant's operations on, or use or occupancy of, the Premises or the Santa Maria Public Airport. The foregoing indemnification excludes only Liability or Loss caused by the sole active negligence of District or its willful misconduct. Tenant shall also indemnify and hold District harmless from and against any Liability or Loss, including third party claims, environmental requirements and environmental damages (as defined in Exhibit "D", Hazardous Material Definitions) costs of investigation and cleanup, penalties, fines, and losses (including, without limitation, diminution in property value of the Premises or the improvements thereon or District's property or improvements in the vicinity of the Leased Premises) of whatever kind or nature, which result from or are in any way connected with the release, receipt, handling, use, storage, accumulation, transportation, generation, discharge, or disposal (collectively Release) of any toxic or hazardous materials (defined in Exhibit "D") which occurs in, on or about the Premises as the result of any of Tenant's activities on the Premises. Tenant shall notify District immediately of any Release of any toxic or hazardous material on the Premises or Airport.

15. **Insurance**

a. Tenant shall procure and maintain during the term of this Lease and any extensions, general liability insurance to protect against bodily injury, including death, products, and personal/advertising injury liability; contractual liability; liability for damages through the use of or arising out of accidents occurring on or about the Premises, or arising out of any act of Tenant, or caused by the neglect or misconduct of the Tenant in a minimum amount \$100,000.00 combined single limit for bodily injury and property damage per person and \$250,000.00 per occurrence combined single limit for bodily injury and property damage.

b. The policies shall name District as an additional insured and shall provide that Tenant's insurance will operate as primary insurance and District's insurance will not be called upon to contribute to a loss covered by this paragraph or the indemnification provisions of this Lease. Tenant shall require the insurer to notify District in writing, at least thirty (30) days prior to cancellation, modification or refusal to renew such policy. All policies shall be issued by companies admitted and licensed to do business in California and having a Best's rating of "A". Tenant shall provide District with a current insurance certificate issued by the insurer. The types, coverage, form and liability limits of insurance may be changed or increased by District's Board of Directors after giving Tenant at least ninety (90) days' prior written notice.

16. **Assignment**

a. Tenant shall not assign, transfer, mortgage, encumber or grant control of this Lease or any interest, right or privilege herein, or sublet a portion of the leased premises without the prior written consent of District. District's consent shall not be unreasonably withheld for an assignment or transfer to Tenant's spouse, child(ren), sibling(s) or parent(s). The assignee, transferee, mortgagor, or other person acquiring an interest in the Lease shall agree in writing to be bound by all terms and conditions of the Lease. A sublease of the entire Premises is expressly prohibited and void and, at the option of District, shall terminate the Lease. The Premises must be occupied by the person who owns the improvements (hangar) and owns an aircraft stored on the Premises. Tenant's interest in this Lease is not assignable by operation of law. To prevent speculation in the construction and resale of hangars, if Tenant wishes to assign, transfer, sell or grant control of this Lease and/or the improvements thereon, and District approves, the approval will be conditioned on Tenant paying to District a transfer fee equal to the following:

- i. During the first year after occupancy, the sum of \$15,000;
- ii. During the second year after occupancy, the sum of \$10,000;
- iii. During the third through fifth years of occupancy, the sum of \$5,000;

provided, no transfer fee shall be required if Tenant assigns or transfers the Lease to Tenant's spouse, child(ren), sibling(s) or parent(s).

b. Subject to the District's General Manager's prior written consent, Tenant may sublet a portion, but not all, of the Premises for storage of aircraft owned by another. District's General Manager's consent may be conditioned on:

i. Ongoing proof that at least one (1) aircraft stored in the hangar is owned by and registered to Tenant.

ii. Each subtenant has a written sublease incorporating the terms and conditions of this Lease.

iii. Ongoing proof that at least one (1) aircraft stored in the hangar is owned by and registered to subtenant.

iv. Tenant shall notify District in writing within ten (10) days of any storage of non-owned aircraft with such identifying information as District requests, together with the written sublease for District consent.

v. Tenant shall pay any sublease rent to District which is in excess of the sublessee's pro rata share, based on per square foot occupancy, of: the rent charged under this Lease, utilities, taxes, insurance, maintenance and Cost of the Improvements (amortized at eight percent (8%) over twenty (20) years). The "Cost of Improvements" is defined as the amount paid by Tenant for constructing the slab, foundation, utility extensions, hangar and other improvements made by Tenant to the Premises, including engineering and design fees, prior to occupancy by Tenant.

vi. No District owned hangars are available for lease in the near future.

17. **Taxes, Licenses and Permits.** Tenant shall pay before delinquency any and all taxes, (including real property and possessory interest taxes, assessments, fees or charges) which may be imposed, levied or assessed upon any leasehold or possessory interests of Tenant, or Tenant's occupancy of the Premises, and personal property, structures, improvements or fixtures owned, controlled or installed by Tenant. Tenant acknowledges that by entering into this lease, a possessory interest, subject to taxation, may be created. Tenant agrees to pay all such taxes. Tenant shall also secure and maintain in force during the term of this lease all licenses and permits necessary or required by law for the conduct of Tenant's operations.

18. **District's Remedies on Tenant's Breach.** In the event Tenant fails to pay rent when due, abandons or vacates the Premises, or is in default under any provision of this lease, District may terminate this lease and resort to the rights and remedies provided by the laws of the State of California, as well as the following cumulatively or in the alternative remedies:

a. District may recover from Tenant on terminating the Lease damages proximately resulting from the breach, including the cost of recovering the premises and the value of the premises for the remainder of the Lease term, less any rent received by District from subleases or reletting of the Premises, which sum shall be immediately due District from Tenant.

b. Tenant assigns to District all subrents and other sums falling due from subtenants, up to the amounts due District under this Lease during any period in which Tenant is in default. District may, at District's election, re-enter the Premises and improvements with or without process of law, with or without terminating this Lease, and either or both collect these sums or bring action for the recovery of the sums directly from such obligors, or both.

19. **Nondiscrimination.** Tenant will not discriminate or permit discriminations against any person or class of persons by reason of race, color, creed, sex or national origin in any such manner prohibited by Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, or as the regulation may be amended from time to time.

20. **Right of Entry.** District and City of Santa Maria and authorized agents of each shall have the right to enter the Premises for any reasonable purpose upon twenty-four (24) hours' oral or written notice, and at any time without notice in case of any emergency.

