

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

**Thursday
March 14, 2019**

**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 FEBRUARY 28, 2019.**
- 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**
- 4. MANAGER OF FINANCE & ADMINISTRATION REPORT**
 - a) Demand Register**
- 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. **AUTHORIZATION FOR DAVID BASKETT TO ATTEND THE COUNTER UAS SUMMIT 2019 TO BE HELD MARCH 12-14, 2019 IN WASHINGTON DC.**
8. **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: 111-231-11 (Gov. Code Section 54956.8).
9. **AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO EXECUTE A LEASE BETWEEN THE DISTRICT AND G3, LLC A CALIFORNIA LIMITED LIABILITY COMPANY.**
10. **DIRECTORS' COMMENTS.**
11. **ADJOURNMENT.**

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

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

NOTE: Pursuant to Gov. Code Section 54953(b), Director Baskett will participate in the meeting via teleconferencing from the following location:

Hilton Crystal City at Washington Reagan National Airport
2399 Jefferson Davis Highway
Arlington, VA 22202

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 - f) **VANDENBERG LIAISON**
 - g) **BUSINESS PARK COMMITTEE (Ad Hoc)**
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4. **MANAGER OF FINANCE & ADMINISTRATION REPORT**
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MINUTES OF THE REGULAR BOARD
MEETING OF THE BOARD OF DIRECTORS
OF THE SANTA MARIA PUBLIC AIRPORT
DISTRICT HELD FEBRUARY 28, 2019

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 George.

1. MINUTES OF THE REGULAR MEETING HELD February 14, 2019. Director Baskett made a Motion to approve the minutes of the regular meeting held February 14, 2019. Director Adams Seconded and it was carried by a 5-0 vote.
2. COMMITTEE REPORT(S):
 - a) AVIATION SUPPORT & PLANNING (Standing or Ad Hoc) – No meeting scheduled.
 - 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 – No meeting scheduled.
 - f) VANDENBERG LIAISON – No meeting scheduled.
 - g) BUSINESS PARK COMMITTEE (Ad Hoc) – The committee met to discuss a potential development.
3. GENERAL MANAGER'S REPORT. Mr. Hastert notified the Board of the Air Service Development conference coming up in the next week.
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 066347 through 066392 in the amount of \$87,824.62 was recommended for approval as presented. Director Baskett made a Motion to accept the Demand Register as presented. Director Brown 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.

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

10
11 No one requested to speak.

- 12
13 7. Adopt the Mitigated Negative Declaration for the Airport Master Plan. Eric Pfeifer
14 and Dave Fitz of Coffman & Associates presented the general overview of the
15 Master Plan process. Director Brown made a Motion to adopt. Director Baskett
16 Seconded and it was carried by the following roll call vote. Directors Rafferty,
17 Adams, Engel, Brown and Baskett voted "Yes".

- 18
19 8. Adopt the Airport Master Plan. Director Brown made a Motion to adopt. Director
20 Baskett Seconded and it was carried by the following roll call vote. Directors
21 Rafferty, Adams, Engel, Brown and Baskett voted "Yes".

- 22
23 9. Discussion and direction to staff regarding Brown Act Compliance utilizing
24 teleconferencing for Board Meetings. The Board directed staff and District Counsel
25 to return with options for an approval process.

- 26
27 10. Discussion and direction to staff regarding model aircraft and UAS. This item will
28 be brought to the Aviation Support & Planning Committee for additional discussion.

29
30 RECESS: At 7:43 p.m.

31
32 Return to OPEN SESSION: At 7:48 p.m. The Board and staff reconvened to Open
33 Session.

- 34
35 11. CLOSED SESSION. At 7:48 p.m. the Board went into Closed Session to discuss
36 the following item(s):

- 37
38 a) Conference with Legal Counsel-Pending litigation pursuant to Government
39 Code Section 54956.9(d)(4): 1 case SMPAD v. David Baskett

40
41 At 7:55 p.m., the Board and staff reconvened to Open Public Session.

42
43 There were no reportable actions.

- 44
45 12. DIRECTORS' COMMENTS: Directors Brown & Adams had no comment.

46
47 Director Baskett would like to know if we can push the FAA to put in backup
48 power in the event of outages.

49
50 Director Engel would like to report the Business Park committee is moving ahead
51 on potential development.

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Director Rafferty notified the Board of a memorial service for Mr. John Ready on March 16th.

13. ADJOURNMENT. President Rafferty asked for a Motion to adjourn to a Regular Meeting to be held on March 14, 2019 at 7:00 p.m. at the regular meeting place. Director Adams made that Motion, Director Baskett 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 8:00 p.m. on February 28, 2019.

Hugh Rafferty, President

Carl Engel, Secretary

2018-2019

**DEMAND REGISTER
SANTA MARIA PUBLIC AIRPORT DISTRICT**

Full consideration has been received by the Santa Maria Public Airport District for each demand, numbers 066393 to 066439, and electronic payments on Pacific Premier Bank and in the total amount of \$140,784.61

.

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 066393 to 066439, and electronic payments on Pacific Premier Bank in the total amount of \$140,784.61 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 MARCH 14, 2019.

CARL ENGEL JR.
SECRETARY

Santa Maria Public Airport District

Demand Register

Check Number	Check Date	Vendor Name	Check Amount	Description	AIP Reimbursement
* 066393	2/28/2019	Adamski Moroski	\$ 6,822.00	Legal Service	
* 066394	2/28/2019	AT&T	\$ 40.52	Phone Service	
* 066395	2/28/2019	Blueglobes, Inc.	\$ 429.27	Lighting & Nav Aid Maint.	
* 066396	2/28/2019	Clark Pest Control	\$ 554.00	Pest Control - Terminal & Adm.	
* 066397	2/28/2019	Comcast	\$ 620.57	Cable/Internet /Digital Voice	
* 066398	2/28/2019	Frontier Communications	\$ 721.89	Telephone Service	
* 066399	2/28/2019	J B Dewar, Inc	\$ 199.72	Fuel Expense - Gas/Diesel	
* 066400	2/28/2019	Mission Uniform Service	\$ 287.34	Uniform Service	
* 066401	2/28/2019	Napa Auto Parts	\$ 126.28	Auto parts	
* 066402	2/28/2019	Santa Barbara Cnty Special District Assoc.	\$ 80.00	Monthly Chapter Dinner	
* 066403	2/28/2019	Santa Maria Times	\$ 103.00	Advertising Legal	
* 066404	2/28/2019	SMV Discovery Museum	\$ 10,000.00	Advertising	
* 066405	2/28/2019	Sousa Tire Service, LLC	\$ 1,136.40	Heavy Equipment & Auto Tires	
* 066406	2/28/2019	Volunteer Local	\$ 1,190.00	Air Fest	
* 066407	2/28/2019	WageWorks	\$ 100.00	Cafeteria Plan - Admin. Fee	
* 066408	2/28/2019	Carla Osborn	\$ 265.81	Reimbursement	
* 066409	3/7/2019	Chuck Adams	\$ 300.00	Directors Fees	
* 066410	3/7/2019	Alpha Fire Corporation	\$ 750.00	Annual Fire Spinkler Insp.	
* 066411	3/7/2019	Armstrong's Lock and Key	\$ 871.88	Maintenance	
* 066412	3/7/2019	AT&T	\$ 280.03	Phone Service	
* 066413	3/7/2019	Blueglobes, Inc.	\$ 559.96	Lighting & Nav Aid Maint.	
* 066414	3/7/2019	Bomar Security & Investigation	\$ 5,082.39	Security Service	
* 066415	3/7/2019	Brayton's Power Wash & Sweep	\$ 950.00	Street Sweeping	
* 066416	3/7/2019	Steve Brown	\$ 200.00	Directors Fees	
* 066417	3/7/2019	Consolidated Electrical Distributors, Inc.	\$ 326.62	Lighting Maintenance	
* 066418	3/7/2019	CenCal TEK	\$ 210.00	Computer Support	
* 066419	3/7/2019	Clark Pest Control	\$ 330.00	Pest Control - Terminal & Adm.	
* 066420	3/7/2019	Comcast	\$ 596.22	Cable/Internet /Digital Voice	
* 066421	3/7/2019	ECO-T Tire and Retreading	\$ 904.80	Auto Maintenance	
* 066422	3/7/2019	Carl Engel, Jr.	\$ 400.00	Directors Fees	
* 066423	3/7/2019	Frontier Communications	\$ 1,205.40	Telephone Service	
* 066424	3/7/2019	The Gas Company	\$ 978.15	Utilities	
* 066425	3/7/2019	Hayward Lumber Company	\$ 477.61	MHP - Maintenance	
* 066426	3/7/2019	Ray Heath	\$ 3,575.20	Consulting Service	
* 066427	3/7/2019	Keylock Security Specialists	\$ 3,137.30	Maint.- Access Control System	
* 066428	3/7/2019	Limotta Internet Technologies	\$ 1,534.50	Computer Support Services	
* 066429	3/7/2019	Mission Uniform Service	\$ 140.55	Uniform Service	
* 066430	3/7/2019	Carla Osborn	\$ 234.00	Reimbursement	
* 066431	3/7/2019	ReadyRefresh by Nestle	\$ 73.28	Water Delivery	
* 066432	3/7/2019	Safety-Kleen	\$ 278.44	Solvent	
* 066433	3/7/2019	County of Santa Barbara EHS/ CUPA	\$ 1,035.00	Hazardous Materials Permit	
* 066434	3/7/2019	Toshiba Financial Services	\$ 497.98	Copier Lease	

* 066435	3/7/2019 Total Compensation Systems, Inc.	\$	675.00	Consulting Services
* 066436	3/7/2019 Tri-Counties Plant Service	\$	275.00	Interior Plants Maint.
* 066437	3/7/2019 Verizon Wireless	\$	2,400.21	Cell Phones
* 066438	3/7/2019 Hugh Rafferty	\$	200.00	Directors Fees
* 066439	3/7/2019 Hugh Rafferty - Reimbursement	\$	69.60	Expense Reimbursement

Total Checks Written:	\$	51,225.92
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REF#

Electronic Payments

0630482596371	3/12/2019 Pacific Gas & Electric Company	\$	28.54
0630982595021	3/12/2019 Pacific Gas & Electric Company	\$	20.45
0632782594391	3/12/2019 Pacific Gas & Electric Company	\$	203.41
0634982593941	3/12/2019 Pacific Gas & Electric Company	\$	423.95
0639182599681	3/12/2019 Pacific Gas & Electric Company	\$	7,330.58
0649182601811	3/12/2019 Pacific Gas & Electric Company	\$	8,837.02
0669485262981	3/12/2019 Pacific Gas & Electric Company	\$	7,342.27
0710489235761	3/4/2019 Pacific Gas & Electric Company	\$	44.70
0710989235121	3/4/2019 Pacific Gas & Electric Company	\$	19.72
0711789235001	3/4/2019 Pacific Gas & Electric Company	\$	179.98
0714989234861	3/4/2019 Pacific Gas & Electric Company	\$	420.08
	3/4/2019 Bank Card Fees	\$	1,102.07
	3/4/2019 CALPERS	\$	5,385.09
	3/4/2019 CALPERS HEALTH	\$	15,147.31
	3/7/2019 PAYROLL	\$	33,846.12
	3/12/2019 CALPERS	\$	5,385.09
	3/12/2019 MASS MUTUAL	\$	3,842.31

Total Electronic Funds Transfers:	\$	89,558.69
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Total Funds Dispersed	\$	140,784.61
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Reimbursed AIP Funds	\$	-
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Net Dispersed Funds	\$	140,784.61
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TELEPHONE (805)922-1726

FAX (805)922-0677

www.SantaMariaAirport.com

PUBLIC AIRPORT DISTRICT

3/14/19

Agenda Item
7
3/14/19

Board of Directors
Santa Maria Public Airport District
3217 Terminal Drive
Santa Maria, CA 93455

Subject: Authorization for David Baskett to attend the Counter UAS Summit 2019 to be held March 12-14, 2019 in Washington DC.

Summary

Director Baskett reports this would be of interest to the airport. See attached agenda.

Budget

		Attendees	Days	Rate	Total
Hotel:	Hotel stay	1	4	\$ 271.00	\$ 1,084.00
Meals:	Meals	1	4	\$ 60.00	\$ 240.00
Fees:	Registration	1		\$ 300.00	\$ 300.00
Transportation	Airfare	1		\$ 776.00	\$ 776.00
	Car			\$ 174.00	\$ 174.00
	Total:				\$ 2,574.00

Overall Impact:

Approved 2018-2019 Budget for Business Travel	\$56,618.00
Previously Approved Business Travel	\$58,173.20
Current Balance for Business Travel	\$1,555.20
Amount of this Request	\$2,574.00
Balance Remaining if Approved	\$4,129.20

Recommendation

Staff has no recommendation as this is an unplanned trip and was not included in this year's fiscal budget.

Please let me know if you have any questions:

Sincerely,

Chris Hastert, CM
General Manager



March 12-14, 2019
Sheraton Pentagon City

★ Co-Located with the
12th Military Radar Summit

IDGA
Institute for Defense and
Government Advancement



Combating Emerging Drone Threats

REGISTER TODAY! COUNTERUAS.IQPC.COM • 1-800-882-8684 • idga@idga.org

Dear Colleagues,

Welcome to COUNTER-UAS Summit 2019!

Small UAS systems have been proliferating at an accelerating speed and they are having an impact in all parts of our lives. Their uses span from commercial, military, hobbyist, farming, logistics and much more. With this expansive growth come new and emerging threats. UAS have proven to be **useful weapons on the battlefield where they can be used for reconnaissance and to cause harm**. But domestic agencies have had a rising cause for concern because terrorist organizations, narco gangs, organized crime and other domestic groups have started to use UAS for nefarious causes. In this year's conference we will be **focusing on CUAS challenges & solutions for both military and domestic agencies**.

Counter UAS 2018 was a resounding success in this new space thanks in big part to our reputable speaker faculty, sponsors, and 200+ attendees from the industry, all branches of the military and domestic security agencies. For Counter UAS 2019 we have planned on building on that success by putting together a robust program with high caliber speakers and decision makers. The biggest key to the success of the conference will be our attendees, our partners and the connections we all make in pursuit of a singular goal, identifying and providing the most innovative and cutting edge CUAS solutions to the government, military and warfighters.

- This year's summit will cover topics including:
- Military's Counter-UAS acquisition goals
- Countering drone swarms
- Defending against autonomous UAS
- DOJ and DHS CUAS strategies and policies
- Protecting critical infrastructure from UAS
- DOJ and DHS CUAS acquisition priorities
- Countering UAS attacks by terrorists
- Military's Counter-UAS requirements
- Mounted C-UAS weapon systems
- Directed energy weapons

Of course, none of this would be possible without you all participating, sharing, networking and continuing to make this the best Counter-UAS networking platform in this space. If you are a potential first time Counter-UAS participant or partner, it is our sincere hope that your attendance at this year's conference is the beginning of a strong and productive working relationship with us. If you are a returning member of the Counter-UAS community, be sure to mark your calendars and We look forward to meeting you again!

See you there!



