



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

**Thursday  
June 25, 2020**

**Virtual Meeting  
Zoom Meeting:  
Meeting ID: 812 8065 1089  
Meeting Password: 3217  
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: Adams, Brown, Rafferty, Engel, Baskett**

**1. MINUTES OF THE REGULAR MEETING HELD JUNE 11, 2020.**

**2. COMMITTEE REPORT(S):**

- a) **AVIATION SUPPORT & PLANNING (Standing or Ad Hoc)**
- b) **ADMINISTRATION & FINANCIAL (Standing or Ad Hoc)**
- c) **MARKETING & PROMOTIONS (Standing or Ad Hoc)**
- d) **CITY & COUNTY LIAISON**
- e) **STATE & FEDERAL LIAISON**
- f) **VANDENBERG LIAISON**
- g) **BUSINESS PARK COMMITTEE (Ad Hoc)**

**3. GENERAL MANAGER'S REPORT**

- a) **Monthly Activity Report**

**4. MANAGER OF FINANCE & ADMINISTRATION REPORT**

- a) **Demand Register**

**b) Budget to Actual**

**c) Financial Statements**

- 5. DISTRICT COUNSEL’S REPORT. (Joshua George and Natalie Frye Laacke)**
- 6. PUBLIC SESSION:** Statements from the public will be heard during public session. Requests requiring board action will be referred to staff and brought on the next appropriate agenda. Members of the public may use the “raise hand” feature to be put in a speaking queue. Public comment will be limited to three (3) minutes. If a speaker continues speaking after being notified of the end of their public comment period, the meeting Host will mute the speaker and move on to the next person in the queue.

**Please raise your hand in the following ways:**

**Telephone:** Press “\*9” to raise your hand and notify the meeting Host. You will be placed in the queue and unmuted, in order, so that you may provide public comment.

**Computer and Mobile:** Click the “raise hand” button to notify the Host. You will be placed in the queue and unmuted, in order, so that you may provide public comment.

- 7. REVIEW AND APPROVAL OF THE BUDGET FOR FISCAL YEAR 2020-2021.**
- 8. AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO EXECUTE AN AIR SERVICE DEVELOPMENT CONTRACT BETWEEN THE DISTRICT AND MEAD & HUNT, INC.**
- 9. AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO EXECUTE THE SUBLEASE AGREEMENT BETWEEN THE DISTRICT AND DESTINY FARMS, LLC.**
- 10. AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO EXECUTE THE SUBLEASE AGREEMENT BETWEEN THE DISTRICT AND VALLEY FARMS, INC.**
- 11. DISCUSSION AND DIRECTION TO STAFF REGARDING DISTRICT COUNSEL COMMUNICATIONS.**
- 12. CLOSED SESSION.** The Board will hold a Closed Session to discuss the following item(s):
  - a) Conference with Real Property Negotiators (Chris Hastert, Kerry Fenton and District Counsel) Re: 3249 Terminal Drive, Suite 104 (Gov. Code Section 54956.8)**
  - b) Conference with Real Property Negotiators (Chris Hastert and District Counsel) Re: 3249 Terminal Drive, Suite 101 (Gov. Code Section 54956.8)**
- 13. DIRECTORS’ COMMENTS.**
- 14. ADJOURNMENT.**

MINUTES OF THE REGULAR BOARD  
MEETING OF THE BOARD OF DIRECTORS  
OF THE SANTA MARIA PUBLIC AIRPORT  
DISTRICT HELD JUNE 11, 2020