21. **Miscellaneous**

a. Notices shall be written and delivered personally to the person to whom the notice is to be given or mailed postage prepaid, addressed to such person. District's and Tenant's addresses for this purpose are:

District: Santa Maria Public Airport District
3217 Terminal Drive

Santa Maria, CA 93455

Tenant: Name STEVEN M. BROWN
Address 550 Tejo Place
City, State & Zip Code Wipac, CA 93424
Phone 805-923-2737

Either party may change its address for such notice by giving written notice of such change to the other party. Notice shall be deemed delivered at time of personal delivery or 48 hours after deposit in any United States Post Office or mailbox.

b. District's waiver of breach of one term, covenant or condition of this Lease is not a waiver of breach of others nor of subsequent breach of the one waived. District's acceptance of rent installments after breach is not a waiver of the breach. Any waiver by District must be in writing and signed by District.

c. This Lease and its terms, covenants and conditions apply to and are binding upon and inure to the benefit of the heirs, successors, executors, administrators and assigns of the parties hereto.

d. Time is of the essence herein.

e. The prevailing party shall recover from the non-prevailing party reasonable attorney's fees and costs in the event any legal action or proceeding between District and Tenant arises in connection with this Lease.

f. No prior and contemporaneous conversations, negotiations, possible and alleged agreements concerning the subject matter hereof, other than those referred to herein, are merged herein. This is an integrated agreement. Any modification of this Lease must be agreed upon in writing by every Party to this Lease.

g. If any provision of this Lease is determined to be invalid or unenforceable, the remaining provisions shall continue to operate to the extent possible.

h. This Lease shall be construed in accordance with the laws of the State of California.

i. This Lease is deemed to have been drafted by the Tenant and District.

j. The parties executing this Lease represent they have appropriate authority.

k. Unless stated otherwise herein, no real estate brokers have been involved in this Lease and no real estate broker commissions or fees are due or owed from District.

l. In any real estate transaction it is recommended that you consult with a professional.

22. **Federal Aviation Administration Rider Attached.** The provisions of the FAA Rider attached hereto as Exhibit "E", consisting of four pages, are incorporated herein and made a part hereof.

23. **FAA Approval.** This Lease is made subject to any approval of the Federal Aviation Administration which may be required.

24. **Surrender and Site Assessment.** Tenant shall, on expiration or sooner termination, surrender to District the Premises in the same or better condition as when received, normal wear and tear, damage by acts of God or by the elements excepted.

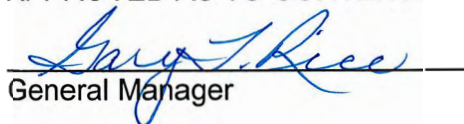
At District's option, exercised by written notice to Tenant, within thirty (30) days of expiration or sooner termination of this Lease, Tenant shall, at Tenant's sole cost and expense, cause to be conducted a site assessment of the Premises to confirm that the Premises are free of any hazardous material or contamination. The nature and extent of the site assessment and the selection of the person performing the site assessment and certification shall be approved by District. The Premises shall be certified to be free of any hazardous material or contamination by a person certified by the appropriate governmental agency to conduct such site assessments. Any contamination or environmental damage on the Premises or originating on the Premises and migrating off the Premises shall be remediated by Tenant to meet or exceed the strictest governmental standards or requirements and to District's reasonable satisfaction. Tenant shall be responsible for all remedial investigation and remediation, including submission and approval of the remediation closure plan.

25. **Damage or Destruction.** In the event the improvements are damaged or destroyed, Tenant may, at its option, either (1) continue paying rent and restore the improvements to their former condition and appearance, within a reasonable period of time, not to exceed one hundred eighty (180) days from the date of damage or destruction; or (2) terminate the Lease by thirty (30) days' written notice to District, remove the remaining improvements, and restore the Premises to their same or better condition as when received.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused it to be executed as of the day, month and year first above written.

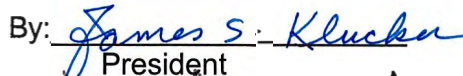
Dated: February 26, 2004

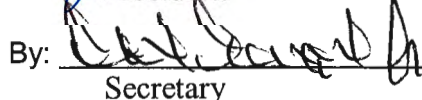
APPROVED AS TO CONTENT:


General Manager

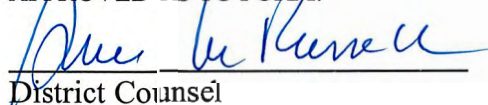
DISTRICT:

SANTA MARIA PUBLIC AIRPORT DISTRICT

By: 
President

By: 
Secretary

APPROVED AS TO FORM:


District Counsel

TENANT:

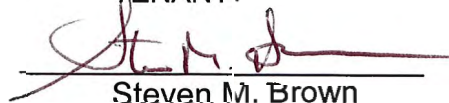

Steven M. Brown

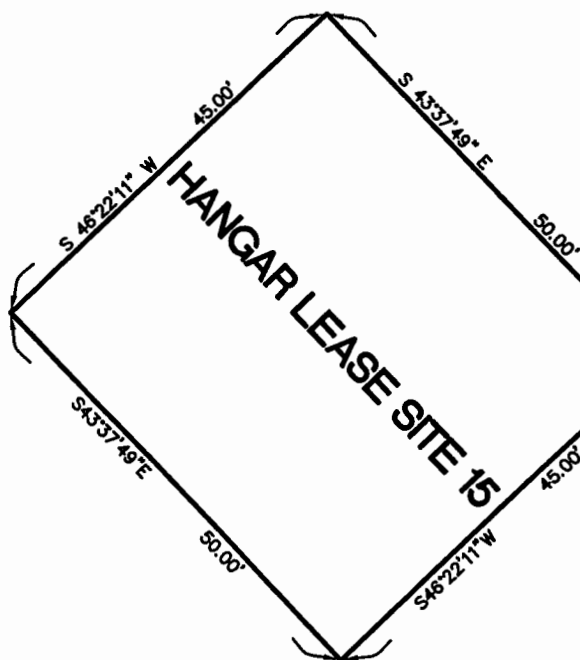
EXHIBIT "B"

LEASE DESCRIPTION FOR HANGAR SITE 15

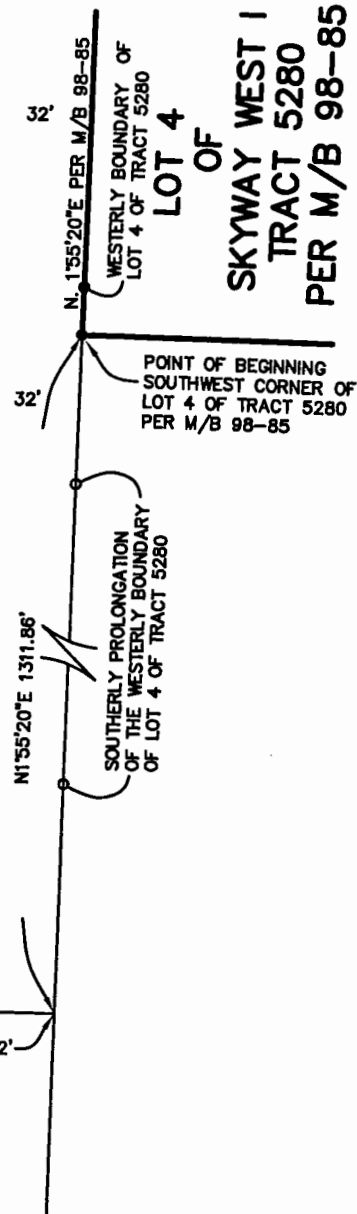
THAT PORTION OF THE WESTERLY HALF OF SECTION 34, TOWNSHIP 10 NORTH, RANGE 34 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF SANTA MARIA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF LOT 4 OF "SKYWAY WEST I TRACT 5280" RECORDED AS MAP BOOK 98, PAGES 85 AND 86, RECORDS OF THE COUNTY OF SANTA BARBARA, IN THE CITY OF SANTA MARIA, STATE OF CALIFORNIA; THENCE SOUTH $1^{\circ} 55' 20''$ WEST 1311.86 FEET ALONG THE SOUTHERLY PROLONGATION OF THE WESTERLY BOUNDARY OF SAID LOT 4 TO A POINT; THENCE NORTH $88^{\circ} 04' 40''$ WEST 270.82 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE SOUTH $46^{\circ} 22' 11''$ WEST 45.00 FEET; THENCE NORTH $43^{\circ} 37' 49''$ WEST 45.00 FEET; THENCE NORTH $46^{\circ} 22' 11''$ EAST 45.00 FEET; THENCE SOUTH $43^{\circ} 37' 49''$ EAST 45.00 FEET TO THE **TRUE POINT OF BEGINNING**.