Zia Durrani
Program Director
IDGA

Office: 646-502-3241 • Zia.Durrani@iqpc.com



200+ ATTENDEES



**20+ DEFENSE &
INDUSTRY SPEAKER**



**10+ HOURS OF
NETWORKING**

**Expert presentation
from the military,
government, law
enforcement, and
international military
& government**

WHY YOU CAN'T MISS OUT ON THIS YEAR'S COUNTER-UAS CONFERENCE:



Get an insight into military Counter-UAS requirements to improve solutions being offered



Discover emerging technologies and their applications to incorporate them in your solutions

Valuable face to face networking with military and industry leaders to increase professional relations



Learning about acquisitions and modernization priorities to better plan for the future



Gaining in-depth knowledge about the emerging UAS threats to help make better informed decisions



Discussing Counter UAS applications of recent breakthroughs in directed energy, radar detection and EW technologies.

SPEAKER FACULTY



Linda Solheim
Director, Soft Targets and
Crowded Places Task
Force
**Department of
Homeland Security**



Angela Stubblefield
Deputy Associate
Administrator
Security and Hazardous
Materials Safety office
FAA



Scott Mathews
Senior Advisor,
Intelligence
DHS



James Truhett
Branch Head
Nuclear Weapons Safety,
Security, Compliance, and
Incident Response
U.S. NAVY



Major Mikita Brown
Branch Chief for Technical
Support & Senior Air Battle
Manager Joint Deployable
Analysis Team
The Joint Staff



LTC Demetrios Ghikas
Division Chief
Counter-Unmanned
Aircraft Systems (C-UAS)
**HQDA, G-3/5/7, DAMO-
ZCF (Fires)**



MG (R) Marke Gibson
President & CEO
NUAIR



Lieutenant Colonel (R) Albert A.
Sciarretta
Chair, Committee on CUAS
Capability for Battalion-and-
Below Operations
**National Academies of
Sciences, Engineering, and
Medicine**



Captain Michael O'Friel
Liaison to UXOCOE
U.S. Marine Corps



William R. Windsor
Director
Unexploded Ordnance
Center of Excellence
DoD



Gregory Olmstead
Senior Advisor
DHS



Dr. Tim Andreadis
Head, High Power
Microwave Section Tactical
Electronic Warfare Division
**Naval Research
Laboratory**



Gerry Tighe
Oversight Executive
for Maritime
Systems programs
**Emerging
Capabilities &
Prototypes, OSD
R&E**



Samuel Bendett
Research Analyst,
Russia Studies
Program
CNA



Fritz Schulz
Oversight
Executive for
Battle Space
Awareness
Programs
**OSD Research &
Engineering**



Anna Williams
Ph.D.
Research Scientist
Operational
Warfighting
Division
**Center for Naval
Analyses**



Bill Haraka
Business
Development
Manager
**Robin Radar
Systems**



Leonard Ligon
Director - UAS
Traffic Management
**WhiteFox Defense
Technologies, Inc.**



Mike Stokes
President
**Observation
Without Limits,
LLC**



Kyle Turner
Director of
Operations
and Policy
SkySafe



Timothy Bean
CEO
**Fortem
Technologies**



Peter Liu
Managing Director
**Deloitte Consulting
LLP.**



Elaine Duke
Specialist Executive
**Deloitte Consulting
LLP.**



Jeffrey Randorf
Engineer Advisor
**PM Air Domain
Awareness S&T
Directorate DHS**



Kenneth Geyer
CEO
Liteye Systems



Brendan Groves
Senior Counsel
Deputy Attorney
General
**U.S. Department
of Justice**



Todd Craig
Chief
**Office of Security
Technology
Federal Bureau of
Prisons**

0800

REGISTRATION & BREAKFAST

Grab a cup of coffee, and get to know your fellow attendees.

0855

CHAIRPERSON OPENING REMARKS

0900

CHALLENGES FOR COUNTERING INDIVIDUAL AND MULTIPLE SMALL UASS THAT ARE WEAPONIZED OR IN NON-WEAPONIZED MODES

- Emerging threats from small unmanned aircraft systems (sUASs) and a new timeframe taxonomy
- Understanding technical and behavioral differences of various multiple sUAS groupings – they are not all swarms
- The concern for Infantry battalion and below operations



Lieutenant Colonel (R) Albert A. Sciarretta
Chair, Committee on C-UAS Capability for Battalion-and-Below Operations
National Academies of Sciences, Engineering, and Medicine

0945

FEDERAL AVIATION ADMINISTRATION PANEL DISCUSSION ON COUNTER-UAS

1030

MORNING NETWORKING BREAK

Wow, that was some great information - grab a snack and review the morning session with your fellow attendees.

1100

COUNTERING UAS, TRAIN TO FIGHT; LESSONS LEARNED



Kenneth Geyer
CEO
Liteye Systems

1145

THE UNEXPLODED ORDNANCE CENTER OF EXCELLENCE JOINT COUNTER EXPLOSIVE HAZARD DATA MANAGEMENT SYSTEM

- Tracking developments in CUAS technologies
- Coordinating research between labs, industry and the military



William Windsor
Director
Unexploded Ordnance Center of Excellence, DoD



Captain Michael O'Friel
Liason to UXOCE
U.S. Marine Corps

1230

LUNCH

Hungry? So are we! Sit down to a tasty meal while discussing the topics so far and what's to come in the day.

1330 C-UAS SOLUTIONS: THE PAST, PRESENT AND THE FUTURE..



Bill Haraka
Business Development Manager
Robin Radar Systems

1400 IMPLICATIONS OF U.S. COUNTER-UAS EFFORTS TO ESCALATION DYNAMICS

- Military operations and interactions involving unmanned systems
- Policy and guidance gap affecting U.S. operations involving unmanned systems.
- Potential of Deliberate and non-deliberate actions involving UAS shaping future international norms



Anna Williams
Ph.D., Research Scientist
Operational Warfighting Division, Center for Naval Analyses

1430 AFTERNOON NETWORKING BREAK

1515 USING UAS TRAFFIC MANAGEMENT FOR COUNTER UAS



Jeffrey Randorf
Engineer Advisor
PM Air Domain Awareness S&T Directorate DHS

1545 CONTRABAND INTERDICTION IN PRISONS - DRONES, PHONES AND SYNTHETIC DRUGS



Todd Craig
MPA, MA, CPP - Chief, Office of Security Technology
Federal Bureau of Prisons

1615 CHAIRPERSON'S CLOSING REMARKS

1630 END OF FOCUS DAY

0800

REGISTRATION & MORNING NETWORKING

While registering for the Main Summit Day 1, enjoy your morning cup of coffee, light snacks and lively peer-to-peer conversation.

0850

CHAIRPERSON'S OPENING REMARKS

0900

PROTECTING CRITICAL NUCLEAR SUBMARINE BASES THROUGH INNOVATIVE CUAS SOLUTIONS

- Deploying CUAS detection and tracking solutions to increase awareness around nuclear plants
- Investing in soft and hard kill CUAS solutions to neutralize the threat
- Training security personnel to identify and counter UAS threats



James Truhett

Branch Head, Nuclear Weapons Safety, Security, Compliance and Incident Response

U.S. NAVY

0945

COUNTERING THE THREAT OF SUAS



Angela Stubblefield

Deputy Associate Administrator Security and Hazardous Materials Safety office

FAA

1030

NETWORKING BREAK AND DEMO DRIVE

Your time is valuable so we have streamlined the process identifying new technologies that will take your organization to the next level. During this break, attendees will meet our select industry partners in 5-7 minute intervals. You never know, you may find an industry partner solution you never knew you needed!

1100

START WITH THE ENDGAME FIRST

- Envisioning how to respond to threats before selecting counter-UAS capabilities
- Analyzing costs and consequences of counter-UAS options
- Addressing counter-UAS complexities with event-based layered architecture and proven integrated technologies



Mike Stokes

President

Observation Without Limits, LLC

1145

DEPARTMENT OF HOMELAND SECURITY'S STRATEGY AND POLICIES FOR UTILIZING COUNTER UAS SOLUTIONS

- DHS C-UAS powers under Preventing Emerging Threats Act of 2018
- C-UAS rules of engagement on the field
- Establishing a legal framework for potential legal challenges







Scott Mathews

Senior Advisor, Intelligence

Department of Homeland Security

CONFERENCE DAY ONE CONTINUED

1230	LUNCH All the morning hustle and bustle has probably made for a much needed lunch break! Join us for lunch and make new friends at your table.
1330	COUNTER UAS IN CIVILIAN SETTINGS <ul style="list-style-type: none">• Unique challenges of CUAS solutions in the civilian environment  Mr MG (R) Marke Gibson President & CEO NUAIR
1400	TEST & EVALUATION CRITERIA THAT ADDRESS THE FIELD OF RAPIDLY EMERGING COUNTER-UAS TECHNOLOGIES <ul style="list-style-type: none">• Safe & practical ways to address the Counter-UAS problem for soldiers at the front lines.• Clearly defined metrics, measures and standards are simply not possible without a T&E foundation on which to lay those first “stones”• Presenting T&E criteria for assessing and evaluating rapidly growing pool of emerging C-UAS technologies  Leonard Ligon Director - UAS Traffic Management WhiteFox Defense Technologies, Inc.
1415	NETWORKING BREAK Take a moment to recharge from the afternoon sessions!
1515	BREAKING DOWN THE FIELD ASSESSMENTS: TESTING THE CAPABILITIES OF CURRENT AND FUTURE COUNTER UAS SYSTEMS <ul style="list-style-type: none">• Testing the latest hard-kill C-UAS solutions• Collect and Analyze data• Make recommendations for solutions and fixes, including Tactics, Techniques, and Procedures  Major Mikita Brown Branch Chief for Technical Support & Senior Air Battle Manager, Joint Deployable Analysis Team The Joint Staff
1600	UPDATES ON RUSSIAN CUAS CAPABILITIES AND THEIR RISING SUAS CAPABILITIES <ul style="list-style-type: none">• Russian CUAS technology developments .• Russian military's experience in Syria countering sUAS• Russian forces have been practicing an ever-increasing range of CONOPS and TTPs involving small drones  Samuel Bendett Research Analyst Russia Studies Program, CNA
1645	CHAIRPERSON'S CLOSING REMARKS
1700	POST CONFERENCE NETWORKING Continue the conversation by getting together with new and old friends after the conference over refreshing libations.

0800

REGISTRATION & MORNING NETWORKING

While registering for the Main Summit Day 3, enjoy your morning cup of coffee, light snacks and lively peer-to-peer conversation.

0850

CHAIRPERSON'S OPENING REMARKS

0900

PROTECTING SOFT TARGETS FROM EMERGING SUAS THREATS

- Sports venues
- Shopping venues
- Schools and transportation systems



Linda Solheim

Director, Soft Targets and Crowded Places Task Force

Department of Homeland Security

0945

CRITICAL FACTORS FOR DEVELOPING EFFECTIVE COUNTER-UAS STRATEGIES

- Understand the entirety of the UAS and C-UAS ecosystem – past, present, and future
- Comprehend the risks associated with this increasingly complex ecosystem
- Utilize risk intelligent frameworks that fuse ecosystem and risk knowledge to create comprehensive C-UAS strategies



Peter Liu

Managing Director

Deloitte Consulting LLP.



Elaine Duke

Specialist Executive

Deloitte Consulting LLP.

1030

NETWORKING BREAK AND DEMO DRIVE

Your time is valuable so we have streamlined the process identifying new technologies that will take your organization to the next level. During this break, attendees will meet our select industry partners in 5-7 minute intervals. You never know, you may find an industry partner solution you never knew you needed!

1100

U.S. ARMY'S STRATEGY FOR ACHIEVING COUNTER UAS CAPABILITY OVER MATCH IN THE SHORT TERM

- Analyzing the current capability gaps and adversary capabilities
- Studying & testing current C-UAS solutions to determine the most capable solution
- Investing in R&D to increase C-UAS capabilities



Major Demetrios Ghikas

Division Chief, Counter-Unmanned Aircraft Systems (C-UAS)

HQDA, G-3/5/7, DAMO-ZCF, U.S Army

CONFERENCE DAY TWO CONTINUED

CUAS INDUSTRY PANEL: CHALLENGES AND OPPORTUNITIES FOR THE EMERGING CUAS COMMUNITY

Panelists:

1145



Timothy Bean
CEO

Fortem Technologies



Kyle Turner
Director of Operations and Policy

SkySafe

1230

LUNCH

Halfway through the day. Here comes the final stretch! Be sure not to miss it.

1330



Dr. Tim Andreadis
Head, High Power Microwave Section Tactical, Electronic Warfare Division

Naval Research Laboratory

DEFENDING AGAINST AI ENABLED ADVERSARIES

- Unique challenges posed by AI enabled sUAS
- Tactics & strategies for defeating autonomous drones
- Detecting, identifying and neutralizing AI enabled sUAS

1415



Gerry Tighe
Oversight Executive for Maritime Systems programs

Emerging Capabilities & Prototypes, OSD R&E



Fritz Schulz
Oversight Executive for Battle Space Awareness Programs

OSD Research & Engineering

1500

AFTERNOON NETWORKING BREAK

Take this last opportunity to network with your peers and colleagues from across the industry to make sure you bring back as many new connections as possible.

1530



Brendan Groves
Senior Counsel to the Deputy Attorney General

U.S. Department of Justice

1630

CHAIRPERSON'S CLOSING REMARKS

1645

POST CONFERENCE NETWORKING

THANK YOU TO OUR 2019 SPONSORS



Observation Without Limits (OWL), a Dynetics company, brings to bear 45 years of experience in engineering, integrating, and manufacturing surveillance technologies for defense, intelligence, and critical infrastructure sectors.

Along with key industry partner, we deliver proven end-to-end systems for monitoring and responding to UAS threats in real time at significant ranges (5km for Class 1, longer for Class 2 and 3 drones). More than a single element of a counter-UAS system or multiple nonintegrated elements, our fully integrated solution is a demonstrated “system of systems,” including 3D digital radar for detection, tracking, and classification; thermal imaging for long-range verification/validation; electronic and kinetic counter-measure options’ and the software for integrated management, monitoring, and response to UAS treats. We and our partners will demonstrate these capabilities before purchases are made and then provide the engineering/technical resources to implement and support fully functional systems to meet diverse requirements CONUS and OCONUS.



WhiteFox is a global leader in drone airspace security. Pioneering the safe integration of drones into society, WhiteFox products securely manage drones in sensitive airspace worldwide.



Liteye's Counter-UAS Defense Systems (CUAS) combines electronic-scanning radar target detection, electro-optical (EO) tracking/classification and directional RF inhibition capability.

AUDS, C-AUDS and M-AUDS are a class of smart-sensor and effector package capable of remotely detecting small UAS and then tracking and classifying them before providing the option to disrupt their activity. The system may be used in remote or urban areas to prevent UASs being used for terrorist attacks, espionage or other malicious activities against sites with critical infrastructure. CUAS not only works to cover your airspace, but also as a ground surveillance system as well.



Fortem Technologies is a leader in airspace awareness, safety and security. Fortem TrueView radar and Fortem SkyDome software platform digitize the airspace in a 3D view, collecting classification data and precisely tracking location, direction and

speed of all airborne activity. Fortem DroneHunter launches autonomously to capture threatening drones with net guns and deposits them in a safe location for forensic analysis. The system assesses threats and mitigates multiple targets. Fortem is heavily involved in UTM and UASIPP projects creating digitized airspace as part of the infrastructure needed for a safe drone economy where packages can be delivered and people can be transported safely.