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

1. MINUTES OF THE REGULAR MEETING HELD May 28, 2020. Director Baskett made a Motion to approve the minutes of the regular meeting held May 28, 2020. Director Rafferty Seconded and it was carried by the following roll call vote. Directors Brown, Rafferty, Engel and Baskett voted "Yes". Director Adams abstained.
2. COMMITTEE REPORT(S):
  - a) AVIATION SUPPORT & PLANNING (Standing or Ad Hoc) – No meeting scheduled.
  - b) ADMINISTRATION & FINANCIAL (Standing or Ad Hoc) – The committee met to discuss the FY 2020-2021 budget.
  - 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) – No meeting scheduled.
3. GENERAL MANAGER'S REPORT. Nothing to report.
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 067933 through 067974 in the amount of \$120,383.23 was recommended for approval as presented. Director Rafferty made a Motion to accept the Demand Register as presented. Director Brown Seconded and it was carried by the following roll call vote. Directors Adams, Brown, Rafferty, Engel and Baskett voted "Yes".
5. DISTRICT COUNSEL'S REPORT. District Counsel George reminded the Board of proper email communication habits for Brown Act compliance.
6. PUBLIC SESSION: Statements from the public will be heard during public session. Requests requiring board action will be referred to staff and brought on the next appropriate agenda. Members of the public may use the "raise hand" feature to be put in

a speaking queue. Public comment will be limited to three (3) minutes. If a speaker continues speaking after being notified of the end of their public comment period, the meeting Host will mute the speaker and move on to the next person in the queue.

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Mr. George Bernard requested to speak. He stated he is very happy with his District hangar and he appreciates the low price in comparison to other airports.

7. Adoption of Resolution 890. A Resolution of the Board of Directors of the Santa Maria Public Airport District adopting the Appropriations subject to limitation for fiscal year 2020-2021 under California Constitution Article XIII B (as amended) and Implementing Statutes. Director Brown made a Motion to approve. Director Rafferty Seconded and it was carried by the following roll call vote. Directors Adams, Brown, Rafferty, Engel and Baskett voted “Yes”.
8. Authorization for the President and Secretary to execute the Twentieth Amendment of Lease between the District and CJJ Farming. Director Baskett made a Motion to approve. Director Engel Seconded and it was carried by the following roll call vote. Directors Adams, Brown, Rafferty, Engel and Baskett voted “Yes”.
9. Authorization for the President and Secretary to execute the Revocable License Agreement between the District and Valley Art Gallery. Director Rafferty made a Motion to approve. Director Brown Seconded and it was carried by the following roll call vote. Directors Adams, Brown, Rafferty, Engel and Baskett voted “Yes”.
10. Authorization for tuition reimbursement for two staff members. Director Rafferty made a Motion to approve. Director Engel Seconded and it was carried by the following roll call vote. Directors Adams, Brown, Rafferty, Engel and Baskett voted “Yes”.
11. Authorization for the President and General Manager to execute change order 1 for the roof repair of the Terminal Building Observation Roof Deck. This item was removed from the agenda.
12. Discussion and direction to staff regarding candidate statements. The Board directed staff to keep the active resolution as is.
13. CLOSED SESSION. At 7:18 p.m. the Board went into Closed Session to discuss the following item(s):
  - a) Conference with Legal Counsel-Anticipated Litigation. Initiation of litigation pursuant paragraph (4) of subdivision (d) of Government Code Section 54956.9:1 case.

At 7:27 p.m., the Board and staff reconvened to Open Public Session.

There were no reportable actions.



14. DIRECTORS' COMMENTS: Directors Baskett and Brown are ready for Covid-19 to be a part of history.

Directors Engel and Adams had no comment.

Director Rafferty thanked Mr. Bernard for his public comments.

15. ADJOURNMENT. President Adams asked for a Motion to adjourn to a Regular Meeting to be held on June 25, 2020 at 7:00 p.m. via a virtual meeting. Director Rafferty made that Motion, Director Engel Seconded and it was carried by the following roll call vote. Directors Adams, Brown, Rafferty, Engel and Baskett voted "Yes".

#### ORDER OF ADJOURNMENT

This Regular Meeting of the Board of Directors of the Santa Maria Public Airport District is hereby adjourned at 7:28 p.m. on June 11, 2020.