0313 HANGAR SITE 15 - 2/19/04 4:44 PM



AIRPARK DRIVE



SKETCH OF HANGAR LEASE SITE 15 2995-C AIRPARK DRIVE

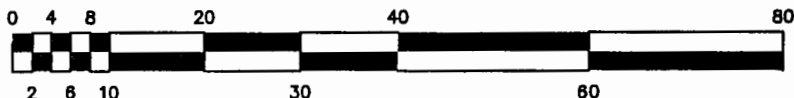
BEING A PORTION OF THE WESTERLY HALF
OF SECTION 34, TOWNSHIP 10 NORTH, RANGE 34
WEST, SAN BERNARDINO MERIDIAN, IN THE CITY
OF SANTA MARIA, COUNTY OF SANTA BARBARA,
STATE OF CALIFORNIA

EXHIBIT "B"

PREPARED BY:



SCALE: 1"=20'



Owner build Hangar Specs

Hangar Type: Steel Pre-fabricated Rectangular Hangar building

Maximum hangar size to fit: Plot A (45 feet x 50 feet)-40 feet x 45 feet hangar
Plot B (55 feet x 65 feet)-50 feet x 60 feet hangar

Structure must be 2.5 feet from property line

	60'x50' Hangar	45'x40'
Eave Height	18'	14'
Hangar Skin Gauge	26 GAUGE	26GAUGE
Doors (see below)	See below	See below

Door options: Door cannot intrude on adjoining property

- Bi-fold
- Stacking
- Roll inside hangar
- Roll up

Skylights: Interior natural lighting to be provided by wall or door panels only. Minimum standard for skylight material is 8 ounces per square foot.

Roof: Low profile ridge line perpendicular to taxilane
Slope 1"rise for each 12 inches of horizontal run
Panels shall overlay outside walls a minimum of 4"
Roof to slope to side of hangar
Gutters installed along side edges, downspouts at front corners (gutters and downspouts comprised of same material and same paint color)

PREFABRICATED METAL BUILDINGS

- a. Prefabricated metal building types, conforming to the drawings with indicated dimensions and specified requirements.
- b. Preliminary requirements to the work as follows.
 1. Design calculations, record drawings, shop and erection drawings.
 2. Obtaining building permits (fees paid by Owner builder).
 3. Field measurements and verification of existing field conditions prior to any building work.
 4. Coordination and cooperation with work of other trades.
- c. Prefabricated metal building assembly and field erection of components complete and inclusive with listings as follows.
 1. Structural steel and miscellaneous metal, including anchor bolts and other anchorage embedded in concrete.
 2. Light gauge steel members, roofing and siding.
 3. Cold formed members.
 4. Hangar doors, hardware and locking hasp and staple.
 5. Confirm location of anchors and embedded items.
 6. Flashing and trim members.

7. Gutters and downspouts.
8. Factory finish on galvanized metal surfaces.
9. Factory panel painting.
10. All accessories, closures and hardware required for a complete installation.
11. Closures, caulking, sealants and waterproofing as required for a complete weathertight installation.
12. Twenty (20) year bonded guarantee on roof and wall panel finish.

QUALITY ASSURANCE

- a. Fabricator/erector qualifications: Firm with successful experience in design, engineering, construction and erection of buildings similar to those erected around Santa Maria Public Airport.
- b. Design Criteria: Design and engineer buildings to comply with Codes applicable at the building site. Obtain building permits for work of this Section before starting fabrication. Building shall be in accord with MBMA and AISC standards.

REFERENCE SPECIFICATIONS AND STANDARDS

- a. Provide work conforming to latest edition of the City of Santa Maria Building Code, and comply with pertinent recommendations of the manufacturer of the approved Prefabricated Metal Buildings Systems.
- b. American Society for Testing and Materials (ASTM) as referenced herein.

SUBMITTALS

- a. Shop and erection drawings. Contractor shall submit shop and erection drawings to the City of Santa Maria Building Department for the purpose of the Contractor obtaining approval of building permit and for checking by the District Engineer.
- b. Shop and erection drawings required for building permit purposes shall be identified by the Contractor as shop and erection drawings. Contractor shall submit shop and erection drawings as well as such other drawings as may be required by the Building Department of the City of Santa Maria, Community Development Department, for issuance of building permit. Drawings shall include but will not necessarily be limited to the following:
 1. Foundation plans showing construction joints; foundation details; allowable soil pressure; loads; anchor bolts; etc.
 2. Plans and details for grade beams and concrete flooring.
 3. Framing plan showing typical sections and connection detail, eave condition, diagonal bracing, purlin, beam, and column layout.
 4. Floor plan showing interior partitions, operation of sliding hangar doors (in open and closed position) and other pertinent information.
 5. Exterior elevations and floor elevations.
 6. Roof framing and bracing plan.
 7. Electrical plan.
 8. Miscellaneous details such as: Hangar door construction, including locking devices, cane bolts, door stops and other accessories. Hangar door restraint in all

positions. Spacing details of continuous members. Typical high rib wall and roof panels. Roof and wall panel fasteners. Typical purlin details and connections. Ridge and rake details. Exterior and interior base details.

9. Engineering calculations: The Contractor shall furnish to the City Building Official three (3) copies of complete engineering calculations signed by a Structural Engineer or Civil Engineer registered in the State of California. The calculation shall accompany the drawings described above, as applicable. Shop and erection drawings shall bear the signature of a California registered Civil or Structural Engineer.

10. Revisions: Any and all revisions to the drawings required by District and by the City Building Official to obtain building permits shall be performed at no additional cost to the District.

FIELD MEASUREMENTS

Before starting work, secure field measurements pertaining to or affecting the work of this section, and verify the locations and exact positions of anchor bolts.

DESIGN LOADS

Except as stipulated otherwise, the design loads for each Prefabricated Metal Building shall be in accordance with City of Santa Maria Building Codes, latest edition. Building shall withstand wind loads with doors opened or closed.

Materials

Flange material for built up sections - minimum yield stress of 50,000 psi

Web material for built up sections - minimum yield stress of 36,000 psi

Cold-formed structural members - steel having a minimum yield stress of 50,000 psi

High tensile bolts - electrogalvanize plated followed by supplementary gold di-chromate treatment applied by the dip process

Machine bolts – same as above

Galvanized steel - zinc coating shall be 1.25 ounces per square foot

Diagonal brace rods – steel, galvanized 7 wire strand extra high strength grade with a minimum guaranteed proof load.