SkySafe leads the way in advanced drone defense and airspace management systems. Our system safely detects, identifies, and mitigates reckless and malicious drones while

managing and tracking legitimate drone activity.

To learn more, visit :<http://www.skysafe.io>

SPONSORSHIP OPPORTUNITIES

Counter-UAS 2019 is the only conference of its kind focusing strictly on C-UAS solutions. The conference is designed to garner solutions and tactics to combat the challenges brought on by the proliferation of drone technology with which comes unique security challenges in the battlefield and at home.

NETWORKING

We can create a platform for you to effectively interact with your top customers and prospects in the environment of your choice.

BRANDING

In a fiercely competitive market you need to ensure that your brand is differentiated from the competition.

THOUGHT LEADERSHIP

Demonstrate your market knowledge and expertise through a thought leadership opportunity, such as speaking or chairing.

8 REASONS WHY COUNTER UAS CAN BENEFIT YOU!

- 1** Broker New Partnerships
- 2** Expand Your Market
- 3** Generate New Leads
- 4** Demonstrate Thought Leadership
- 5** Build Media Relations
- 6** Launch New Products
- 7** Build Customer Loyalty
- 8** Position Your Company Brand

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Vinny Rama
T: 212-885-2770
E. vinny.rama@iqpc.com

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Academia, Non-Profit

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Focus Day	\$595	

Vendors, Consultants, and Solution Providers

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Focus Day	\$750	

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NUMBER OF ATTENDEES	SAVINGS
3 to 4	10%
5 or more	15%

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SOCO ADVISORY 14-01: 7.(a) Admission fees of \$722 per day or less for all attendees are considered reasonable costs worldwide for the purposes of JER 3-211 (a)(7).

Dress Code:

Military personnel are kindly requested to be in uniform. Appropriate attire for Industry is business casual.

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* CT residents or people employed in the state of CT must add 6.35% sales tax.

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Phone: 1-800-882-8684

5 REASONS TO VISIT DC IN THE SPRING



1. Visit the Historic sites & National landmarks
2. Stroll along the Tidal Basin
3. Check out Recreation Pier at The Wharf
4. Visit 1 of the 20 rooftop bars
5. Take part in Passport DC

OUR TOP 5 RESTAURANT PICKS

D.C. is a food lovers paradise! You can find practically every cuisine, from Japanese to Jamaican and everything in between! Here are a few top picks:

1. Le Diplomate
2. Zaytinya
3. Founding Farmers DC
4. Estadio
5. Blue Duck Tavern

GROUND LEASE

Between

SANTA MARIA PUBLIC AIRPORT DISTRICT

And

G3, LLC

a California limited liability company

GROUND LEASE

THIS GROUND LEASE (the "Lease"), dated _____, 2019 (the "Effective Date,") is made and executed by and between SANTA MARIA PUBLIC AIRPORT DISTRICT, a public airport district of the State of California (herein called "District") and G3, LLC, a California limited liability company (herein called "G3" or "Lessee").

Recitals

A. The District and G3 entered into Memorandum of Understanding ("MOU") dated May 31, 2018, regarding approximately 26 acres, located on parcels 85 through 89 and Detention Basin #9 of the Santa Maria Airport Business Park, Santa Maria, California, a portion of Assessor's Parcel Number: 111-231-11, as shown in the map attached hereto as Exhibit A (the "Property").

B. G3 desires to develop and construct a commercial facility (the "Project") on that portion of the Property more particularly described in attached Exhibit B and the District desires to lease a portion of the Property to G3 for purposes of the Project.

C. G3 further desires to receive from District, and the District desires to grant to G3, a right of first refusal /option to lease (the "ROFR/Option") all or a portion of the remaining Property (the "ROFR/Option Property") under one or more long term ground leases for future commercial development by G3 or its subtenants (the "Additional Development").

D. To develop and construct the Project and the Additional Development, the Leased Property and the ROFR/Option Property will need to be rezoned.

NOW, THEREFORE, for and in consideration of the mutual covenants contained in this Lease, and other good and valuable consideration, the parties agree as follows:

Agreement

1. Leased Property. District hereby leases to Lessee, and Lessee leases from District, for the term and rents, and upon the terms, conditions and covenants contained herein, the real property at the Santa Maria Public Airport (the "Airport"), comprising approximately five (5) acres (the "Estimated Rentable Area") of the Santa Maria Airport Business park, Santa Maria, California, a portion of Assessor's Parcel Numbers: 111-231-11, as legally described in the attached Exhibit B and shown in the map attached hereto as Exhibit B1 (the "Leased Property") attached hereto and incorporated by this reference, subject to all existing and future easements, rights, encumbrances, rights-of-way, and matters of record.

a. The final Rentable Area of the Leased Property shall be determined and certified to District and Lessee in writing (the "Square Footage Certificate") by District's architect for the Leased Property and delivered to Lessee on or before the Commencement Date (as hereinafter defined). Within fifteen (15) days of Lessee's receipt of the Square Footage Certificate, Lessee shall have the right to have the Rentable Area of the Leased Property measured by an

architect reasonably satisfactory to District. If the Rentable Area of the Leased Property, as determined by Lessee's architect differs from the amount set forth in the Square Footage Certificate, Lessee shall notify District of such difference in writing. District shall have the right upon written notice to Lessee to dispute said architect's determination, in which case District's and Lessee's architects shall, within ten (10) days after such written notice, mutually identify a third independent, qualified architect licensed in the State of California, and shall notify District and Lessee of the name, address and telephone number of such third architect. Within ten (10) days from the selection of the third architect, the three (3) architects shall collectively determine the Rentable Area of the Leased Property and deliver their written determination thereof to District and Lessee, with the decision of two (2) of the three (3) architects controlling. Each party shall bear the cost of the architect selected by it, and the parties shall equally share the cost of the third architect selected as aforesaid. The determination of the three (3) architects (or 2 out of the 3) shall be final and binding upon District and Lessee as to the Rentable Area of the Leased Property. If the Rentable Area of the Leased Property, as set forth in the Square Footage Certificate or as otherwise determined in accordance with the terms herein, differs from the amount set forth in this Section 1, District and Lessee shall enter into an amendment to this Lease, pursuant to which the Fixed Rent shall be adjusted, using the rental rates per square foot set forth in Section 4(a)(ii) below, to reflect the revised determination of the Rentable Area of the Leased Property. If Lessee does not elect to have the Leased Property remeasured in accordance with this Section 1, then the Rentable Area of the Leased Property shall be deemed to be as set forth in the Square Footage Certificate.

b. ROFR/Option Property. During the ten (10) year period after the Commencement Date, G3 shall have the option to lease the ROFR/Option Property on terms and conditions set forth in the ROFR/Option Agreement attached hereto as Exhibit C, and thereafter a right of first refusal with respect to the ROFR/Option Property.

2. Lease Term.

a. Initial Lease Term. The term of this Lease shall be for a thirty (30) year period commencing January 1, 2020 ("Commencement Date"), and expiring, unless sooner terminated as hereinafter provided, at midnight thirty (30) years later on _____ (herein referred to as the "Initial Lease Term", "Initial Term" or "term of this lease").

b. Option Lease Term. Lessee shall, if not in default under this Lease, have the option, exercisable on the terms and conditions and in the manner hereinafter provided, to extend the term of this Lease from the expiration of the Initial Term for two (2) ten (10) year periods (each an "Extended Term") on the same terms, covenants and conditions herein contained, except that the rent for each Extended Term shall be as provided below and except as otherwise specifically provided in this Lease. Any option to extend the Initial Term or any Extended Term shall be exercised only by Lessee delivering to District at least ninety (90) days prior to expiration of the Initial Term or any Extended Term, written notice of Lessee's election to extend the Initial Term or any Extended Term. Lessee's right to exercise the option is contingent upon the Lease being in effect and Lessee not being in default under the Lease at the time of giving notice and at the time such Extended Term is to begin.

3. Zoning, Preparation of Plans and Specifications for Improvements, Building Permits, and Construction Schedule

a. Immediately after the Effective Date, Lessee agrees it shall take all reasonable and diligent efforts to obtain all the zoning and land use entitlements (i.e. rezoning/general plan amendment) necessary for the Project. The continued effectiveness of this Lease depends on (1) approval by the parties and the appropriate government agencies of plans and specifications covering construction of the Improvements; (2) the issuance of all Building Permits necessary for the Project; and (3) agreement between the parties of a Construction Schedule.

b. Preliminary Plans. Lessee, at its expense, shall submit to the District a complete set of the "Preliminary Plans" covering the exterior of all Improvements to be constructed at the Leased Property. The Preliminary Plans shall consist of plans, drawings, specifications, and other information showing in detail the Improvements that will be constructed including, without limitation, the following: (i) definitive exterior drawings and renderings of the buildings; (ii) location and types of exterior signs; (iii) dimensions for all exterior architectural and exterior design elements; and (iv) exterior landscaping. In the event Lessee has not submitted the Preliminary Plans to the District within 365 days following the Commencement Date, then at any time thereafter until such time as Lessee has submitted the Preliminary Plans to the District, the District shall have the ability to terminate this Lease, in which case the parties shall be relieved of further obligations hereunder.

The District shall promptly review the Preliminary Plans and shall within 30 days after receipt either approve them or deliver to Lessee the District's specific objections to them together with the District's proposed solution to each objection. If the District fails to notify Lessee of Landlord's disapproval within the required time period, the District shall be deemed to have given its approval. The District shall not unreasonably withhold its approval. If the District objects to all or part of the Preliminary Plans, Lessee shall deliver revised Preliminary Plans to the District within 30 days after receipt of the District's objections. Within 30 days after receipt of the revisions, the District shall review the revised Preliminary Plans and shall notify Tenant in writing of any further revisions, additions, deletions, and information required by the District and the reasons therefor. The procedure set forth in this paragraph will be repeated until such Preliminary Plans are agreed on.

c. Final Plans. Lessee, at its sole cost and expense, shall cause to be prepared final plans and specifications and working drawings ("Final Plans") in conformance with the previously approved Preliminary Plans. Lessee's Final Plans shall also include all required shop drawings. Lessee shall deliver the Final Plans to District no later than 45 days from the date of acceptance by District of the Preliminary Plans.

Within 30 days after receipt of the Final Plans, District shall either approve Lessee's Final Plans (which approval will be given if the Final Plans are in substantial conformance with the approved Preliminary Plans), or District shall set forth in writing with particularity any changes District considers necessary to bring the Final Plans into substantial conformance with the Preliminary Plans, in which latter event Lessee shall cause the Final Plans to be changed within 20 days following receipt of District's notification of required changes. If District fails to notify Lessee of District's disapproval of the Final Plans within the required time period, District shall

be deemed to have given its approval. Within 20 days after receipt of the revised Final Plans, District shall review the revised Final Plans and either approve or disapprove them. If District fails to notify Lessee of District's disapproval within the required time period, District shall be deemed to have given its approval. The procedure set forth in this paragraph shall be repeated until the Final Plans are agreed on.

When Lessee's Final Plans are approved by the parties, they shall be signed and dated by the parties. The Final Plans shall be deemed to be part of this Lease as if set out in full in the body of this Lease and shall be construed to be the plans and specifications referred to wherever in this Lease reference is made to plans and specifications, unless specifically provided otherwise. Any plans and specifications or subsequent changes to Lessee's Final Plans shall not constitute the Final Plans unless approved in writing by District.

District's approval of the Final Plans shall not be deemed to certify that the Final Plans comply with building codes and other applicable Laws, and shall not relieve Lessee of Lessee's responsibility to verify all job conditions, including, without limitation, dimensions, locations, clearances, and property lines. "Laws" includes all statutes, cases, regulations, and ordinances, present and future, and all amendments thereto.

d. **Building Permits for the Improvements.** As soon as the parties approve the Final Plans, Lessee, at its sole cost and expense, shall immediately apply to the appropriate government agencies for a building permit(s) and any other required permits and authorizations (collectively, Building Permits) for construction of the Improvements pursuant to the Final Plans. Lessee shall diligently pursue the processing of such application(s). If the governmental agency shall reject the Final Plans and thus prevent the issuance of the required Building Permits, Lessee shall immediately make all necessary changes to Lessee's Final Plans required by the government agency, which changes must be approved by District, which approval shall not be unreasonably withheld or delayed. Lessee shall pay for all plan check and permit fees required to obtain the required Building Permits. In the event Lessee has not applied to the appropriate government agencies for the Building Permits within 540 days following the Commencement Date, then at any time thereafter until such time as Lessee has applied for the Building Permits to the District, the District shall have the ability to terminate this Lease, in which case the parties shall be relieved of further obligations hereunder.

e. **Construction Schedule.** As soon as the Building Permits are issued by the appropriate government agencies, Lessee and the District shall agree on a construction schedule, including a start and completion date for construction of all the Improvements (the "Construction Schedule.") Lessee shall commence construction of the Improvements within 60 days following receipt of the Building Permits and shall diligently and continuously proceed to complete construction of the Improvements pursuant to the agreed Construction Schedule. In the event Lessee has not commenced construction of the Improvements within 720 days following the Commencement Date, then at any time thereafter until such time as Lessee has commenced construction, the District shall have the ability to terminate this Lease, in which case the parties shall be relieved of further obligations hereunder.

The Construction Schedule shall also provide for Substantial Completion of the Project at or before three (3) years after the Commencement Date. "Substantial Completion" shall mean when the Lessee obtains from the appropriate government agency or agencies a certificate of occupancy,

or similar certificate or instrument, covering the Improvements constructed by Lessee. Lessee shall exercise good faith commercially reasonable efforts to satisfy the conditions set forth in this Section 3. In the event all the conditions have not been satisfied within three (3) years after the Commencement Date, either party may elect to terminate this Lease.

4. Rent. During the term of this Lease, Lessee shall pay rent to District monthly, as set forth below:

a. Rent. Lessee shall pay to District as rent for the Leased Property:

(i) Initial Rent. As Lessee shall be responsible for the cost and labor associated with rezoning the Property to allow for the construction of Project and the Additional Development both of which shall benefit the District, the initial rent shall be the sum of \$1.00 per year (the "Initial Rent"). The Initial Rent shall be payable for the period starting as of the Commencement Date and continuing until the earlier of (x) Substantial Completion of construction of the Project and (y) the date that is three (3) years after the Commencement Date (the "Initial Rent Period").

(ii) Monthly Rent During First Five Years. Rent for the period after the Initial Rent Period until the five (5) year anniversary of the Commencement Date shall be a fixed sum of \$69,696 annually or \$5,808 per month. Calculated as follows: (Rentable Area x Price per square foot) x Rate of return = Annual Rent. (5 acres x 43,560sq. ft. = 217,800 sq. ft) * (\$4) * 8% .) (the "Fixed Rent").

(iii) Partial CPI Adjustment of Monthly Rent During Second Five Years. Monthly rent for and during the sixth through tenth years of the term of this lease, will be an amount equal to the Fixed Rent adjusted upward but not downward in the percentage proportion that the Consumer Price Index, Los Angeles-Long Beach-Anaheim, All Items, 1982-84=100 base, All Urban Consumers (CPI-U) (the "CPI Index") published by the United States Department of Labor, Bureau of Labor Statistics, or its successor in function, for the third month immediately preceding the beginning of the sixth year of this Lease shall be increased over the CPI Index for the third month preceding the Commencement Date of this Lease, not to exceed three percent (3%) CPI increase per year.