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Chuck Adams, President

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Hugh Rafferty, Secretary

# Monthly Activity Report

May



AGENDA ITEM

3a

6/22/2020

## Aviation Building Information

	Inventory	Occupied	Available	Occupancy Rate
T Hangars	140	138	2	99%
Corporate T Hangars	8	8	0	100%
Corporate Hangars	28	28	0	100%
Storage Units	26	26	0	100%
Owner Build	23	23	0	100%
Commercial Aviation Hangar Space (SqFt)	107,782	103,360	4,422	96%
Commercial Aviation Office Space (SqFt)	28,800	19,449	9,351	68%

## Hangar Waiting List

T-Hangars	8
Corporate/Corporate T-Hangar	15

## Monthly Activity

	May-19	Apr-20	May-20	%Change
Operations	2,831	2275	2526	-11%
Noise/Nuisance Complaints	2	0	1	
Jet\100LL Fuel (Gallons)	63,981	0	63797	0%

## Enplanments

	May-19	Apr-20	May-20	%Change
Allegiant	1,947	0	179	-91%
Central Coast Shuttle	1,109	0	1	-100%

## Airline Load Factor

	# of Flights	Load Factor Actual flights	Load Factor SCHED flights
Allegiant	8	14%	14%

## Land Lease Information (Acres)

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

## Mobile Home Park

	Spaces Rented	Units Sold
Mobile Home Park	78	

**2019-2020**

**DEMAND REGISTER  
SANTA MARIA PUBLIC AIRPORT DISTRICT**

Full consideration has been received by the Santa Maria Public Airport District for each demand, numbers 067975 to 067804, and electronic payments on Pacific Premier Bank and in the total amount of \$124,853.81.

\_\_\_\_\_  
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 067974 to 067804, and electronic payments on Pacific Premier Bank in the total amount of \$124,853.81 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 AND ADMINISTRATION

\_\_\_\_\_  
DATE

THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT APPROVED PAYMENT OF THE ATTACHED WARRANTS AT THE MEETING OF JUNE 25,2020.

\_\_\_\_\_  
HUGH RAFFERTY  
SECRETARY

## Santa Maria Public Airport District

### Demand Register

Check Number	Check Date	Vendor Name	Check Amount	Description
067975	6/19/2020	Adamski Moroski	3,242.00	Legal Service
067976	6/19/2020	Advantage Answering Plus	282.32	Answering Service
067977	6/19/2020	AT&T	40.50	Phone Service
067978	6/19/2020	Bagby Plumbing Service & Repair	280.93	Building Maint. - Terminal
067979	6/19/2020	BMI PacWest	1,680.00	Buildg. Maint. - Terminal
067980	6/19/2020	Brayton's Power Wash & Sweep	950.00	Street Sweeping
067981	6/19/2020	Central City Tool Supply, Inc.	113.00	Small Tools
067982	6/19/2020	City of Santa Maria	400.52	Water Invoice
067983	6/19/2020	Clark Pest Control	916.00	Pest Control - Terminal & Adm.
067984	6/19/2020	Comcast	1,162.75	Cable/Internet /Digital Voice
067985	6/19/2020	De Lage Landen	106.37	Lease/Maint. - Copier
067986	6/19/2020	Ferguson Enterprises, Inc.	156.88	Buildg. Maint.
067987	6/19/2020	Frontier Communications	1,389.83	Telephone Service
067988	6/19/2020	Chris Hastert	1,239.00	Tuition Reimbursement
067989	6/19/2020	Jeff Hodge	542.00	Tenant Refund
067990	6/19/2020	J.D. Humann Landscape Contr.	4,955.00	Landscape Maintenance
067991	6/19/2020	Letters, Inc.	293.95	Auto Maintenance
067992	6/19/2020	Mission Uniform Service	289.00	Uniform Service
067993	6/19/2020	Quadient Finance	0.66	Postage
067994	6/19/2020	Quadient	403.63	Postage Meter Lease
067995	6/19/2020	Carla Osborn	1,239.00	Tuition Reimbursement
067996	6/19/2020	Pacific Telemanagement Services	227.92	Pay Phone Service
067997	6/19/2020	Veroneka Reade	16.99	Medical Reimbursement
067998	6/19/2020	ReadyRefresh by Nestle	80.56	Water Delivery
067999	6/19/2020	Service Star	11,387.64	Janitorial Service
068000	6/19/2020	Santa Maria Valley Crop Service	3,588.75	Weed/Vector Control
068001	6/19/2020	South Coast Emergency Vehicle Services	285.58	Heavy Equip.Maint. - Mechanical
068002	6/19/2020	Tri-Counties Plant Service	275.00	Interior Plants Maint.