Exterior wall and roof covering - prime, hot dip, galvanized steel not less than 26 gauge.

Zinc coating - 1.25 ounces per square foot

Panel high ribs - not less than 1¼" minimum depth

(Top and bottom of panel must be filled with foam closer strips.)

Fasteners

- a. Roof fasteners - Stainless Steel No. 14 X 3/4" long self-tapping bolts or Stainless Steel No. 12 self-drilling bolts. A sealing washer of 1/8" thick neoprene appropriate diameter shall be provided at each bolt.
- b. Roof Lap. Roof lap fasteners - No. 10 X 1/2" long self-tapping bolt
- c. The No. 10 bolt shall be stainless steel and shall be furnished with a 5/16" hexagonal head. Washer shall be integral with the head and shall be 1/2" diameter. Bolt shall have a type "A" point. The fastener shall be installed at one-third points between purlins.
- d. Wall fasteners for color walls. Wall panel fasteners for color walls shall be No. 14 X 3/4" self-tapping bolts or No. 12 self-drilling bolts, with a tough thermo-plastic nylon resin 7/16" or greater hexagonal head, colored to match the panel color. The nylon head shall have a flared flange to act as self-sealing washer, a tapered outer edge, and a molded inner ring on a recessed undersurface to provide a double seal. The No. 14 X 3/4" bolt shall have a Type "A" point and shall be manufactured from material meeting AISI No. C-1018. The bolt shall be plated with .0005" thickness zinc coating, and a chromate finish. The fastener shall be installed in the flat of the panel at 1'-0" spacing at intermediate points. Panel ends to be bolted at 6" nominal spacing.
- e. Wall fastener for galvanized partitions shall be a No. 14 X 3/4" self-tapping bolt or No. 12 self-drilling bolts. The bolts shall be cadmium plated and shall be furnished with a 3/8" or larger hexagonal head. The washer shall be separate and shall be 5/8" or larger diameter. The bolt shall have a Type "A" point. The bolt shall be manufactured of material meeting AISI No. C-1018. The bolt shall be plate with zinc plating of .00075" thickness and coated with clear chromate dip. The fastener shall be installed in the flat of the panel at 1'-0" intermediate spacing, and at 6" spacing (nominal) at panel ends.
- f. Wall panel lap fasteners shall be 1/8" diameter blind rivets colored to match the panel color. The fastener shall be installed at one-third points between girts. Blind rivets *shall be stainless steel*.

Mastic:

- a. Standard mastic shall be preformed bead type meeting or exceeding Military Specification MIL-C-18969, Type 2 Grade B.
- b. At roof side laps, a permanently pliable three thirty seconds by one half inch preformed bead of mastic shall be placed on the under lapping rib in a bead of constant cross section to insure continuous contact of the mastic with the upper and lower panels.

Base Angle:

- a. Base angle for exterior perimeter of building shall be a roll formed section, shaped such that panel fasteners at base are not exposed to the interior of building.
- b. Base angle shall be 18 gage material prepainted

Conforming ridge caps, which are required, per standard of manufacturer, shall be not less than 26 gauge, hot dip galvanized steel with not less than 1.25 ounces of zinc per square foot of surface. Ridge cap shall have factory painting to match roof panels. **Conforming three foot ridge caps which match the panel configuration and the roof pitch are required.**

Concrete Foundations and Slab Floors.

a. Concrete Foundations

P.C. concrete with 15% flyash replacement by weight of cement of type I.P. & P. Permanente Portland-Pozzolan cement meeting ASTM C595 with 15% by weight or Port Costa 1/4" X 8 mesh light weight aggregate as produced by Kaiser Sand and Gravel Co., Santa Maria plant and minimum 28 day strength of 3000 psi shall be used. Provide mix design by state certified laboratory for approval 5 days prior to beginning any concrete work. Install in accord with approved foundation plan. Slump shall not exceed 3" for foundations.

b. P.C. Concrete Floor Slabs

1. P.C. concrete with 15% flyash replacement by weight of cement of type I.P. & P. Permanente Portland-Pozzolan cement meeting ASTM C595 with 15% by weight or Port Costa 1/4" X 8 mesh light weight aggregate as produced by Kaiser Sand and Gravel Co., Santa Maria plant and minimum 28 day strength of 3000 psi shall be used. Provide mix design by state certified laboratory 5 days prior to any desired use for review and approval. Slump shall not exceed 4".