(iv) Monthly Rent for First Five Years of Each Decade After the First Decade Set By Appraisal. The term "decade" means each period of ten (10) years during the term of this Lease or any Extended Term. The "first decade" is the ten-year period beginning on the Commencement Date of the lease term; the "second decade" is the ten-year period beginning on the first day following the first decade, and so on. A new monthly rent shall be determined every ten (10) years by appraisal as hereinafter provided, including during any Extended Term. District shall select the appraiser. District shall pay the cost and expense of the appraisal. The rent payable monthly for and during the first five (5) years of each Extension Term shall be an amount obtained by multiplying (x) a decimal factor of .006667 by (y) the Fair Market Rent of the Leased Property determined by appraisal as of the one hundred twentieth (120th) day prior to the commencement date of the particular decade for which the new monthly rent is to be determined (the "Valuation Date"); provided, however, in no event shall the new monthly rent

determined by appraisal exceed the monthly rent for the prior year by more than five percent (5%). The foregoing decimal factor of .006667 is a monthly capitalization rate applied to the Fair Market Rent of the Leased Property so as to yield an imputed annual return of 8% per annum on the Fair Market Rent of the Leased Property as appraised and is computed by the following formula:

$$\begin{array}{rcl} A/B & = & .006667 \\ A & = & .08 \text{ (annual return of 8\%)} \\ B & = & 12.0 \text{ (12 calendar months)} \end{array}$$

For the purposes of this Lease, "Fair Market Rent" shall be determined by District, in its reasonable, good faith discretion based upon: (A) the annual base rental rates then being charged in comparable Airport property for land only, as encumbered with easements and reservations, without taking into account the value of any improvements thereon, which comparison land is utilized in a manner comparable to the then-applicable utilization of the Leased Property; (B) for a lease term commencing on or about the commencement date of the applicable Extension Term and equal in duration to the applicable Extension Term; and (C) taking into consideration: (i) the geographic location of the Leased Property; (ii) the extent of services to be provided to the proposed lessee thereunder; (iii) applicable distinctions between "gross" and "net" leases; (iv) the creditworthiness and quality of Lessee; (v) leasing commissions; incentives being provided to lessee by lessors of comparable land in the geographic area in which the Leased Property is located; and (vi) any other relevant term or condition in making such evaluation, all as reasonably determined by District.

If Lessee does not concur with the Fair Market Rent as set by District's appraisal, and District and Lessee are unable to agree on a Fair Market Rent, then Lessee shall, within thirty (30) days after receipt of District's appraisal, have an appraisal conducted by an appraiser selected by and paid for by Lessee. If District does not concur with the Fair Market Rent as set by Lessee's appraisal, and District and Lessee are unable to concur on the Fair Market Rent of the Leased Property, then the Fair Market Rent, for purposes of this section, shall be the average of the two appraisals, subject to the provision that the rent shall not be less than the rent in effect prior to the appraisal.

Each appraiser shall certify that he/she has personally inspected the Leased Property and all properties used as comparisons, that he/she has no past, present or contemplated future interest in the Leased Property or any part thereof, that the compensation to be received by him/her from any source for making the appraisal is solely in accordance with this Lease, that he/she has followed the instructions as set forth in this Section 3 for valuing the Leased Property, that neither his/her employment to make the appraisal nor his/her compensation therefore is contingent upon reporting a predetermined value or a value within a predetermined range of values, that he/she has had at least seven (7) years full-time professional experience as a commercial real estate appraiser in the City of Santa Maria, including experience valuing properties within the aviation industry, that he/she is a member of the American Institute of Real Estate Appraisers or successor thereto or the Society of Real Estate Appraisers or successor thereto (or, if neither such institute nor society nor a successor is in existence, a disinterested real estate appraiser having appropriate qualifications to appraise commercial real estate), and that

his/her appraisal was prepared in conformity with the standards of professional practice of the institute or society or successor thereto.

(v) CPI Adjustment of Monthly Rent in Second Five Year Period of Each Decade After First Decade. The monthly rent determined by appraisal for the first five (5) years of each decade of the term of this Lease, or any Extended Term, beginning with the second decade of the term of this Lease shall be adjusted upward but not downward, as hereinafter provided, as of the first day of the sixth (6th) year of each decade, beginning in the second decade and the monthly rent so adjusted (herein sometimes referred to as the "CPI Adjusted Base Rent") shall be the monthly rent payable for and during the remaining five (5) years of such decade. The CPI Adjusted Base Rent will be an amount equal to the monthly rent for the preceding five (5) years increased but not decreased in the percentage proportion that the CPI Index for the third calendar month immediately preceding the beginning of the sixth year of the decade in which the monthly rent is being adjusted shall be increased over the CPI Index for the first calendar month in which such decade begins, not to exceed three percent (3%) CPI increase per year.

(vi) CPI Index. If the CPI Index described in subsection 3(a)(ii) is changed or modified, the CPI Index issued or published by the United States Department of Labor most nearly answering the description of the CPI Index shall be used in making the CPI rent adjustments. If the CPI Index is calculated from a base different from the base year 1982-84=100, the base figure used for calculating the adjustment percentage shall first be converted under a formula supplied by the Department of Labor. If the CPI Index is no longer published or issued, the parties shall use such other index as is generally recognized and accepted for similar determinations of consumer purchasing power.

(vii) Payment. Rent is payable on or before the first day of each calendar month during the term without prior notice, demand, deduction or offset at District's office at 3217 Terminal Drive, Santa Maria, California 93455 or such other address as District may direct Lessee in writing.

b. Additional Rent. The rent shall be absolutely net to District. Lessee 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 Leased Property 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"). Notwithstanding the foregoing, District agrees to pay the following expenses: (a) any expenses expressly agreed to be paid by District in this Lease; (b) debt service and other payments with respect to any financing obtained by District, as evidenced by any mortgage, deed of trust, assignment of leases and rents, financing statement or other instruments, and secured by the interest of District in the Property; (c) expenses incurred by District to monitor and administer this Lease; (d) expenses incurred by District prior to the Commencement Date; and (e) expenses relating that are personal to the District. Lessee shall indemnify and save District harmless from and against Additional Rent. Should Lessee 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 Lessee any amount payable under the terms hereof by Lessee, or to otherwise satisfy any of Lessee'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 Lessee 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 Lessee.

5. Construction by Lessee.

a. Conditions to Construction of Improvements. Lessee shall have the right to construct the Improvements on the Leased Property. "Improvements" shall mean and include all grading done on the Leased Property as well as all buildings, structures, fixtures, excavation, parking areas, walkways, drives, landscape areas, underground installations and all other improvements of whatsoever character constructed on, around, under or over the Leased Property by Lessee pursuant to this Lease and according to the site plan approved by District. All of such Improvements shall be constructed in accordance with the requirements of any and all laws, ordinances, regulations and governmental restrictions applicable thereto, including zoning requirements and building code requirements of the City of Santa Maria and any municipal or other governmental agency having jurisdiction over the Leased Property at the time said Improvements are constructed. All Improvements will comply with the District's minimum investment level requirements (\$10,000 per acre per year). Lessee shall be entitled to receive credit against future development on any ROFR/Option Property for any investment that exceeds the minimum District requirements. Lessee shall have the right and privilege at all times during the term hereof to make such alterations, additions and Improvements to the Leased Property as it finds necessary or convenient for its purposes or to remove structures and Improvements theretofore constructed. Before Lessee begins construction of any Improvements on the Leased Property, Lessee shall have obtained (and delivered insurance certificates therefor to District) all insurance coverage required under Article 15 of this Lease, and shall give District fifteen (15) days prior written notice prior to the commencement of any and all construction at the Leased Property so that appropriate notices of non-responsibility may be posted and recorded by District. If during the term of this Lease the use, or continued use of the Leased Property by Lessee results in or otherwise requires the upgrade, renovation or improvement (collectively "upgrades") of any portion of the Leased Property or the Improvements constructed thereupon, in order to conform with any new or amended governmental regulation, code or similar requirements, including by way of example and not limitation, potentially upgraded Americans With Disabilities Act (ADA) requirements, Lessee shall always be responsible for costs and expenses of such upgrades.

b. Completion of Improvements and Other Work: Compliance with Law and Quality. Lessee covenants that the Improvements to be constructed on the Leased Property, and all other construction thereon, when undertaken, while in progress and as completed, will comply with all laws and ordinances necessary to permit the development, completion and lease of the Leased Property pursuant to this Lease, and will comply in all material respects with the site plan approved by the District and all provisions of this Lease. All work performed on the Leased Property pursuant to this Lease, or authorized by this Lease, shall be done in a good workmanlike manner. The interior architectural design and appearance and the interior

Improvements and finish of each of the structures on the Leased Property shall not be subject to the review and approval of District.

c. Mechanic's, Materialman's, Contractor's, or Subcontractor's Liens.

(i) Subject to Lessee's right to contest as hereinafter provided, at all times during the Term of this Lease, Lessee shall keep the Leased Property, including all buildings and Improvements now or hereafter located on the Leased Property, free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the Leased Property. Lessee shall (1) promptly pay and discharge, or cause the Leased Property to be released from, any such lien or claim of lien, or, (2) if Lessee decides to contest said lien, furnish District such bond as may be required by law to free the Leased Property from the effect of such a lien and to secure District against payment of such lien, or provide District with other assurances with respect thereto which are satisfactory to District, in its good faith discretion.

(ii) Should Lessee fail to pay and discharge; or cause the Leased Property to be released from any such lien or claim of lien or to provide a bond or other assurance as permitted hereunder within thirty (30) days after service on Lessee by District of a written request to do so, District may pay, adjust, compromise and discharge any such lien or claim of lien on such terms and in such manner as District may deem appropriate. In such event, Lessee shall, following any such payment by District, and after receiving not less than thirty (30) days' written notice and reasonable evidence of payment from District reimburse District for the full amount so paid by District, including any reasonable attorneys' fees or other costs expended by District, together with interest thereon at the legal rate from "the date of payment by District to the date of Lessee's reimbursement of District, and such amount shall constitute additional Rent and become a part of Lessee's obligation to pay Rent hereunder.

d. Notice of Non-Responsibility. At least ten (10) days prior to initiation of any improvement, or delivery of any materials to the Leased Property, Lessee shall notify District of same. District shall have the right to post, and/or publish, and record a Notice of Non-responsibility.

e. Permits. Lessee shall procure and comply with all then applicable codes, ordinances, regulations and requirements for permits and approvals, including but not restricted to a grading permit, building permits, zoning, environmental and planning requirements, subdivision and parcel maps, and approvals from various governmental agencies and bodies having jurisdiction.

f. Builder's Risk Insurance. Prior to commencing construction, Lessee shall deliver to District certificate of insurance evidencing coverage for "builder's risk" and "course of construction" insurance on the Improvements then in place or under way, including coverage against collapse, vandalism and malicious mischief.

g. Soil Conditions. District is not aware of any hazardous materials or contamination therefrom existing on the Leased Property as of the Commencement Date and

District has not received notice of any violations of any relevant environmental laws relating to the Leased Property. District has caused to be conducted, and delivered a copy to Lessee, a Phase I Environmental Site Assessment for the Property indicating the Property is free of any potential or existing hazardous material or contamination as of the Commencement Date. Except for the foregoing, District makes no covenants or warranties respecting the condition of the soil or subsoil or any other condition of the leased land. Lessee may enter onto the land before the commencement date of the lease term to make surveys and soil and structural engineering tests that Lessee considers necessary. All such surveys and tests made by or on behalf of Lessee shall be at Lessee's sole expense, without liability or expense to District. Copies shall be furnished to District upon request.

h. Diligence. Lessee shall with reasonable diligence prosecute to completion all construction of Improvements, additions or alterations. All work shall be performed in a good and workmanlike manner, shall substantially comply with plans and specifications submitted to District as required by this Lease, and shall comply with all applicable governmental permits, laws, ordinances and regulations.

6. Compliance with Laws. Lessee shall secure and maintain in force during the term of this Lease all licenses and permits necessary or required by law for the conduct of Lessee's operations. Lessee shall abide by and comply with, at Lessee's sole cost and expense, all applicable and valid laws, ordinances, statutes, rules, regulations and orders of federal, state and local governments and governmental agencies, including, but not limited to, any and all regulations concerning hazardous or toxic materials air and/or water quality, fire and/or occupational safety, and accessibility, which may apply to the conduct of Lessee's operations on the Leased Property, at Lessee's sole cost and expense.

Lessee shall observe, obey, abide by and pay all costs of compliance with any and all rules, regulations and operating procedures now in force or hereafter adopted by District with respect to the operation of the Airport.

Lessee agrees and understands that the rules, regulations, and operating procedures of the District shall be subject to change and/or additions from time to time, as determined by District.

7. Operating Standards. Lessee shall, at all times, conduct its operations and maintain the quality of its service in a manner satisfactory to the District. At a minimum, Lessee shall conduct its business in accordance with the following operating standards. Lessee shall:

a. Provide adequate supervision for its operations at the Airport and shall insure that all equipment is in good working order at all times;

b. Require its employees or agents to comply with the provisions of this Lease and these operating standards.

c. Perform all work and services promptly and in a workmanlike, professional and first-class manner in every respect.

d. Provide and keep current in the District's office a list of all employees who will be working at the Airport and their job titles and emergency phone numbers.

e. Furnish and keep adequate fire extinguishers in the required numbers on the Leased Property in accessible places; said fire extinguishers shall be charged and ready for immediate use as required by fire regulations and applicable laws or ordinances. If Lessee receives an inspection notice or a deficiency notice following an inspection by the Fire Department or District, or other applicable government agency, Lessee agrees to make any and all corrections immediately in the time and manner required by the Fire Department or District, but in no event later than five (5) days after receipt of the notice.

f. Be available at all times, on call or otherwise, at the Airport, through its designated employees which are authorized to bind Lessee in all matters concerning Lessee's operations at the Airport.

g. Have and arrange for any and all inspections of the Leased Property and operations thereon by governmental agencies as are required by law, regulations or ordinances.

8. Uses of the Leased Property.

a. Lessee covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Lessee, that during development and use of the Leased Property pursuant to this Lease, neither the Leased Property nor any portion thereof shall be improved, used or occupied in violation of any laws, statutes, official policies, ordinances, or codes of any governmental entity, agency or political subdivision.

b. Lessee shall have the right to use the Leased Property for any use which is then a legally permitted use of the Leased Property. Lessee hereby acknowledges that neither District nor any of their agents or employees have made any representations to Lessee regarding Lessee's proposed use of the Leased Property or any particular portion thereof. By signing this Lease, Lessee also acknowledges that Lessee has sufficient opportunity to make all relevant inquiry to sources other than the District, their agents or employees, with respect to any proposed use of the Leased Property or any portion thereof. District makes no representation or warranty as to the suitability of the Leased Property for the designated uses.

9. Security. District shall have no obligation to provide additional security that is greater than the normal operations of the Airport or lighting for the Leased Property.