068003	6/19/2020 WageWorks	100.00 Cafeteria Plan - Admin. Fee
068004	6/19/2020 Zee Medical Service Company	208.90 First Aid
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		35,854.68
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	6/11/2020 Pacific Gas & Electric Company	8,245.58 Terminal/Admin./Main Hangar
	6/11/2020 Pacific Gas & Electric Company	8,451.79 Terminal/Admin./Main Hangar
	6/9/2020 CalPERS	5,192.00 Retirement
	6/11/2020 Paychex	25,476.36 Payroll
	6/12/2020 Paychex	5,263.97 Payroll Taxes
	6/12/2020 Pacific Gas & Electric Company	8,245.58 Terminal/Admin./Main Hangar
	6/12/2020 Pacific Gas & Electric Company	8,451.79 Terminal/Admin./Main Hangar
	6/12/2020 CalPERS	15,005.30 Terminal/Admin./Main Hangar
	6/15/2020 Mass Mutual	4,042.60 Employee Paid Retirement
	6/19/2020 Pacific Gas & Electric Company	19.30 Terminal/Admin./Main Hangar
	6/19/2020 Pacific Gas & Electric Company	30.14 Terminal/Admin./Main Hangar
	6/19/2020 Pacific Gas & Electric Company	209.57 Terminal/Admin./Main Hangar
	6/19/2020 Pacific Gas & Electric Company	365.15 Terminal/Admin./Main Hangar
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	Electronic Payments	88,999.13
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	Total Payments	124,853.81
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# Santa Maria Public Airport District