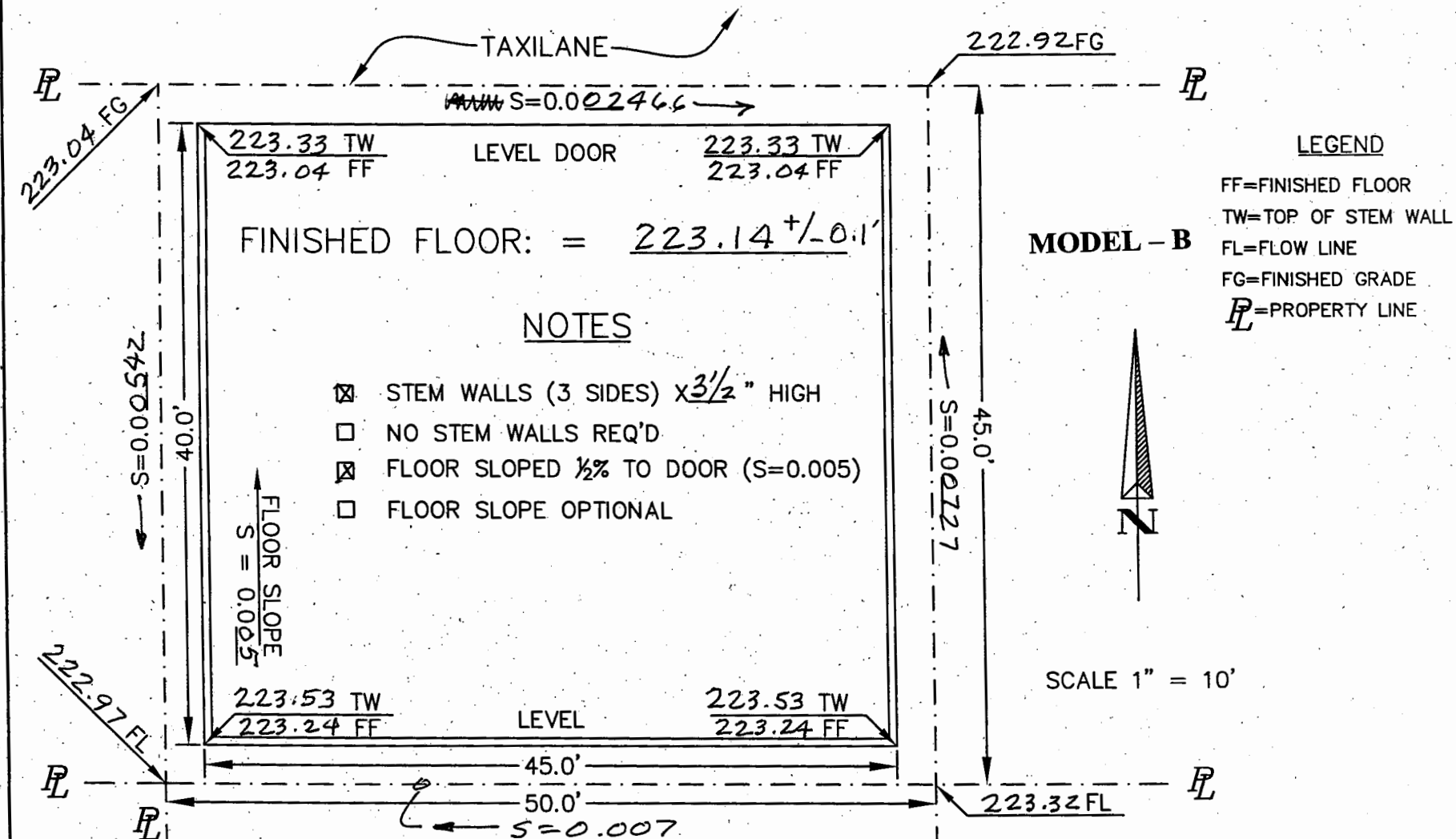
Contraction Joints

Determined by size of slab using ratio of 2.5 times thickness of slab measured in feet.

Lease Site:

Entire site must be covered with impermeable material. If site is not fully paved, suitable material must be approved by General Manager.

All drainage must flow to taxilane in front of hangar.



SANTA MARIA PUBLIC AIRPORT DISTRICT
3217 TERMINAL DRIVE SANTA MARIA, CA 93455

LOT #
15

ADDRESS:
2995-C

EXHIBIT
C

HAZARDOUS MATERIAL
Definitions

A. HAZARDOUS MATERIAL

Hazardous Material means any substance:

(i) the presence of which requires investigation or remediation under any federal, state or local statute, regulation, ordinance, order, action, policy or common law; or

(ii) which is or becomes defined as a "hazardous waste", "hazardous substance", pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) and/or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); or

(iii) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, the State of California or any political subdivision thereof; or

(iv) the presence of which on the Premises or the Airport causes or threatens to cause a nuisance upon the Premises or the Airport or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the Premises or Airport; or

(v) the presence of which on adjacent properties could constitute a trespass by; or

(vi) without limitation which contains gasoline, diesel fuel or other petroleum hydrocarbons; or

(vii) without limitation which contains polychlorinated bipheynols (PCBs), asbestos or urea formaldehyde foam insulation; or

(viii) without limitation radon gas.

EXHIBIT "D"

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B. ENVIRONMENTAL REQUIREMENTS

Environmental Requirements means all applicable present and future statutes, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, and similar items, of all governmental agencies, departments, commissions, boards, bureaus, or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human health or the environment, including, without limitation:

1. All requirements, including but not limited to those pertaining to reporting, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or threatened releases of "Hazardous Materials", chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials or wastes whether solid, liquid, or gaseous in nature, into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials, or wastes, whether solid, liquid, or gaseous in nature; and
2. All requirements pertaining to the protection of the health and safety of employees or the public.

C. ENVIRONMENTAL DAMAGES

Environmental Damages means all claims, judgments, damages, losses, penalties, fines, liabilities, encumbrances, liens, costs, and expenses of investigation and defense of any claims, whether or not such claim is ultimately defeated, and of any good faith settlement of judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys' fees and disbursements and consultants' fees, any of which are incurred at any time caused by "Hazardous Materials" upon, about, beneath the Premises or Airport or migrating or threatening to migrate from the Premises or the Airport, or the existence of a violation of "Environmental Requirements" pertaining to the Premises or the Airport as the result of "Tenant"'s use or occupancy of the Premises or the Airport or as the result of any of "Tenant"'s (or "Tenant"'s agents, employees, invitees or officers') actions or omissions, regardless of whether the existence of such "Hazardous Materials" or the violation of "Environmental Requirements" arose prior to the present ownership or operation of the Premises, and including without limitation:

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1. Damages for personal injury, or injury to property or natural resources occurring upon or off of the Premises or the Airport, (foreseeable or unforeseeable), including, without limitation, lost profits, consequential damages, the cost of demolition and rebuilding of any improvements on real property, interest and penalties;

2. Fees incurred for the services of attorneys, consultants, "Tenant"s, experts, laboratories and all other costs incurred in connection with the investigation or remediation of such "Hazardous Materials" or violation of "Environmental Requirements" including, but not limited to, the preparation of any feasibility studies or reports or the performance of any cleanup, remediation, removal, response, abatement, containment, closure, restoration or monitoring work required by any federal, state or local governmental agency or political subdivision, and including without limitation any attorney's fees, costs and expenses incurred in enforcing this agreement or collecting any sums due hereunder; and

3. Liability to any third person or governmental agency to indemnify such person or agency for costs expended in connection with the items referenced in subparagraph 2 herein;

4. Diminution in the value of the Premises or the Airport, and damages for the loss of business and restriction on the use of or adverse impact on the marketing of rentable or usable space or of any amenity of the Premises or the Airport.

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EXHIBIT "E"

RIDER

Rider to the Owner/Built Hangar Site Lease and Agreement dated February 26, 2004, and commencing March 1, 2004 herein called "Lease & Agreement") between Santa Maria Public Airport District (herein called "District") and Steven M. Brown, "An Individual," (herein called "Tenant").

LEASE PROVISIONS REQUIRED BY FEDERAL AVIATION ADMINISTRATION

1. Tenant, for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the leased property described in this lease for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Tenant 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.

2. Tenant for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under the leased property 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 Tenant shall use the leased property 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.

3. That in the event of breach of any of the above nondiscrimination covenants, District shall have the right to terminate this lease and to reenter and repossess the leased property and the facilities thereon, and hold the same as if this lease 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.

4. Tenant 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 Tenant may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

5. Noncompliance with Provision 4 above shall constitute a material breach thereof and in the event of such noncompliance District shall have the right to terminate this lease and the estate hereby created without liability therefor or at the election of the District or the United States either or both said governments shall have the right to judicially enforce Provision 4 above.

6. Tenant agrees that it shall insert the above five provisions in any lease agreement, contract, license, permit or other instrument by which Tenant grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the leased property.

7. Tenant 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 participation in any employment activities covered in 14 CFR Part 152, Subpart E. Tenant 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. Tenant assures that it will require that its covered suborganizations provide assurances to the Tenant that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

8. District 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 Tenant and without interference or hindrance.

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9. District reserves the right, but shall not be obligated to Tenant, 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 Tenant in this regard.

10. This lease shall be subordinate to the provisions and requirements of any existing or future agreement between District and the United States relative to the development, operation or maintenance of the Airport.

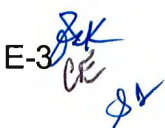
11. Tenant agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the leased property, or in the event of any planned modification or alterations of any present or future building or structure situated on the leased property.

12. 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).



13. There is hereby reserved to District, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the leased property. 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 Airport.

14. Tenant by accepting this lease expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on the leased property above the mean sea level elevation of 300 feet. In the event the aforesaid covenants are breached, District reserves the right to enter upon the leased property and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Tenant.