10. Maintenance.

a. Lessee's Duty to Maintain. Lessee shall, at Lessee's sole cost and expense, keep and maintain the Leased Property and all alterations, additions and improvements on the Leased Property in good, safe, sanitary and clean order, 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. Lessee waives all rights to make repairs at the expense of

District. Lessee shall keep the Leased Property, at Lessee's expense, clean and free from litter, garbage, refuse and debris at all times. Lessee shall take reasonable measures to protect the Leased Property and airport from infestation of birds, insects, rodents and other pests. Lessee shall maintain all landscaping at all times. Lessee shall comply with all reasonable orders and instructions of District's General Manager in the use of the Leased Property, 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.

If Lessee 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 and such failure shall continue for thirty (30) days after delivery of notice from District to Lessee. 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 Lessee 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.

Nothing in this section defining the duty of maintenance shall be construed as limiting any right given elsewhere in this Lease to alter, modify, demolish, remove, or replace any improvement, or as limiting provisions relating to condemnation or to damage or destruction during the final years of the lease term. No deprivation, impairment or limitation of use resulting from any event or work contemplated by this section shall entitle Lessee to any offset, abatement, or reduction in rent or to any termination or extension of the leased term.

b. Damage to and Destruction of Improvements. Except as provided below, Lessee shall promptly and diligently repair, restore, and replace as required to maintain in accordance with the immediately preceding paragraph, or to remedy all damage to or destruction of all or any part of the improvements on the Leased Property. The completed work of maintenance, compliance, repair, restoration or replacement shall be equal in value, quality, and use to the condition of the Improvements before the event giving rise to the work, valued as if the improvements had been maintained in accordance with the Lease. District shall not be required to furnish any services or facilities or to make any repairs or alterations of any kind in or on the Leased Property. District's election to perform any obligation of Lessee under this provision after Lessee's failure or refusal to do so shall not constitute a waiver or any right or remedy for Lessee's default. Lessee shall promptly reimburse, defend and indemnify District against all liability, loss, cost and expense arising from it.

c. Removal. Upon expiration or earlier termination of this Lease, Lessee shall remove its trade fixtures, equipment and other personal property from the Property, but shall not remove any structure, building, parking areas, walkways, drives, landscape areas, or underground installations it constructed before or during the Term of the Lease. Lessee will leave the Property free and clear of any rubble and construction debris.

11. Utilities. Except as provided in Section 21, District shall have no responsibility to provide water, utility service or extensions of any kind to the Leased Property, and any such

water, utility service or extension by Lessee shall be at Lessee's sole cost and expense after consent by District.

12. Nuisance. Lessee shall not commit, or suffer or permit waste, excessive noise, obnoxious odors, excessive dust or any other nuisance on the Leased Property constituting an unreasonable interference with other District Lessees or persons using the Airport.

13. Taxes, Licenses. Lessee 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 Lessee, or Lessee's occupancy of the Leased Property, and personal property, structures, improvements or fixtures owned, controlled or installed by Lessee. Lessee acknowledges that by entering into this Lease, a possessory interest, subject to taxation, may be created. Lessee agrees to pay all such taxes. Lessee 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 Lessee's operations.

Lessee shall also promptly pay any taxes, licenses and fees which may, during the term, be levied or assessed on personal property or business property of Lessee located on said Leased Property or arising out of Lessee's storage or use of aviation fuels on the Leased Property or use or operation of the fuel facility. Lessee shall be solely responsible for the payment of any and all fees for petroleum products placed in the tanks at the Leased Property during the term of this Lease, including, but not limited to, any fees payable by an owner of an above-ground storage tank. Time is of the essence with regard to compliance with the terms of this paragraph, and failure to comply shall constitute a material breach of this Lease by Lessee.

14. Assumption of Risks/Acceptance of Property Condition. Lessee represents that Lessee has inspected the Leased Property and accepts the condition of the Leased Property and fully assumes all risks incidental to the use of the Leased Property. Except as expressly provided herein, District shall not be liable to Lessee's agents, employees, visitors, guests or invitees from any cause or condition whatsoever. District makes no warranty of the suitability of the Leased Property for the purpose contemplated by Lessee by entry hereunder or that the Leased Property are zoned for the uses permitted herein.

By entry hereunder and except as otherwise provided herein, Lessee accepts the Leased Property in its present condition and agrees on the last day of the term or sooner termination to immediately surrender to District the Leased Property in the same or better condition as when received, damage by acts of God or by the elements excepted, subject to the provisions of Article 4.

15. Indemnity. Lessee shall investigate, protect, defend (with counsel acceptable to District) indemnify and hold harmless District, its directors, officers, employees, agents and representatives, and the Leased Property (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 Lessee or its officers, agents, employees, guests, customers, licensees or invitees; or Lessee's operations on, or use or occupancy of, the Leased Property or the Santa Maria Public Airport. The foregoing indemnification excludes only liability, damages or loss caused by the sole active negligence of District or its willful misconduct. Lessee 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 Leased Property or the improvements thereon or District's property or improvements in the vicinity of the Leased Property) 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 ("release, etc.") of any toxic or hazardous materials (defined in Exhibit D) which occurs in, on or about the Leased Property as the result of any of Lessee's or Lessee's agents, employees, invitees, licensees, guests, or Lessee's activities on the Leased Property. Lessee shall notify District immediately of any "release, etc." of any toxic or hazardous material on the Leased Property.

16. Insurance. Lessee shall secure and maintain, without cost to District, in full force and effect at all times during the term of this Lease, the following types and amounts of insurance:

a. General commercial liability insurance, including comprehensive general public liability, bodily injury liability, property damage liability, completed operations and products liability coverage and contractual liability with a combined single limit of liability of at least Two Million Dollars (\$2,000,000.00) for each accident or occurrence and with no more than a Three Thousand Dollars (\$3,000.00) deductible for each accident or occurrence.

b. Fire and extended coverage insurance, insuring District and Lessee, all Improvements located on or appurtenances to the Leased Property, against loss or damage by fire and such other risks as are now or hereafter included in an extended coverage endorsement in common use for commercial buildings and improvements, including vandalism and malicious mischief. The amount of the insurance shall be sufficient to prevent either District or Lessee from becoming a coinsurer under the provisions of the policies, but in no event shall the amount be less than [ninety percent (90%)] of the then actual replacement cost.

c. Workers' compensation insurance covering Lessee's employees, as required by law.

d. Automobile and mobile equipment liability insurance covering all vehicles and mobile equipment used by Lessee on the Leased Property providing bodily injury or death liability limits of not less than Three Hundred Thousand Dollars (\$300,000.00) for each person and Five Hundred Thousand Dollars (\$500,000.00) for each occurrence, and property damage liability with a single limit liability of not less than One Hundred Thousand Dollars (\$100,000.00) for each accident or occurrence.

The proceeds of these policies shall be deemed to be held in trust by the recipient for the repair, restoration or reconstruction of any improvements damaged or destroyed by the casualty giving rise to the insurance claim. If the proceeds exceed that measure, the balance of the proceeds shall be paid to Lessee.

District shall be named as an additional insured in each policy required herein without offset to any insurance policies of the District. All policies shall be issued by companies licensed to do business in California and having a Best's rating of "A". Lessee shall provide District with copies of all insurance certificates issued by the insurer, including in each instance an endorsement or certificate providing that such insurance shall not be canceled, or coverage reduced except after thirty (30) days' written notice to District and an endorsement insuring the contractual liability assumed by Lessee in the Indemnity paragraph of this Lease. The coverage, form and liability limits of all insurance may be increased at the option of District's Board of Directors after giving Lessee at least ninety (90) days' prior written notice.

All insurance policies shall contain language, to the extent obtainable, to the effect that (1) any loss shall be payable notwithstanding any act or negligence of District that might otherwise result in a forfeiture of the insurance, (2) the insurer waives the right of subrogation against District and against District's agents and representatives, and (3) the policies are primary and noncontributing with any insurance that may be carried by District.

Notwithstanding the foregoing, the insurance requirements of Section 15 shall be waived during the entitlement process. All insurance requirements, however, shall be in the full force and effect prior to the commencement of any physical alterations or construction to the Property.

17. Use of Hazardous Material. Lessee may not make any application of any pesticide, herbicide, rodenticide, fungicide or potentially hazardous material except under the direct supervision of a certified pest control operator, pest control applicator, or qualified applicator, whichever is appropriate to the material being applied and the process used to apply it. No hazardous material may be used on the Leased Property except by a person who is able to read and understand attached labels and precautions.

18. 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.

19. Right of Entry. District and authorized agents of District, County of Santa Barbara and City of Santa Maria, utility companies, and any public agencies having jurisdiction over the Leased Property or Lessee's operations shall have the right to enter the Leased Property upon reasonable prior notice to Lessee or by mutual agreement, for the purpose of inspecting the same, or to make repairs or for any reasonable purpose, and at any time in case of any emergency.

20. Termination.

a. Termination by District. Notwithstanding any other provisions contained in this Lease, District, in addition to any right of termination as a matter of law or any other right herein given to District, including but not limited to the termination rights included in Sections 3 and 21, may at its option cancel and terminate this Lease and agreement, by written notice thereof given to Lessee, upon or after the occurrence of any of the following events:

(i) Filing by or against Lessee of a voluntary or involuntary petition in bankruptcy or for reorganization unless the bankruptcy is dismissed within ninety (90) days of filing, or taking of Lessee's assets pursuant to a proceedings under the Federal Reorganization Act, or the adjudication of Lessee as a bankrupt, or the appointment of a receiver of Lessee's assets unless the receiver is removed within ninety (90) days of appointment, or divestiture of Lessee's assets or estate herein by operation of law or otherwise, or assignment by Lessee of its assets for the benefit of creditors.

(ii) The breach by Lessee or failure of Lessee to keep, observe or perform any of the covenants, conditions or provisions herein contained on the part of Lessee to be observed, kept or performed; provided, if Lessee fails to comply with any term, provision or covenant of this Lease, other than the payment of monthly rent, District shall provide Lessee with a notice of default and give Lessee such period to cure the default as provided herein:

(A) In the case of a default in the payment of Monthly Rent for a period of more than ten (10) days following the due date therefore, the District will give written notice of such default to Lessee and Lessee will have fifteen (15) days following receipt of such notice in which to cure such default.

(B) In the case of any other monetary default other than as specified in Section 19(b)(ii)(A), the District will give written notice of such default to Lessee and Lessee will have fifteen (15) days following receipt of such notice to cure such default.

(C) In the case of any default not described in Section 19(b)(ii)(A) or (B) above, the District will give written notice of such default to Lessee and Lessee will have thirty (30) days following receipt of such notice to cure the default or such longer period of time as maybe reasonably required to cure such default as long as Lessee commences to cure the default within the thirty (30) day period and diligently proceeds to cure the default thereafter.

(iii) Dissolution or liquidation of Lessee of all or substantially all of its assets.

(iv) The transfer, in whole or in part, of Lessee's interest in this Lease or in the Leased Property, or any rights hereunder, by operation of law, whether by judgment, attachment, execution, process or proceeding of any court or any other means (other than as permitted by Section 22).

b. Termination by Lessee. Lessee may at its option cancel and terminate this Lease and agreement, by written notice thereof given to the District, if it does not receive the necessary entitlements for development of the Project.

21. Development Costs; Cooperation. Excluding (i) the costs of any biological assessments, permitting and mitigation measures, (ii) any off-site improvements, and (iii) the design and construction of the Detention Basin (temporary and permanent), Lessee shall bear all costs and expenses of development of the Leased Property, including, but not limited to, on-site improvements, removal of concrete and other pavement on the Leased Property, permits, fees, applications, environmental and plan review, subdivision or parcel map (if applicable), rezoning, general plan amendment, and review by the Santa Barbara County Airport Land Use Commission and/ or other governmental agencies. The District will fully cooperate and support Lessee in its discussions, interactions, and applications with the City of Santa Maria, the Santa Barbara County Airport Land Use Commission, and all other applicable agencies to accomplish the rezoning of the Property and the approval and completion of the Project. Lessee shall have full authority to act as the District's representative for all land use and zoning entitlements in connection with the Property and the Project, provided the District shall have final decision-making authority on all land use and zoning entitlement changes related to the Property.

a. Biological Assessments. Unless otherwise agreed by the parties, the District shall be responsible for all biological assessments, permitting, and mitigation measures necessary to achieve clearance from the appropriate agencies on all biological issues concerning the Property and the Project; provided, however, after the investigation of biological issues if the District, in its sole and absolute discretion, determines that the mitigation measures or similar undertakings would be cost prohibitive, the District shall be allowed to terminate this Lease, unless Lessee elects to assume these costs.

b. Off-Site Development Costs. The parties shall work cooperatively with the City of Santa Maria to minimize off-site and adjacent street and infrastructure improvements to the extent possible and to enable viable development of the Property. The District and Lessee shall cooperate in fairly allocating required off-site development costs between the parties and phase the off-site development to ensure financially viable and expedient development of the Project. If the parties are unable to agree how to allocate the required off-site development costs, either party shall be allowed to terminate this Lease.

c. Detention Basin. The District shall be responsible, at its sole cost and expense, for designing and constructing the area-wide storm water detention facilities designated in the Airport Area Specific Plan and shown as Detention Basin #9 on Exhibit A, whether located on-site or off-site (the "Detention Basin"). Further, the District shall ensure temporary facilities are made available for the Project in the event the installation of the regional Detention Basin is delayed for any reason.

d. Right to Entitlements. Should Lessee terminate this Lease, all land use and zoning entitlements obtained by Lessee, or its agents, in connection with the Property and the Project, shall be assigned to the District at no cost.