## Budget Report

YTD Revenues April 30, 2020

Account Number	Account Description	Actual	Budgeted	Over/(Under) Budget
61100-052	Landing Fees - Ameriflight	2,802	7,703	(4,901)
61100-053	Landing Fees - U.S. Forest Service	6,239	20,833	(14,595)
61100-054	Landing Fees - Federal Express - WestAir	6,265	5,756	509
61100-055	Landing Fees - Allegiant Air	19,126	19,298	(171)
61100-063	Landing Fees - United Express (WS)	47		47
61110-052	Tiedowns - Ameriflight	1,998	1,110	888
61110-054	Tiedowns - Federal Express - WestAir in	3,280	3,280	0
61110-059	FBO Tiedowns	147		147
61130-093	Comm Veh Access - Federal Express	9,460	9,460	0
61130-094	Comm Veh Access - UPS	3,570	3,570	0
61140-152	Fuel Flowage Fees - Self Serve	1,289	1,501	(213)
61140-154	Fuel Flowage Fees - CC Jet Center, LLC	48,765	50,947	(2,182)
62210-005	T-Hangar 3005 Airpark	36,750	36,750	0
62210-009	T-Hangar 3009 Airpark	22,667	23,700	(1,034)
62210-011	T-Hangar 3011 Airpark	22,800	20,520	2,280
62210-019	T-Hangar 3019 Airpark	22,274	22,800	(526)
62210-023	T-Hangar 3023 Airpark	23,644	23,700	(56)
62210-027	T-Hangar 3027 Airpark	23,400	23,400	0
62210-031	T-Hangar 3031 Airpark	22,230	23,400	(1,170)
62210-039	T-Hangar 3039 Airpark	33,728	34,050	(322)
62210-103	T-Hangar 3103 Airpark	36,415	37,920	(1,505)
62210-107	T-Hangar 3107 Airpark	27,719	27,720	(1)
62210-109	T-Hangar 3109 Airpark	21,257	21,500	(243)
62210-111	T-Hangar 3111 Airpark	19,800	19,800	0
62220-035	Corporate T-Hangar 3035 Airpark	33,850	33,850	0
62230-005	T-Hangar Storage 3005 Airpark	5,000	5,000	0
62230-009	T-Hangar Storage 3009 Airpark	1,680	1,680	0
62230-011	T-Hangar Storage 3011 Airpark	1,760	1,760	0
62230-019	T-Hangar Storage 3019 Airpark	877	880	(3)
62230-023	T-Hangar Storage 3023 Airpark	840	840	0
62230-027	T-Hangar Storage 3027 Airpark	1,640	1,760	(120)
62230-031	T-Hangar Storage 3031 Airpark	1,640	1,640	0
62230-035	T-Hangar Storage 3035 Airpark	1,690	1,690	0
62230-039	T-Hangar Storage 3039 Airpark	5,000	5,000	0
62230-107	T-Hangar Storage 3107 Airpark	1,470	1,470	0
62230-109	T-Hangar Storage 3109 Airpark	720	720	0
62230-111	T-Hangar Storage 3111 Airpark	1,640	1,640	0
62240-001	Corporate Hangars 3001 Airpark	36,813	37,940	(1,127)
62240-029	Corporate Hangars 3029 Airpark	41,800	41,800	0
62240-105	Corporate Hangars 3105 Airpark	50,450	50,450	0
62240-118	Corporate Hangar 3043 Airpark	48,440	48,440	0
63310-100	Owner Build Hangar - Land (Sm)	6,050	6,050	0
63310-101	Owner Build Hangars - Land (Lg)	10,440	10,440	0
64410-177	Main Hangar - Artcraft Paints	40,735	40,738	(3)
64410-178	Main Hangar - Tricor Calif	1,799	1,900	(101)
64410-180	Main Hangar - Mike Lewis	2,990	2,989	1