15. Tenant by accepting this lease agrees for itself, its successors and assigns that it will not make use of the leased property in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, District reserves the right to enter upon the leased property and cause the abatement of such interference at the expense of Tenant.

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

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FIRST AMENDMENT OF LEASE AND AGREEMENT

RE: Lease and Agreement dated March 1, 2004, between SANTA MARIA PUBLIC AIRPORT DISTRICT and STEVEN M. BROWN, An Individual, (the "Lease").

The SANTA MARIA PUBLIC AIRPORT DISTRICT ("District") and STEVEN M. BROWN ("Tenant") hereby agree to amend the Lease effective May 28, 2009, as follows:

1. The Tenant under the Lease shall be changed to: STEVEN M. BROWN and SHELLY E. BROWN. Steven M. Brown and Shelly E. Brown share all rights, title and interest of Tenant in the Lease and agree to perform, fulfill and be bound by all the terms, covenants, conditions, and obligations required to be performed as Tenant under the Lease


All other terms, covenants, conditions, provisions and agreements of said Lease, as amended, shall remain in full force and effect.

Dated: May 28, 2009

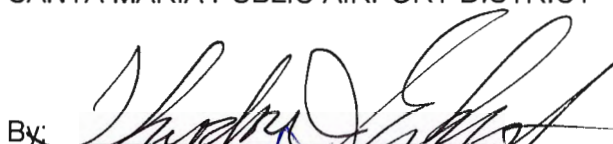
Approved as to content for District:

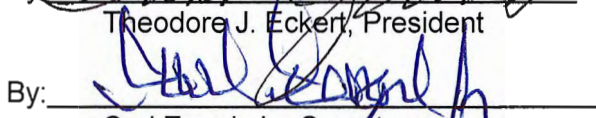

General Manager

Approved as to form for District:


District Counsel

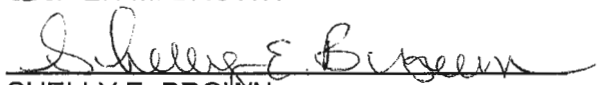
SANTA MARIA PUBLIC AIRPORT DISTRICT

By: 
Theodore J. Eckert, President

By: 
Carl Engel, Jr., Secretary

TENANT:


STEVEN M. BROWN


SHELLY E. BROWN

RESOLUTION NO. 861

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT
AMENDING RATES AND CHARGES FOR 2018/2019 FISCAL YEAR**

WHEREAS, by Resolution 855, the Board of Directors authorized and approved rates and charges for various tenants and users of Airport facilities; and

WHEREAS, periodic adjustment of rates and charges is appropriate in order to achieve the District's goal of recovering the costs of operating and maintaining the Airport from the rents, fees and charges paid by tenants and users of Airport facilities.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Santa Maria Public Airport District, that the schedule of rates, charges and fees set forth in Annex "A" and Exhibit "A" and Exhibit "B" (attached and incorporated by this reference), shall be effective for the Santa Maria Public Airport, as of July 1, 2018, shall apply to all tenants and users of Airport facilities as described in Resolution No. 861.

District may implement changes in rates and charges from time to time through the adoption of future rates and charges resolutions. During the period following the adoption of this resolution, and until the effective date of a subsequent rates and charges resolution, the rates set forth in Annex "A", Exhibit "A", and Exhibit "B" shall apply; provided, District leases and rental agreements may provide for additional adjustments to rates and charges based on changes in consumer price or other indices.

If any provision, clause, sentence, paragraph, rate, charge, or fee of this Resolution, or the application thereof to any person or circumstance shall be held invalid, such invalidity shall not affect the other provisions of this Resolution which can be given effect without the invalid provision or application. To this end, the provisions of this Resolution are declared severable.

PASSED AND ADOPTED at the regular meeting of the Board of Directors of the Santa Maria Public Airport District held on April 26, 2018 on Motion of Director _____, Seconded by Director _____, and carried by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Hugh Rafferty, President

A T T E S T

Carl Engel, Secretary

ANNEX A

Resolution No. 861 SANTA MARIA PUBLIC AIRPORT DISTRICT Schedule of Rates & Charges - FY 2018/2019

TERMINAL

Charge		Unit of Measure	Last Increase	Current Rate	New Rate
Air Carrier Space					
	Counter Space	Per Sq. Ft./Per Month	7/1/2009	\$1.37	\$1.37
	Office Space	Per Sq. Ft./Per Month	7/1/2009	\$1.37	\$1.37
	Baggage Make-Up Area	Per Sq. Ft./Per Month	7/1/2009	\$1.37	\$1.37
	Storage & Other Spaces	Per Sq. Ft./Per Month	7/1/2009	\$1.37	\$1.37
	Other	Per Sq. Ft./Per Month	7/1/2009	\$1.37	\$1.37
Rental Cars					
	Counter Space (Minimum)	Per Sq. Ft./Per Month	7/1/2017	\$1.74	\$1.81
	Office Space (Minimum)	Per Sq. Ft./Per Month	7/1/2017	\$1.74	\$1.81
	Storage Space (Minimum)	Per Sq. Ft./Per Month	7/1/2017	\$1.74	\$1.81
	Ready Parking (Minimum)	Per Space/Per Month	7/1/2017	\$22.59	\$23.45
	Concession	Monthly 8% of Sales		8%	8%
District Facilities	Boardroom Use ⁽¹⁾	Per Meeting	7/1/2008	\$50.00	\$50.00
Miscellaneous					
	Terminal Restaurant (Minimum)	Per Sq. Ft./Per Month 4% of Gross Revenue	7/1/2017	\$0.4382	\$0.4549
	Terminal Vending	10% of Gross Monthly Receipts			
	Shuttle Space Rent	Per Sq. Ft./Per Month	7/1/2017	\$1.47	\$1.53
	TSA Facilities	Per Sq. Ft./Per Month	6/20/2013	\$5.36	\$5.36
⁽¹⁾ Aviation related and/or community orientated one-time events considered to be of public interest, non-profit, and/or having a value to the aviation community, may request in writing a waiver of fees, which may be approved at the discretion of the General Manager					

ANNEX A

Resolution No. 861 SANTA MARIA PUBLIC AIRPORT DISTRICT Schedule of Rates & Charges - FY 2018/2019

NON-AVIATION

Charge		Unit of Measure	Last Increase	Current Rate	New Rate
Mobile Home Park		Per Space/Per Month	9/1/2017	\$335.60 - \$350.52	\$348.35 - \$363.84
Outside Storage		Per Sq. Ft./Per Month	7/1/2017	\$0.2650	\$0.275
Agriculture					
	AG Lease (Outside Water)	Per Acre/Per Year	9/1/2017	Grazing Rate + 50% of Sublease	Grazing Rate + 50% of Sublease
	AG Lease (District Water)	Per Acre/Per Year	9/1/2017	\$1,130.00	\$1,173.00
	Grazing	Per Acre/Per Year	9/1/2017	\$11.00	\$11.00
Miscellaneous					
	Special Event Permit	Per Day	7/1/2017	\$550.00	\$550.00
	Use Permit	Yearly	7/1/2009	\$150.00	\$150.00
	Filming Permit (Impact on Operations)	Daily	7/1/2009	\$5,000.00	\$5,000.00
	Filming Permit (No Impact on Operations)	Daily	7/1/2009	\$1,000.00	\$1,000.00
	Vehicle Release (Impound/Stored)	Each Incident	7/1/2009	\$100.00	\$100.00
	Abandoned Vehicle Removal	Each Incident	7/1/2009	\$200.00	\$200.00
	Copy Fee	Per Page	7/1/2009	\$0.25	\$0.25
		Per CD	7/1/2009	\$10.00	\$10.00
		Per USB	7/1/2017	\$10.00	\$10.00
Personnell					
	Maintenance Worker	Hourly	7/1/2017	\$63.00	\$65.00
	Security Escort	Hourly	7/1/2017	\$36.00	\$37.00