22. Remedies on Default. In addition to any other remedy District may have under this Lease or by operation of law or in equity, District shall have the right, in the event of Lessee's nonpayment of rent required under this Lease or in the event of default of any of the terms or conditions of this Lease, subject to prior notice of default and right to cure, or if Lessee shall abandon or vacate the Leased Property, to do the following, cumulatively or in the alternative:

a. Re-entry After Termination. To terminate this Lease upon written notice to Lessee and re-enter the Leased Property and eject some or all persons, or none, and remove all property, other than District's property, from the Leased Property or any part of the Leased Property. Any property removed from the Leased Property upon re-entry by District under this paragraph may be stored in a public warehouse or elsewhere at the cost of and for the account of Lessee, and District shall have no liability therefore.

b. Re-entry Without Termination. Without terminating this Lease, District may re-enter the Leased Property at any time and from time to time re-let the Leased Property and the improvements thereon or any part or parts of them for the account of and in the name of Lessee or otherwise. District may at District's election eject some or all persons or none. In the event of re-letting, District shall be entitled to all rents from the use, operation or occupancy of the Leased Property or the improvements thereon, or both. Lessee hereby appoints District its attorney-in-fact for the purpose of such leasing. Lessee shall nevertheless pay to District on the due dates specified in this Lease the equivalent of all sums required of Lessee under this Lease, plus District's expenses, including but not limited to remodeling expenses, commissions and advertising costs, less the avails of any re-letting or attornment. No act by or on behalf of District under this provision shall constitute a termination of this Lease unless and until District gives Lessee written notice of termination.

c. Termination After Re-letting. Even though District may have re-let the Leased Property, District may thereafter elect to terminate this Lease and all of Lessee's rights in or to the Leased Property.

d. Lessee's Personal Property. After entry or taking possession of the Leased Property, District may, at District's election, use Lessee's personal property and trade fixtures or any of such property or fixtures without compensation or store them for the account of and at the cost and risk of Lessee or owners thereof. The election of one remedy for any one item shall not foreclose an election of any other remedy for another item or for the same item at a later time.

e. Assignment of Subrents. Lessee assigns to District all subrents and other sums falling due from sublessees, licensees and concessionaires up to the amounts due District under this Lease (herein called "sublessees") during any period in which District has the right under this Lease, whether exercised or not, to re-enter the Leased Property for Lessee default, and Lessee shall not have any right to such sums during the period. District may, at District's election, re-enter the Leased Property and improvements with or without process of law without terminating this Lease, and either or both collect these sums or bring action for the recovery of the sums directly from such obligors.

f. Termination and Remedy in Damages. No waiver by District of a default by Lessee of any of the terms, covenants, conditions or provisions hereof to be kept, observed or performed shall be construed to be a waiver by District of any subsequent default. If Lessee breaches this Lease and abandons the property before the end of the term, or if its right to possession is terminated by District because of Lessee's breach of this Lease, this Lease terminates. On such termination, District may elect to recover the following damages from Lessee:

(i) The worth at the time of award of the unpaid rent, which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of the award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Lessee proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate District for all the detriment proximately caused by Lessee's failure to perform its obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom; and

(v) At District's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State of California.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) above is computed by allowing interest at the maximum legal interest rate. The worth at the time of award of the amount referred to in subparagraph (iii) above is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

23. Assignment, Subletting and Encumbering.

a. Lessee shall not assign, transfer, mortgage, encumber or grant control of this Lease or any interest, right or privilege herein or sublet the whole of the Leased Property without the prior written approval of District, which approval shall not be unreasonably withheld, conditioned or delayed: provided, however, that the use of the Leased Property for the Project (i.e. storage facility) and the granting of subleases, licenses and concessions to persons leasing storage space consistent with customary practice in the storage industry (including, without limitation, subletting of storage units, RV spaces, or other rentals within storage complex) shall not be deemed a violation of this Section 23. District reserves the right to refuse to approve any assignment, transfer, mortgage, encumbrance or sublease where the proposed use of the Leased Property is inconsistent with FAA or District policies or results in substantial additional risk to District. Any such assignment, mortgage, encumbrance, transfer or sublease without the prior written approval of District shall be void and, at the option of District, shall terminate this Lease. Any sale or

transfer of at least fifty percent (50%) of the value of the assets of Lessee shall be deemed an assignment of Lessee's interest in this Lease. Approval shall not be given to any assignment unless all of the following conditions are satisfied:

i. Lessee is not in default under the provisions or conditions of this Lease on the effective date of the assignment, mortgage, encumbrance, transfer or sublease or concession;

ii. All Improvements have been completed;

iii. District shall be given written notice at least sixty (60) days prior to the effective date of any such assignment, etc. of the intention to assign Lessee's interests herein and the name of the intended assignee, such notice being referred to as "Notice of Intended Assignment".

iv. Any assignee, mortgagee, transferee or sublessee must be, at the time of assignment, either an individual who is a resident of California or maintains an agent for service of process in the State of California, or a partnership or corporation or other entity either formed under the laws of California or qualified to do business in California, and having a resident agent for service of process.

v. The assignee, transferee or sublessee shall expressly assume in writing, signatures acknowledged, all of the covenants and conditions of this Lease on the part of Lessee to be observed and performed, in a form acceptable to District.

vi. Lessee may use its leasehold interest as security for any loans to the extent such use is permitted under this Lease. Notwithstanding the above, any mortgage, deed of trust or other assignment of this Lease to any Leasehold Lender as collateral security (defined below) will not be deemed a transfer or assignment.

b. Rights of Leasehold Lender.

i. Any lender providing financing to Lessee for Improvements to the Leased Property, shall be defined as a "Leasehold Lender." If Lessee grants a leasehold mortgage or leasehold deed of trust (in either case, referred to herein, as a "Leasehold Mortgage") to one or more Leasehold Lender, and written notice is given to the District to supply the District with such Leasehold Lender's notice address (a "Leasehold Financing Notice"), then the District shall give notice of any Lessee default to each and any such Leasehold Lender, at the same time and in the same manner as any such notice is given to Lessee, and no such notice of default by the District shall be deemed to have been duly given to Lessee unless and until a copy thereof shall have been given to any such Leasehold Lender. Upon its receipt of any such default notice, any such Leasehold Lender shall have the right to perform or otherwise cure any such default on the part of Lessee, and the District shall accept performance by a Leasehold Lender of any covenant, condition or agreement on Lessee's part to be performed hereunder with the same force and effect as though performed by Lessee, so long as such performance is made in accordance with the terms and provisions of this Lease and completed (i) in the case of any

default in the payment of Monthly Rent or Additional Rent, within thirty (30) days following the last date provided for under the Lease for the Lessee to remedy or otherwise cure such default; or (ii) in the case of any other default not described in the immediately preceding clause (i), within thirty (30) days following the last date provided for under the Lease for the Lessee to remedy or otherwise cure such default.

ii. Notwithstanding the provisions of Section 23(b)(i) hereof, no default by Lessee shall be deemed to exist (1) as long as a Leasehold Lender, in good faith, shall have commenced or caused to be commenced to cure promptly the default and continuously prosecutes or causes to be prosecuted the same to completion with reasonable diligence and continuity, subject to force majeure, which for the purposes of this Section 23(b) shall include causes beyond the control of Lessee; or (2) if possession of the Leased Property or any part thereof is required in order to cure the default, Leasehold Lender shall have notified the District of its intention to institute foreclosure proceedings to obtain possession directly or through a receiver, and thereafter within thirty (30) days after the giving of such notice commences such foreclosure proceedings, prosecutes such proceedings with reasonable diligence and continuity (subject to force majeure) and, upon obtaining such possession, commences promptly to cure the default and prosecutes the same to completion with reasonable diligence and continuity (subject to force majeure); provided that the Leasehold Lender shall have delivered to the District, in writing, its agreement to take the action described in clause (1) or (2) herein and shall have assumed the obligation to cure the default (herein an "Assumption Notice"), and that during the period in which such action is being taken (and any foreclosure proceedings are pending), all of the other obligations of Lessee under this Lease are being duly performed (including, without limitation, payment of all Monthly Rent and Additional Rent due hereunder) within any applicable notice, grace or cure periods. Notwithstanding anything herein to the contrary, a Leasehold Lender shall have no obligation to cure any default of Lessee's under Section 19(a) of this Lease, and if such Leasehold Lender delivers an Assumption Notice, any default on the part of Lessee under Section 19(a) will not affect or otherwise diminish or impair the rights of Leasehold Lender under this Lease.

iii. At any time after the delivery of any such Assumption Notice, the Leasehold Lender may notify the District, in writing, that it has relinquished possession of the Leased Property or that it will not institute foreclosure proceedings or, if such proceedings have been commenced, that it has discontinued them (in any case, a "Rejection Notice"), and, in such event, the Leasehold Lender shall have no further liability under such Assumption Notice from and after the date it delivers such Rejection Notice to the District (except for any obligations assumed by the Leasehold Lender and accruing prior to the date it delivers such Rejection Notice), and, thereupon, the District shall have the unrestricted right to terminate this Lease, subject to all of the other terms and conditions contained herein, and to take any other action it deems appropriate by reason of any default by Lessee, and upon any such termination the provisions of Section 23(b)(vi) shall apply.

iv. From and after the date upon which the District receives a Leasehold Financing Notice, it shall not modify or amend this Lease in any material respect or cancel or terminate this Lease other than as provided herein without the prior written consent of the Leasehold Lender(s) which gave such Leasehold Financing Notice.

v. Except as provided in Section 23(b)(ii), no Leasehold Lender shall become liable under the provisions of this Lease unless and until such time as it becomes the owner of the leasehold estate created hereby.

vi. In case of termination of this Lease by reason of any default or for any other reason, the District shall give prompt notice thereof to each Leasehold Lender identified in any Leasehold Financing Notice. The District, on written request of such Leasehold Lender made any time within thirty (30) days after the giving of such notice by the District, shall execute and deliver a new lease of the Leased Property to the Leasehold Lender, or its designee or nominee, for the remainder of the Term, upon all the covenants, conditions, limitations and agreements herein contained; provided that the Leasehold Lender shall pay to the District, simultaneously with the delivery of such new lease, all unpaid Monthly Rent and Additional Rent due under this Lease up to and including the date of the commencement of the term of such new lease.

vii. Any such new lease contemplated under Section 23(b)(vi) and the leasehold estate thereby created, subject to the same conditions contained in this Lease, shall continue to maintain the same priority as this Lease with regard to any other lien or encumbrance whether or not the same shall then be in existence.

viii. Upon the execution and delivery of a new lease under Section 23(b)(vi) any sublease which theretofore may have been assigned to the District thereupon shall be assigned and transferred, without recourse, by the District to the lessee named in such new lease. Between the date of termination of this Lease and the date of execution and delivery of the new lease, if a Leasehold Lender shall have requested such new lease as provided in Section 23(b)(vi) the District shall not enter into any new sublease, cancel or modify any then-existing sublease or accept any cancellation, termination or surrender thereof (unless such termination shall be effected as a matter of law on the termination of this Lease) without the written consent of the Leasehold Lender.

ix. If there is more than one Leasehold Mortgage, the District shall recognize only the Leasehold Lender whose Leasehold Mortgage is senior in lien as the Leasehold Lender entitled to the rights afforded hereunder.

24. Notices. All notices required herein shall be in writing and may be given by personal delivery or by registered or certified mail, postage prepaid, and addressed to District at 3217 Terminal Drive, Santa Maria, California 93455, and to Lessee at _____. Either party may at any time change its address for such notice by giving written notice of such change to the other party. Any notice provided for herein shall be deemed delivered upon being deposited as aforesaid at any United States Post Office or branch or substation or in any United States mailbox, or at time of personal delivery.

25. Attorneys' Fees. In the event either party commences any legal action or proceeding against the other party arising out of or in any way related to this Lease, the party prevailing in such action shall be entitled to recover court costs and a reasonable attorney's fee

to be fixed by the court (including the reasonable value of services rendered in such action by District's appointed District Counsel).

26. Quitclaim. At the expiration or earlier termination of this Lease, Lessee shall execute, acknowledge and deliver to District within thirty (30) days after written demand from District to Lessee any quitclaim deed or other document required by any reputable title company to remove the cloud of this Lease from the real property subject to this Lease.

27. Covenants and Conditions. Each term and each provision of this Lease performable by Lessee shall be construed to be both a covenant and a condition.

28. Time of Essence. Time is of the essence of each term, condition and provision of this Lease agreement.

29. Waiver. One or more waivers by District of any covenant or condition shall not be construed as a waiver of a subsequent breach of the same or any other covenant or condition. District's consent to or approval of any act by Lessee requiring District's consent or approval shall not be deemed to waive or render unnecessary District's consent to or approval of any subsequent or similar act by Lessee. No act or thing done by District or District's employees or agents shall be deemed an acceptance of a surrender of the Leased Property, and no agreement to accept such surrender shall be valid unless in writing signed by District. No provision of this agreement shall be deemed to have been waived by District unless such waiver be in writing signed by District.

30. Subordinate to Specified Matters. This Lease and Lessee's rights hereunder are subject and subordinate to all conditions, reservations, restrictions, easements, rights, rights-of-way, and encumbrances affecting the Leased Property now of record or hereafter granted, caused or suffered by District.

31. Captions. Captions appearing herein are for convenience of reference only and shall not govern the construction of this agreement.

32. Invalidity. If any provision of this Lease shall be held by a court of competent jurisdiction to be invalid, the remainder of this Lease shall continue in full force and effect and shall in no way be affected or invalidated thereby.

33. Integration. This Lease contains all of the agreements and conditions made between the parties and may not be modified orally or in any other manner than by an agreement in writing signed by the parties to this Lease.

34. Binding Effect. This Lease shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

35. Holding Over. Any holding over by Lessee after the expiration of this Lease, with the express or implied consent of District, shall be on a month-to-month tenancy only. During such month-to-month tenancy, the Lessee shall pay the District's facility rental rate in

effect at the time of the hold over. Lessee shall also continue to pay Additional Rent and all other charges due under this Lease.

36. Surrender and Site Assessment. On the last day of the term of the Lease or sooner termination, with the exception of Lessee's trade fixtures, equipment and other personal property, any and all structures, buildings, parking areas, walkways, drives, landscape areas, and underground installations constructed before or during the Term of the Lease, shall become the property of Lessor. Lessee agrees on the last day of term hereof or sooner termination to surrender to District forthwith the Leased Property in the same or better condition as when received, subject to the provisions of Section 9(c) above, and damage by acts of God or by the elements excepted.

Within thirty (30) days of expiration or sooner termination of this Lease, Lessee shall, at Lessee's sole cost and expense, cause to be conducted a site assessment of the Leased Property to determine that the Leased Property are free of any hazardous material or contamination as compared to the condition of the Leased Property on the Commencement Date. 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, whose approval shall not be unreasonably withheld. The Leased Property shall be certified to be free of any hazardous material or contamination therefrom by a person certified by the appropriate governmental agency to conduct such site assessments. Any contamination or environmental damage on the Leased Property or originating on the Leased Property and migrating off the Leased Property which are as a result of Lessee's activities under the Lease shall be remediated by Lessee to meet or exceed the strictest governmental standards, requirements and to District's satisfaction. If, at the expiration or sooner termination of this Lease, different standards or requirements exist for properties with different uses, then Lessee shall remediate any such contamination or environmental damage to the strictest standards and requirements for aviation and/or commercial use. Lessee shall be responsible for all remedial investigation and remediation, including submission and approval of the remediation closure plan. Notwithstanding anything to the contrary herein, Lessee shall not be responsible (a) for remediation of hazardous material or contamination occurring on adjacent property not leased to Lessee and migrating onto the Leased Property, unless Lessee is responsible for the hazardous material or contamination on the adjacent property, or (b) for any conditions existing on the Commencement Date of the Lease.

37. Disclaimer of Partnership. The relationship between the parties is one of District and Lessee only. This Lease does not constitute a partnership or joint venture or agency agreement between the parties.

38. Interpretation and Venue. This Lease is to be interpreted in accordance with the laws of the State of California. Any legal action relating to this Lease shall be brought in the court of appropriate jurisdiction in the County of Santa Barbara, State of California.

39. Dual Agency. Lessor and Lessee have been represented in this transaction exclusively by Tom Ross of Ross Realty (the "Broker") creating a dual agency. Lessor and Lessee shall each pay to Broker, the fee agreed to, if any, in a separate written agreement.

40. Lessee's Right of First Negotiation. If, at any time during the Term, District intends to offer to sell the Leased Property or any part thereof or interest therein to a third party (other than any entity controlling, controlled by, or under common control with District), then District shall, prior to any offering of the Leased Property or such part thereof or interest therein for sale, deliver to Lessee written notice of the terms and conditions, upon which District intends to offer the Leased Property or such part thereof or interest therein for sale. Provided that no event of default has occurred and is continuing hereunder, Lessee shall have the right to purchase the Leased Property (or such part thereof or interest therein) on the terms set forth in the notice from District by giving written notice to the District within forty-five (45) days after receiving District's notice, of Lessee's intention to purchase on the terms contained in such notice from District. In the event that Lessee fails to notify District within said forty-five (45) day period of Lessee's election to exercise its right to purchase hereunder, or in the event Lessee notifies District within said period that Lessee will not exercise its right to purchase hereunder, District may proceed to sell the Leased Property (or such part thereof or interest therein) to any third party after the expiration of such forty-five (45) day period, but only on substantially the same terms and conditions as were set forth in the notice from District to Lessee, and any material change in such terms and conditions shall be deemed a new offer and District shall in such event not consummate any sale to a third party without first submitting all of the changed terms and conditions (and not just those which have changed substantially or materially) to Lessee for determination by Lessee in the manner provided above, except that Lessee shall have thirty (30) business days, and not forty-five (45) days, after receipt of said notice in which to elect to exercise its right to purchase on the basis of the changed terms and conditions. For these purposes, the offer shall be deemed to have been changed substantially or materially only if the purchase price at which the Leased Property (or such portion thereof or interest therein) are offered differs by more than three percent (3%) from the purchase price previously offered. Notwithstanding the above, Lessee understands that any sale of the Leased Property shall be governed by the regulations of the Federal Aviation Administration ("FAA") and such a sale may require FAA approval.

[SIGNATURES ON THE NEXT PAGE]

IN WITNESS WHEREOF, the parties have duly executed this Lease.

Dated: _____, 2019

Approved as to content for
District:

Chris Hastert, General Manager

Approved as to form for District:

District Counsel

DISTRICT:

SANTA MARIA PUBLIC AIRPORT
DISTRICT,
a state agency of the State of California

By: _____
Carl Engel, President

By: _____
Hugh Rafferty, Secretary

LESSEE:

G3, LLC,
a California limited liability company

By: _____

Name: _____

Its: _____

Exhibit “A”

Depiction of the Property

DRAFT

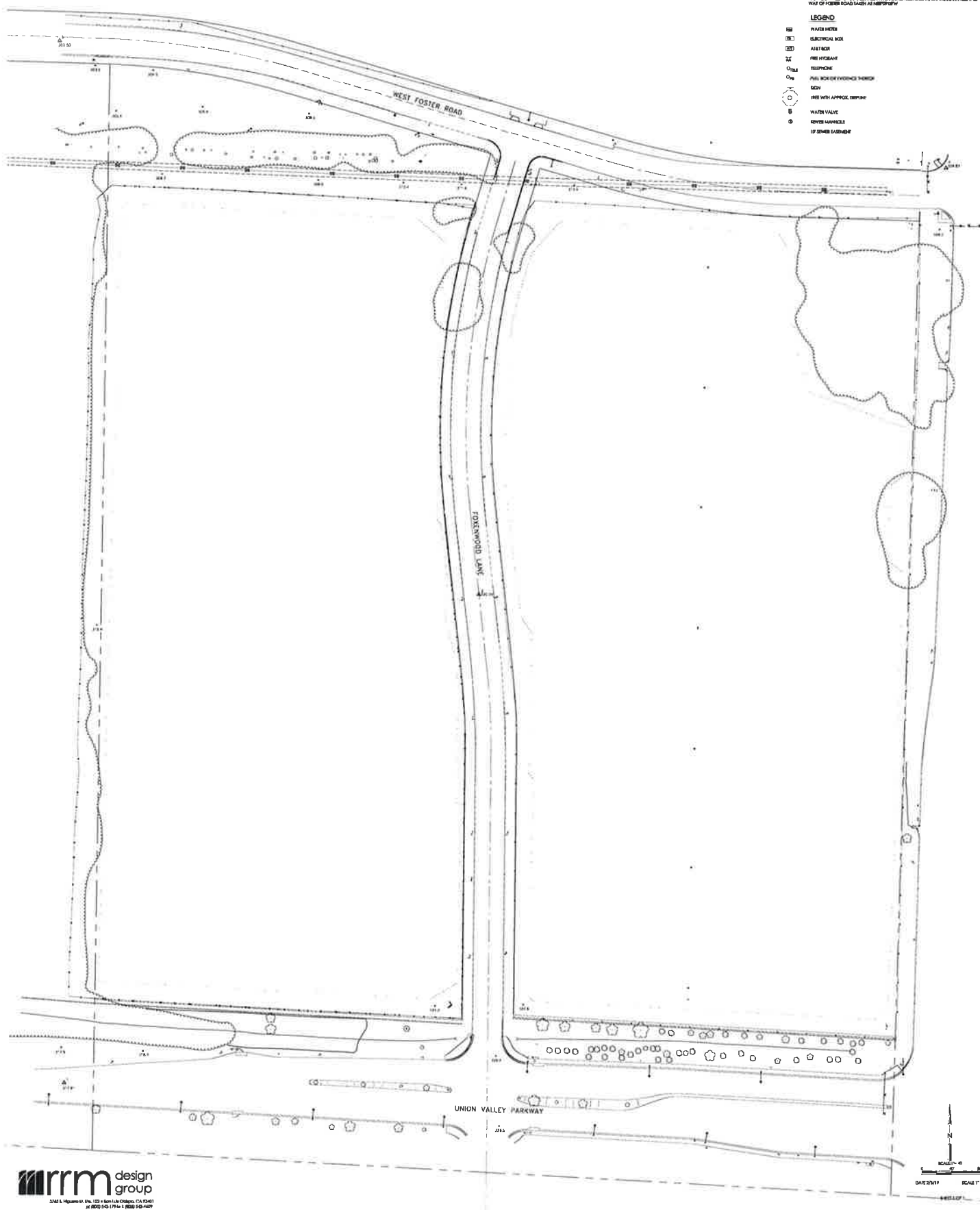
EXHIBIT A

BENCH MARK:
ELEVATIONS BASED ON SANTA MARIA VALLEY TOPOGRAPHIC MAP AND GPS
CONTROL. PROJECT BENCHMARK 81117, A 2" DIAMETER PINE WITH A 3" DIAMETER BRASS
CAP (STAMPED S.M.V. CO. GPS CONTROL, 1997) IS 500.00 ± 1.17 HAVING AN ELEVATION
OF 347.74 ± 0.05.

BASE OF SEABIRDS:
THE BASE OF SEABIRDS BETWEEN TWO FOUND MONUMENTS ON THE SOUTH SIDE OF
WAY OF FOSTER ROAD BASED AS MEASURED.

LEGEND

- WM WATER METER
- EM ELECTRICAL BOX
- AL ALIEN
- PM PRE-EXISTING
- RM REPAIRS
- PM PRE-EXISTING TRENCH
- SCN SLOPE
- PM PRE-EXISTING TRENCH
- WM WATER METER
- RM REPAIRS
- SCN SLOPE



SAUL A. NARAS & RICHARD T. OLM

LEGEND

- | | |
|----------------------------|----------------------------|
| WATER METER | WATER METER |
| ELECTRICAL BOX | ELECTRICAL BOX |
| AT&T BOX | AT&T BOX |
| FIRE HYDRANT | FIRE HYDRANT |
| TELEPHONE | TELEPHONE |
| PULL BOX ON EVIDENCE THEFT | PULL BOX ON EVIDENCE THEFT |
| SEAM | SEAM |
| PIPE WITH APPLIC. COUPLER | PIPE WITH APPLIC. COUPLER |
| WATER VALVE | WATER VALVE |
| SEWER MANHOLE | SEWER MANHOLE |
| FOR SEWER LAYOUT | FOR SEWER LAYOUT |

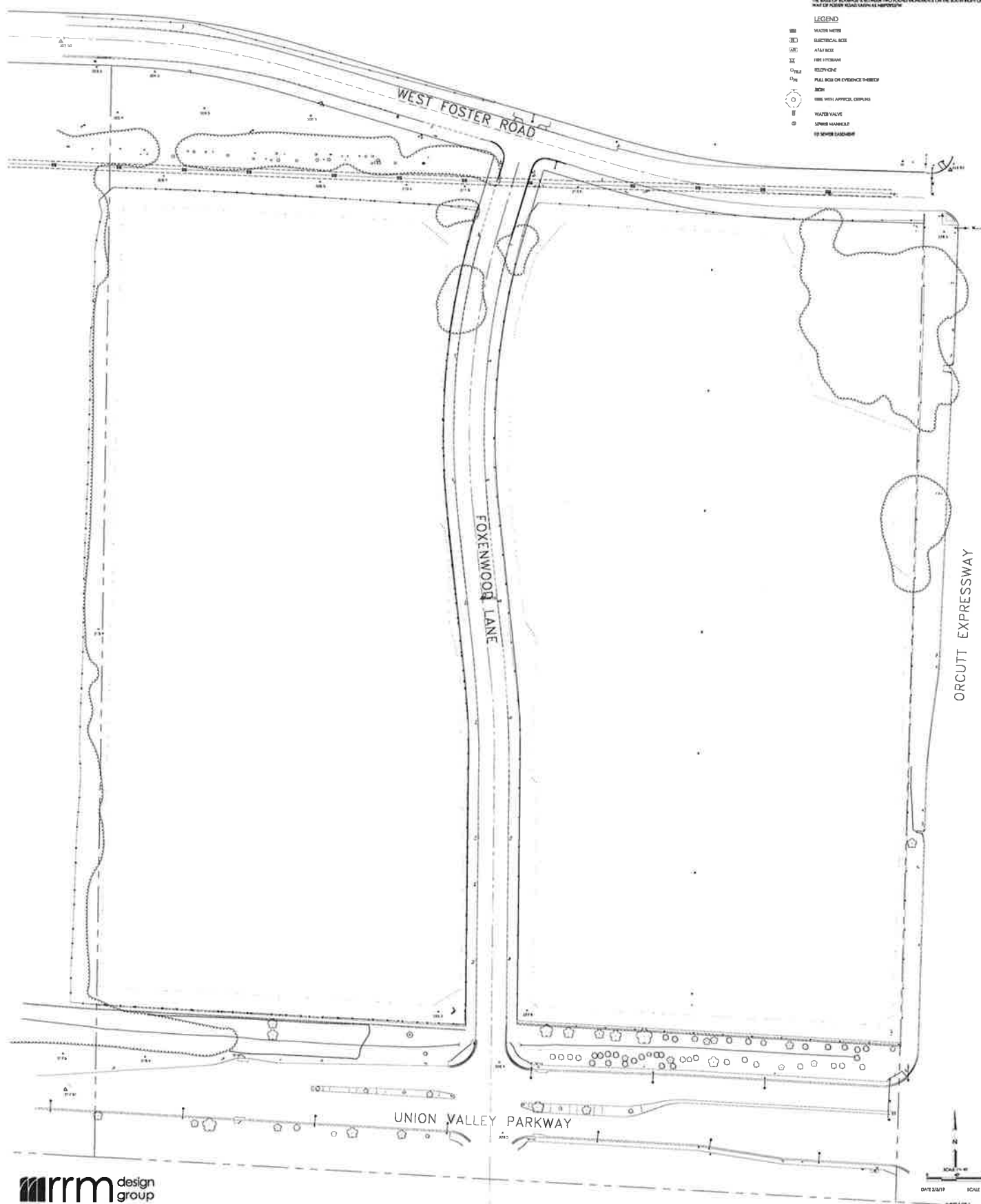


Exhibit “B”

Legal Description of the Leased Property

DRAFT

Exhibit “B1”

Depiction of the Leased Property

DRAFT

Exhibit “C”

ROFR/Option Agreement

DRAFT

Exhibit A
Lease Area
Legal Description

B
Property

A portion of the Southeast Quarter of Section 3, Township 9 North, Range 34 West, San Bernardino Base and Meridian, in the City of Santa Maria, Santa Barbara County, State of California, described more particularly as follows:

Commencing at the southeasterly corner of the parcel described in Document No. 5741, recorded February 13, 1968, in Book 2221, Page 1408 of Official Records of said county, and shown on the map filed in Book 145 Record of Survey at Page 1, of said county; thence,

Northerly along the easterly line of said parcel North $0^{\circ}46'42''$ East, a distance of 423.74 feet to the True Point of Beginning; thence,

Leaving the easterly line of said parcel South $86^{\circ}45'25''$ East, a distance of 502.19 feet to a point on the westerly right of way of the 70-foot frontage road as described in Document No. 1982-020745, of Official Records of said county; thence,

Along said westerly right of way, North $0^{\circ}32'31''$ East, a distance of 147.46 feet to a curve, concaved to the west, having a radius of 965.00 feet; thence,

Northerly and northwesterly along said curve, through a central angle of $6^{\circ}35'20''$ distance of 110.97 feet; thence,

North $6^{\circ}02'49''$ West, a distance of 189.08 feet; thence,

Leaving said westerly right of way, North $86^{\circ}45'25''$ West a distance of 472.25 feet to a point on the easterly line of said parcel described in Document No. 5741; thence,

Along said easterly line South $0^{\circ}46'42''$ West a distance of 444.61 feet to the Point of Beginning.

The parcel described contains 5.0 acres more or less and is shown graphically on exhibit B1 herein attached.

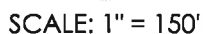
E

Steven B. Webster

3/5/19



SE1/4



A circular professional seal for Steven B. Webster, a Licensed Land Surveyor in the State of California. The seal features the text "LICENSED LAND SURVEYOR" at the top, "STEVEN B. WEBSTER" in the center, "LIC. NO. 7561" below the name, and "STATE OF CALIFORNIA" at the bottom. Two five-pointed stars are positioned on the left and right sides of the seal.

Exhibit "D"

**Hazardous Materials
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 biphenyls (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"

FAA Rider

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.

OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT

This OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT (this “Agreement”) dated as of March __, 2019 (the “Effective Date”) is made and executed by and between SANTA MARIA PUBLIC AIRPORT DISTRICT, a public airport district of the State of California (herein called “District”) and G3 LLC, a California limited liability company (herein called “G3”, and together with District the “Parties” and each, a “Party”).

RECITALS

WHEREAS, District is the owner of approximately 26 acres of real property, located on parcels 85 through 89 of the Santa Maria Business Park, Santa Maria, California, a portion of Assessor’s Parcel Number: 111-231-11 (the “Property”).

WHEREAS, District, as lessor, and G3, as lessee, are parties to that certain ground lease dated _____, 2019 (the “Ground Lease”), whereby G3 leases from District a portion of the Property, comprising of approximately five (5) acres, located on a portion of the Santa Maria Airport Business Park, Santa Maria (the “Leased Property”).

WHEREAS, District desires to grant to G3, and G3 desires to obtain from District, an irrevocable and exclusive option and right of first refusal to lease all or any portion of the Property, (excepting therefrom the Leased Property), as shown in the map attached hereto as Exhibit A and more particularly described in Exhibit B attached hereto (the “Option/ROFR Property”), under one or more long term ground leases for future commercial development by G3, its successors or assigns, or its subtenants, subject to the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the foregoing and the other mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used and not defined in this Agreement have the respective meanings assigned to them in the Ground Lease.