ANNEX A

Resolution No. 861 SANTA MARIA PUBLIC AIRPORT DISTRICT Schedule of Rates & Charges - FY 2018/2019

AVIATION

Charge		Unit of Measure	Last Increase	Current Rate	New Rate
Landing					
	Scheduled Air Carriers	Per 1,000 lbs CGLW	7/1/2008	\$1.00	\$1.00
	Non-Scheduled Air Carriers	Per 1,000 lbs CGLW	7/1/2008	\$1.00	\$1.00
	Freight Forwarding	Per 1,000 lbs CGLW	7/1/2008	\$1.00	\$1.00
	USFS (Including Contract Aircraft)	Per 1,000 lbs CGLW	3/1/2013	\$0.50	\$0.50
Fuel Flowage					
	Jet A	Per Gallon	Prior to 1999	\$0.06	\$0.06
	100 LL	Per Gallon	Prior to 1999	\$0.06	\$0.06
Hangar Rental		Per Month (Includes Electricity)	7/1/2017	See Exhibit "A"	See Exhibit "A"
Storage Units		Per Month (Includes Electricity)	7/1/2017	See Exhibit "B"	See Exhibit "B"
Security Deposit					
	Hangars	Upon Execution of Lease	7/1/2009	\$250.00	\$250.00
	Storage Units	Upon Execution of Lease	7/1/2009	\$250.00	\$250.00
Commercial Hangars:					
	Hangar Space	Per Sq.Ft./Per Month	7/1/2017	\$0.3067	\$0.3184
	Office Space	Per Sq.Ft./Per Month	7/1/2017	\$0.4382	\$0.4548
	Shop Space	Per Sq.Ft./Per Month	7/1/2017	\$0.3067	\$0.3184
	Ramp Space	Per Sq.Ft./Per Month	7/1/2017	\$0.0329	\$0.0341
Tie Down					
	Single Engine	Per Month	7/1/2017	\$64.00	\$66.00
	Light Twin Engine	Per Month	7/1/2017	\$74.00	\$77.00
	Freight Forwarding	Per Month/Per Plane	7/1/2017	\$102.00	\$106.00
	Mooring	Per Day	7/1/2017	\$52.00	\$150.00
Airport Access Card					
	AOA Access Badge	Each	7/1/2009	\$20.00	\$25.00
	AOA Renewal	Each	7/1/2009	\$10.00	\$20.00
	AOA Re-Activation	Each	7/1/2009	\$50.00	\$65.00
	SIDA Access Badge	Each	7/1/2009	\$53.00	\$75.00
	SIDA Renewal	Each	7/1/2018	\$10.00	\$50.00
	SIDA Re-Activation	Each	7/1/2009	\$100.00	\$100.00
	Lost/Replacement	Each	7/1/2009	\$50.00	\$100.00

SMPAD Hangars

[illegible]

Santa Maria Public Airport District Storage Unit Rates								
Hangar Address	Lease Type	Sq Ft	Current PPSF	Current Rent	% Increase	New PPSF	New Rent	Monthly Increase
3005-A Airpark Drive	Storage Rm	537	0.4368	235	3.8%	0.4534	243	8
3005-I Airpark Drive	Storage Rm	537	0.4368	235	3.8%	0.4534	243	8
3009-F Airpark Drive	Storage Rm	180	0.4368	79	3.8%	0.4534	82	3
3009-G Airpark Drive	Storage Rm	180	0.4368	79	3.8%	0.4534	82	3
3011-F Airpark Drive	Storage Rm	190	0.4368	83	3.8%	0.4534	86	3
3011-G Airpark Drive	Storage Rm	190	0.4368	83	3.8%	0.4534	86	3
3019-F Airpark Drive	Storage Rm	190	0.4368	83	3.8%	0.4534	86	3
3023-F Airpark Drive	Storage Rm	180	0.4368	79	3.8%	0.4534	82	3
3027-F Airpark Drive	Storage Rm	176	0.4368	77	3.8%	0.4534	80	3
3027-G Airpark Drive	Storage Rm	176	0.4368	77	3.8%	0.4534	80	3
3031-F Airpark Drive	Storage Rm	176	0.4368	77	3.8%	0.4534	80	3
3031-G Airpark Drive	Storage Rm	176	0.4368	77	3.8%	0.4534	80	3
3035-E Airpark Drive	Storage Rm	363	0.4368	159	3.8%	0.4534	165	6
3039-A Airpark Drive	Storage Rm	537	0.4368	235	3.8%	0.4534	243	8
3039-I Airpark Drive	Storage Rm	537	0.4368	235	3.8%	0.4534	243	8
3107-J Airpark Drive	Storage Rm	180	0.4368	79	3.8%	0.4534	82	3
3107-K Airpark Drive	Storage Rm	180	0.4368	79	3.8%	0.4534	82	3
3109-F Airpark Drive	Storage Rm	155	0.4368	68	3.8%	0.4534	70	2
3111-F Airpark Drive	Storage Rm	176	0.4368	77	3.8%	0.4534	80	3
3111-G Airpark Drive	Storage Rm	176	0.4368	77	3.8%	0.4534	80	3
EXHIBIT "B"								

EXHIBIT "B"

RESOLUTION 863

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT APPROVING SALARIES AND SALARY INCREASES FOR NON- MANAGEMENT EMPLOYEES FOR FISCAL YEAR 2018-2019

WHEREAS, Resolution 513, the Board of Directors approved a Memorandum of Understanding between the District and the Santa Maria Public District Employees' Association which adopted, among other things, an Employee Relations Policy ("Employee Relations Policy") and established a process for recognition of employee organizations: and

WHEREAS, the non-management District employees have elected not to exercise their rights to form a recognized employee organization as that term is defined in the Employee Relations Policy; and

WHEREAS, the Board of Directors wishes to establish salaries and provide for salary increases for non-management District employees.