2. Grant of Option. G3, together with its successors and assigns, shall have an option to lease the Option/ROFR Property (or any portion thereof) (the “Option”) on the following terms and conditions:

a. Option Term. The term of the Option (the “Option Term”) shall commence on the Effective Date and automatically expire five (5) years later on _____, 2024 (the “Option Termination Date”).

b. Option Consideration. Within three days after full execution of this Agreement, G3 shall deliver to District the amount of One Hundred and No/100 Dollars (\$100.00) as consideration for the grant of the Option by District (the “Option Consideration”). The Option Consideration amount has been bargained for and agreed to as separate and independent consideration for G3’s option to lease the Option/ROFR Property pursuant to the terms herein, and for the District’s execution and delivery of the Agreement. The Option Consideration shall

be deemed fully earned by the District upon receipt and shall be considered non-refundable to G3 in all events.

c. Exercise of Option. At any time during the Option Term, G3 may exercise its Option rights, in accordance with this section and in no other manner, by timely sending District a written notice, pursuant to the notice provisions of Section 12, of G3's intention to exercise the Option (each, an "Exercise Notice"). Each Exercise Notice shall affirmatively state that G3 exercises the Option without condition or qualification and shall include a description identifying the portion of the Option/ROFR Property which G3 intends to lease.

d. Lease Agreement(s). If G3 exercises its Option rights, the Parties shall execute a lease agreement and other such documents, certifications and confirmations as may be reasonably required to fully effect and consummate the transactions contemplated by this Agreement. The Parties further agree that any lease agreement shall be in substantially the form attached as Exhibit C and the initial monthly rent shall be calculated based on 2018 appraisal value of the Property of \$4.00 per square foot for those portions of the Property located west of Foxenwood Lane and \$___ per square foot for those portions of the Property located east of Foxenwood Lane. The District shall assign to G3 all the District's rights and obligations under any existing leases affecting the Option/ ROFR Property.

3. Right of First Refusal. G3, together with its successors and assigns, shall have the right of first refusal to lease the Option/ROFR Property (or any portion thereof) (the "Right of first refusal") on the following terms and conditions:

a. Right of first refusal Term: The term of the Right of first refusal (the "ROFR Term") shall commence on the Option Termination Date and automatically expire ten (10) years later on _____, 2034 (the "ROFR Termination Date").

b. ROFR Notice. If, at any time during the ROFR Term, District receives an offer to lease all or any portion of the Option/ROFR Property from a third party, at a rental and upon terms and conditions which are satisfactory to District, District shall provide written notice to G3 of the terms and conditions upon which District is willing to lease the Option/ROFR Property (or such portion of the Option/ROFR Property) to said third party (each, a "District's Notice"). District's Notice shall set forth the material economic terms and conditions (including, without limitation, a statement regarding the area of the leased property, the lease term, the rent and any adjustments thereto, additional rent amounts, and any conditions regarding the construction of improvements) under which District is willing to lease the Option/ROFR Property (or such portion) (the "Material Terms"), but shall not constitute an agreement between the parties or an offer to lease such Option/ROFR Property. District agrees to bargain in good faith on any terms not stated in District's Notice.

c. Exercise of Right of first refusal. G3 shall have thirty (30) days after receipt of District's Notice (each, a "G3 Response Period") to notify District in writing whether or not G3 desires to lease the Option/ROFR Property unconditionally on the terms stated in District's Notice ("G3's Notice"). If G3 provides the District written notice of G3's desire to lease the Option/ROFR Property within the G3 Response Period, District and G3 shall promptly enter into a lease agreement for the Property on the Material Terms stated in District's Notice. The Parties shall also execute such documents, certifications and confirmations as may be reasonably required to fully effect and consummate the transactions contemplated by this Agreement.

d. In the event that (i) G3 either: (A) elects not to lease the Option/ROFR Property on the terms and conditions stated in District's Notice; or (B) fails to deliver G3's Notice to District within the G3 Response Period; or (ii) if G3 delivers G3's Notice, but District and G3 fail to agree on and execute a lease agreement within one hundred and twenty (120) days after the date of District's receipt of G3's Notice, then G3 shall be deemed to have waived its right of first refusal to lease the Option/ROFR Property (as to that particular portion of the Option/ROFR Property identified in District's Notice), and District shall have the right thereafter, without any further notice to G3, to offer the Option/ROFR Property for lease, and to lease the Option/ROFR Property (or such portion thereof), to a third party upon all of the Material Terms stated in the District's Notice, free and clear of the G3's right of first refusal set forth in this Section 3. If, however, within thirty (30) days after the date G3 waived (or is deemed to have waived) its right to purchase the Option/ ROFR Property (or such portion), District offers the Option/ ROFR Property (or such portion) to a third party upon Material Terms that are more favorable to the third party lessee than the Material Terms contained in the District's Notice, District shall re-offer the Option/ROFR Property (or such portion thereof) to G3 on the terms offered to such third party ("District's Revised Notice") and the same procedures shall apply with respect to District's Revised Notice as are set forth above with respect to District's Notice.

4. Existing Leases. The Option/ROFR Property is subject to the Existing Leases detailed on Exhibit D. If a lease is executed, as contemplated herein, the District shall assign to G3 all its rights and obligations under the Existing Leases and shall execute a Lease Assignment and Assumption Agreement with respect to the Existing Leases.

5. Condition Precedent to Exercise of Option and ROFR. As a condition precedent to G3 exercising its Option and/or ROFR rights, G3 shall not be in material default of any of the terms, conditions or covenants of the Ground Lease.

6. Right of Entry. During the Option Term and at any time during a G3 Response Period, G3 and its authorized representatives may at any reasonable time, after giving reasonable notice to District, enter upon the Option/ROFR Property for the purpose of making inspections, appraisals, surveys, shading analysis, including the cutting of survey lines and putting up markers and driving stubs and stakes, site and soil, groundwater and structural analysis, engineering studies, core sampling for engineering reports, locating existing rights of way, easements, and utilities and evaluating the Option/ROFR Property for development potential, and measuring potential access and transmission easement areas, however, G3's activities shall not interfere with any ongoing activities of the District or its tenant being conducted at the Option/ROFR Property. G3 shall have the right also to perform inspections and testing at the Option/ROFR Property (including, without limitation, environmental or geotechnical studies), provided the District and its tenant approves the associated work plan in advance of such work. If G3 causes engineers, contractors or others to perform work on the Option/ROFR Property, G3 shall furnish the District, prior to such work being performed, with (i) evidence of insurance reasonable satisfaction to District, including without limitation, Workers' Compensation Insurance for the protection of such engineers' and contractors' employees and comprehensive liability policy in an amount not less than \$1,000,000 combined single limit per occurrence, insuring District against any loss or liability relating to or arising out of G3's inspection of the Option/ROFR Property and (ii) reasonable assurances that such engineers, contractors or others will not place a lien on the Option/ ROFR Property in the event of non-payment for their services. Such assurances may take the form of lien releases, a deposit or other security

reasonably acceptable to the District. G3 shall cause the Option/ ROFR Property to be immediately restored to its condition immediately prior to the conducting of G3's investigations. G3 shall provide the District with a copy of any written results, reports, tests or studies generated by G3's investigation. G3 agrees to indemnify District from all third-party claims for any personal injury or property damage or otherwise to any person or property caused by any negligent or intentional action or omission of G3 or its agents in exercising its right of entry onto the Option/ROFR Property. Such undertaking of indemnity shall survive the termination of this Agreement for any reason. Notwithstanding any other provision in this Section 6, the indemnity described herein shall not extend to and in no event shall G3 be liable to District for any negligence or misconduct of District or any agent, contractor or employee of District.

7. District's Documentation. To the extent that any of the following items exist and are in the possession of District and can be located through a reasonable search, during the Option Term and ROFR Term, District agrees to furnish to G3 within thirty (30) days after G3's request any and all surveys, title reports, topographical maps, engineering and architectural drawings or plans, environmental reports, lot layouts, any plans or profiles of any roadways, easements, or utility lines. District further agrees to furnish to G3 all information available to District concerning the environmental condition of the Option/ROFR Property and the existence of any contract rights that District might hold for the service of the Option/ROFR Property by utilities, either public or private.

8. Environmental Inspection. G3, at G3's expense, may perform environmental investigations (including but not limited to Phase I Environmental Assessment(s)) of the Option/ROFR Property by a qualified environmental consultant selected by G3 and conducted in accordance with standard commercial practices. The District will fully cooperate and support Lessee in performing environmental investigations on the Option/ ROFR Property.

9. Assignment of Option/ROFR. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective heirs or successors and permitted assigns. G3 may assign its interest under this Agreement without the prior consent of District, provided (a) G3 gives District written notice of such assignment within five (5) days after such assignment, and (b) G3's assignee executes an instrument in form reasonably satisfactory to District agreeing to be bound by all the terms and conditions of this Agreement. Upon any assignment of G3's entire interest under this Agreement, G3 shall be relieved of all further liability under this Agreement.

10. Representations and Warranties by District. District represents and warrants as of the date of this Agreement and as of the date of execution of a lease agreement(s) as contemplated herein that:

a. Subject to the Existing Leases, the District is the fee Owner of the Option/ROFR Property and has the right, title, and authority to enter into and to perform its obligations under this Agreement;

b. Subject to the Existing Leases, the entry and performance of this Agreement by District will not breach any other agreement with any other party or create a violation of any applicable law, rule, or regulation;

c. There are no pending, and to the best of District's knowledge no threatened,

actions, suits, arbitrations, claims or proceedings, at law, in equity or otherwise, that would adversely affect the Option/ROFR Property or District's ability to perform its obligations under this Agreement, including, but not limited to, judicial, municipal or administrative proceedings in eminent domain, collection actions, claims relating to alleged building code violations or health and safety violations, federal, state or local agency actions regarding environmental matters, lease disputes, claims relating to federal environmental protection agency or zoning violations, or actions relating to personal injuries or property damages alleged to have occurred at the Option/ROFR Property or by reason of the condition or use of or construction on the Option/ROFR Property;

d. District has received no written notice of any violation of any applicable laws, ordinances, rules, requirements, regulations and building codes of any governmental agency, body or subdivision thereof bearing on the Option/ROFR Property; and

e. To District's knowledge, (1) the Option/ROFR Property or any portion thereof is not in violation of any environmental laws, and (2) District has not used, generated, manufactured, stored or disposed of on, under or about the Option/ROFR Property or transported to or from the Option/ROFR Property any hazardous substances in violation of any environmental laws.

11. Exclusivity. In recognition of the fact that investigations, inspections and due diligence review and pursuit of the Option/ROFR Property will require significant effort and expenditure by G3, District agrees that during the Option Term, District shall not directly or indirectly solicit, initiate, seek, encourage or support any inquiry, proposal, offer or bid from, negotiate with, provide any information to, or enter into any agreement with any party to lease, occupy or use the Option/ROFR Property. District agrees that any such negotiations in progress as of the date hereof will be terminated or suspended during such period. Notwithstanding the above, the Option/ROFR Property is subject to Existing Leases, which shall be extended throughout the Option Term, but not for longer than one-year terms. District shall promptly disclose to G3 any unsolicited inquiry or proposal from another party regarding use of the Option/ROFR Property during the Option Term.

12. Notices. Unless specifically stated otherwise in this Agreement, all notices shall be in writing and delivered to District and G3, at the addresses below, by one the following methods: (a) personal delivery, whereby delivery is deemed to have occurred at the time of delivery; (b) overnight delivery by a nationally recognized overnight courier company, whereby delivery is deemed to have occurred the business day following deposit with the courier, (c) registered or certified mail, postage prepaid, return receipt requested, whereby delivery is deemed to have occurred on the third business day following deposit with the United States Postal Service, or (d) electronic transmission (facsimile or electronic mail) provided that such transmission is completed no later than 5:00 pm on a business day and the original is also sent by personal delivery, overnight delivery or by mail in the manner previously described, whereby delivery is deemed to have occurred at the end of the business day on which the electronic transmission is complete.

To District:

Santa Maria Airport District
3217 Terminal Drive

Santa Maria, California 93455

with a copy to:

Adamksi Moroski Madden
Cumberland & Green, LLP
Attn: Joshua George
P.O. Box 3835
San Luis Obispo, CA 93403

To G3:

G3 LLC
Attn: Erik Justesen, Manager

with a copy to:

GLICK HAUPT MARINO LLP
Attn.: Beth A. Marino, Esq.
1315 Santa Rosa Street
San Luis Obispo, CA 93401

13. Default by District. If District fails to perform any of its obligations or is otherwise in default hereunder, G3 shall have the right to seek such relief G3 may have at law or in equity, including, without limitation, seeking injunctive relief to prevent the lease of the Option/ROFR Property to a party other than G3 and the filing of an action for specific performance.

14. Waiver. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of the terms, covenants, or conditions, nor will any waiver or relinquishment of any right or power at any one time or more times be deemed a waiver or relinquishment of the right or power at any other time or times.

15. Entire Agreement. This Agreement and the Ground Lease contain the entire agreement of the Parties and will supersede the terms and conditions of all prior written and oral agreements, if any, concerning the matters it covers. The Recitals are incorporated into this Agreement. The Parties acknowledge there are no oral agreements, understandings, representations, or warranties that supplement or explain the terms and conditions contained in this Agreement. This Agreement may not be modified except by an agreement in writing signed by the Parties.

16. Attorneys' Fees. In the event either Party commences any legal action or proceeding against the other party arising out of or in any way related to this Agreement, the party prevailing in such action shall be entitled to recover court costs and a reasonable attorney's fee to be fixed by the court (including the reasonable value of services rendered in such action by District's appointed District Counsel).

17. Severability. This Agreement will be construed in its entirety and will not be divisible, except that the invalidity or unenforceability of any provision hereof will in no way affect the

validity or enforceability of any other provision.

18. Interpretation and Venue. This Agreement is to be interpreted in accordance with the laws of the State of California. Any legal action relating to this Agreement shall be brought in the court of appropriate jurisdiction in the County of Santa Barbara, State of California.

19. Counterparts; Electronic Signatures. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same document. Electronic and facsimile signatures will be considered original signatures for the purpose of execution and enforcement of the rights delineated in this Agreement.

20. Time of Essence. District and G3 hereby acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation and provision hereof and that failure to timely perform any of the terms, conditions, obligations or provisions hereof by either party shall constitute a material breach of and a non-curable (but waivable) default under this Agreement by the party so failing to perform.

21. Construction; Advice of Counsel. The Parties agree that each has consulted with an attorney who has actively participated in the drafting and negotiation of this Agreement and that the provisions of this Agreement will not be construed in favor of either Party.

22. Memorandum of Option/ ROFR. Upon the request of either party, the parties shall execute a Memorandum of Option/ROFR, which may be recorded after execution by the requesting party at its expense. However, G3 covenants to execute and deliver to the District to immediately on the expiration or earlier termination of the term of this agreement a quitclaim deed in recordable form releasing and reconveying to the District all right, title, and interest of G3 in the Option/ROFR Property if a Memorandum of Option/ ROFR has been executed, whether or not recorded.

[SIGNATURE PAGE FOLLOWS.]

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

DISTRICT:

Approved as to content for District:

SANTA MARIA PUBLIC AIRPORT DISTRICT,
a state agency of the State of California

Chris Hastert, General Manager

By: _____
Hugh Rafferty, President

Approved as to form for District:

By: _____
Carl Engel, Secretary

District Counsel

G3:

G3, LLC, a California limited liability company

By: _____

Name: _____

Its: _____

EXHIBIT “A”

Option/ROFR Property Map

DRAFT

EXHIBIT “B”

Option/ROFR Property Legal Description

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Exhibit “C”

Form of Lease Agreement

DRAFT

Exhibit “D”
Existing Leases

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