BE IT THEREFORE RESOLVED, by the Board of Directors of the Santa Maria Pubic Airport District as follows:

1. Affected employees shall receive a 3.8% (three point eight percent) cost of living increase based on the Consumer Price Index, all items 1982-84=100, Los Angeles-Long Beach-Anaheim, for all Urban Consumers (CPI) effective July 1, 2018, reflected in new monthly salary ranges as follows:

FOREMAN

STEP:	a	b	c	d	e
SALARY:	\$5,083.00	5,290.00	5,555.00	5,833.00	6,124.00

MAINTENANCE WORKER III

STEP	a	b	c	d	e
SALARY:	\$4,522.00	4,748.00	4,985.00	5,234.00	5,496.00

MAINTENANCE WORKER II

STEP:	a	b	c	d	e
SALARY:	\$4,116.00	4,321.00	4,537.00	4,764.00	5,003.00

MAINTENANCE WORKER I

STEP:	a	b	c	d	e
SALARY:	\$3,580.00	3,759.00	3,947.00	4,144.00	4,352.00

AIRPORT MAINTENANCE WORKER I

STEP:	a	b	c	d	e
SALARY:	\$2,763.00	2,901.00	3,046.00	3,199.00	3,359.00

AIRPORT MAINTENANCE WORKER II

STEP:	a	b	c	d	e
SALARY:	\$3,011.00	3,162.00	3,320.00	3,486.00	3,660.00

AIRPORT MAINTENANCE WORKER III

STEP:	a	b	c	d	e
SALARY:	\$3,370.00	3,538.00	3,715.00	3,900.00	4,095.00

AIRPORT MAINTENANCE WORKER IV

STEP:	a	b	c	d	e
SALARY:	\$3,612.00	3,793.00	3,982.00	4,182.00	4,391.00

OPERATIONS OFFICER

STEP:	a	b	c	d	e
SALARY:	\$3,612.00	3,793.00	3,982.00	4,182.00	4,391.00

ADMINISTRATIVE ASSISTANT

STEP:	a	b	c	d	e
SALARY:	\$4,130.00	\$4,337.00	\$4,554.00	\$4,781.00	\$5,020.00

ADMINISTRATIVE SECRETARY

STEP:	a	b	c	d	e
SALARY:	\$4,007.00	4,207.00	4,417.00	4,638.00	4,870.00

RECEPTIONIST/SECRETARY

STEP:	a	b	c	d	e
SALARY:	\$3,266.00	3,429.00	3,600.00	3,780.00	3,969.00

ACCOUNTING CLERK

STEP:	a	b	c	d	e
SALARY:	\$3,483.00	3,658.00	3,840.00	4,033.00	4,234.00

PASSED AND ADOPTED at the Regular meeting of the Board of Directors of the Santa Maria Public Airport held April 26, 2018, on Motion of _____, Seconded by _____ and carried by the following roll call vote:

AYES:

NOES:

ABSENT: Brown

ABSTAINED:

Hugh Rafferty, President

Carl Engel, Secretary

RESOLUTION 864

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT APPROVING SALARIES AND SALARY INCREASES FOR MANAGEMENT EMPLOYEES FOR FISCAL YEAR 2018-2019

WHEREAS, salaries and working conditions for the Santa Maria Public Airport District Management bargaining unit consisting of the General Manager, Manager of Finance and Administration and the Manager of Operations and Maintenance ("Management Employee Positions") were previously established from time-to-time by resolution, and any general or specific terms or conditions, other than salary, established for the Santa Maria Public Airport District Employees' Association by adopted Memorandum of Understanding were incorporated by reference and equally applicable to members of the Managing Bargaining Unit unless otherwise specifically provided; and

WHEREAS, Resolution 513, the Board of Directors approved a Memorandum of Understanding between the District and the Santa Maria Public Airport District Employees' Association which adopted, among other things, an Employee Relations Policy ("Employee Relations Policy") and established a process for recognition of employee organizations: and

WHEREAS, no recognized employee organization currently exists for the Management Employee Positions; and

BE IT THEREFORE RESOLVED, by the Board of Directors of the Santa Maria Public Airport District as follows:

1. Affected employees shall receive a 3.8% (three point eight percent) cost of living increase based on the Consumer Price Index, all items 1982-84=100, Los Angeles-Long Beach-Anaheim, for all Urban Consumers (CPI) effective July 1, 2018, reflected in new monthly and yearly salary ranges as follows:

GENERAL MANAGER

SALARY RANGE:

MONTHLY:	\$ 10,683.00	-	\$ 12,985.00
YEARLY:	\$128,194.00	-	\$155,821.00

MANAGER OF FINANCE & ADMINISTRATION

SALARY RANGE:

MONTHLY:	\$ 6,323.00	-	\$ 7,686.00
YEARLY:	\$75,876.00	-	\$ 92,227.00

MANAGER OF OPERATIONS & MAINTENANCE**SALARY RANGE:**

MONTHLY:	\$ 6,323.00	-	\$ 7,686.00
YEARLY:	\$75,876.00	-	\$ 92,227.00

OPERATIONS SUPERVISOR**SALARY RANGE:**

MONTHLY:	\$ 5,554.00	-	\$ 6,751.00
YEARLY:	\$66,650.00	-	\$ 81,013.00

MAINTENANCE SUPERVISOR**SALARY RANGE:**

MONTHLY:	\$ 5,554.00	-	\$ 6,751.00
YEARLY:	\$66,650.00	-	\$ 81,013.00

PASSED AND ADOPTED at the Regular meeting of the Board of Directors of the Santa Maria Public Airport held April 26, 2018, on Motion of _____, Seconded by _____ and carried by the following roll call vote:

AYES:

ABSENT:

ABSTAINED:

Hugh Rafferty, President

Carl Engel, Secretary

ARCHITECT'S CONSULTING SERVICE

Member of The American Institute of Architects

Richard McKenzie Architect

April 22, 2018

Santa Maria Public Airport District
Chris Hastert, General Manager
3217 Terminal Drive
Santa Maria, CA 93455-1899

Re: District Office and Fire Station Roof Bid Rejection Recommendation.

Mr. Hastert,

After reviewing and analyzing the three bids received and meeting with you and Ric in your office to discuss the bid results, I recommend that your position to the Board should be to reject all bids and re-bid the 2 buildings with a new total tear off and installation of a PVC roof membrane with associated edge flashings. The Tremco re-surfaced roof as bid is an excellent quality product (10-year warranty with maybe an 18 year life expectancy) but for a small number of dollars more you can receive a new roof warrantied by the manufacturer for 20 years for labor and material with no dollar limit and yet the expected life of the roof will be 30 plus years. This new PVC roof will also meet current codes of a "cool roof" requirement. The roof as bid did not need to meet this energy code requirement because it was considered a repair of the existing roof that was to remain intact and as a repair did not even need a permit. I suspect that the Tremco pricing was aggressive to their installers because there was no competition to their installers. Your original roof on both buildings is an excellent Tremco built up roof that has aged its service life as it stands today, other roof manufactures tend not to offer re-surfacing warranties on another manufacturers applied roof, hence you only have one source quoting materials to the installers.

A. Low bid received from Craig Roof Company \$139,312.00 for District Office and Fire Station.

B. Expected roof cost for a New PVC roof is \$183,000.00 to \$192,000.00.

Sincerely,

Richard McKenzie

Richard McKenzie AIA

Bid Summary Roof Repair Santa Maria Public Airport

Craig Roof Company, Inc.	
Total Bid	\$139,312.00
Sub 1	Falcon Roofing Co.
Best Contracting Services	
Total Bid	\$142,000.00
Sub 1	Klondike Construction Service Inc.
Channel Islands Roofing Inc.	
Total Bid	\$176,582.00
Sub 1	Klondike Construction Service Inc.