# Santa Maria Public Airport District

## Budget Report

YTD Revenues April 30, 2020

Account Number	Account Description	Actual	Budgeted	Over/(Under) Budget
64410-183	Main Hangar - S B Cellular	23,281	23,315	(34)
64410-184	Main Hangar - Plenair	11,420	11,420	(0)
64410-185	Main Hangar - Art-Craft Suites 119-128	39,923	39,930	(7)
64420-115	Corporate Hangar FBO 3115 Airpark	18,641	19,492	(851)
64420-117	Corporate Hangar FBO 3117 Liberator	30,390	30,390	0
64420-119	Corporate Hangar FBO 3119 Liberator	7,170	7,169	2
64420-121	Corporate Hangar FBO 3121 Liberator	6,860	6,860	(0)
64420-125	Corporate Hangar FBO 3125 Liberator (P)	44,873	44,859	13
64420-409	Corporate Hangar FBO 3409 Corsair	55,980	55,980	0
64420-410	U.S. Forest - Land Use Revenue	8,292	33,333	(25,041)
64420-438	Corporate Hangar FBO - CALSTAR	10,250	10,250	0
64420-439	Corporate Hangar FBO CC Jet Center	42,590	42,590	0
64420-440	Corporate Hangar FBO 3950 Mitchell	17,040	17,038	2
64420-442	Corporate Hangar FBO 3944 Mitchell	15,210	15,210	0
64420-443	Corporate Hangar FBO 3940 Mitchell	32,730	32,731	(1)
64420-444	Corporate Hangar FBO Arctic Air	37,160	37,160	0
64420-445	CC Jet Center Self Serve	1,894	1,750	144
64420-447	Rotocraft Leasing - Parking Lot	11,400	11,400	0
64420-448	MOF 3015/3025 Airpark Drive	2,198	2,090	108
64420-449	CC Jet Center-Los Padres Disp	3,270	3,266	4
64420-450	CCJC (GA Terminal)	7,956	9,580	(1,624)
64459-203	Utility Reimbursement - Main Hangar	28,344	25,804	2,540
65000-100	Vehicle Access Fee - Uber	7,573		7,573
65000-200	Vehicle Access Fee - LYFT	1,450		1,450
65510-251	Terminal - TSA Lease	78,083	78,083	0
65510-252	Terminal - Restaurant	29,346	31,525	(2,179)
65510-255	Terminal - Allegiant Air, Inc.	1,840	1,840	0
65510-256	Terminal -Central Coast Shuttle	21,380	21,385	(5)
65510-257	PFC Revenue	73,262	89,154	(15,892)
65510-262	ARINC	1,550	1,541	10
65520-265	Terminal Concessions - Avis	76,248	88,230	(11,982)
65520-266	Terminal Concessions - Budget	13,902	25,078	(11,177)
65520-267	Terminal Concessions - Hertz	52,346	59,977	(7,631)
65520-274	Terminal Vending Machines	1,047	1,300	(253)
65530-217	Other Building - Administrative Board Room	500	933	(433)
65530-307	Other Building - Avis Service Center	9,680	9,685	(5)
65559-249	Utility Reimbursements - Terminal	2,259	3,141	(881)
65559-336	TSA - LEO Reimbursement	9,660	9,133	527
66120-080	Vehicle Training Area/Special Events	6,050		6,050
66120-083	Santa Maria Karting	5,700	5,500	200
66610-361	Farm Land - Castellanos	115,554	113,086	2,468
66610-362	Grazing Land - R. Michel	1,818	1,790	28
66610-363	Grazing Land - Mc Gray & Jokela	720		720
66610-364	Master Lease - Mahoney Brothers	27,521	33,844	(6,322)
66610-365	Farm Land - Gresser	448,675	449,075	(400)
66610-366	Grazing Land - Verlade	2,686	2,686	0

# Santa Maria Public Airport District

## Budget Report

YTD Revenues April 30, 2020

Account Number	Account Description	Actual	Budgeted	Over/(Under) Budget
66620-201	Airport Business Park	116,000	116,000	0
66620-320	Pioneer Park	1,611	1,611	0
66620-455	Commercial Land - Hotel	138,750	145,775	(7,026)
66620-500	Verizon Land Lease	20,000		20,000
66630-381	Village Mobile Home Park	393,625	376,073	17,552
67910-900	Misc.Income Operations	150		150
67910-910	Misc Income - Plans & Specs	6		6
67910-921	Misc Income - Late Charges	699		699
67910-924	Misc Income - Copy Charges/Postage/Keys	91		91
67910-951	Misc Income - Airport Access Card	4,315	12,065	(7,750)
68100-001	Air Show Revenues	96,050	413,750	(317,700)
68100-002	Airfest Ticket Sales	130,436		130,436
68100-003	Airfest Vendor Revenue	4,145		4,145
69010-951	Interest Income	151,413	162,992	(11,579)
69110-935	AIP 35 Rehabilitate Apron			0
69110-936	AIP 36 Reimbursement	928,769	2,874,542	(1,945,773)
69310-965	Tax Revenues	1,687,283	1,428,250	259,032
69510-980	Ordinary Dividends - Principal Financial Group	231		231
Total Revenue		5,832,287	7,777,053	(1,944,766)



**SANTA MARIA PUBLIC AIRPORT DISTRICT  
PROFIT AND LOSS STATEMENT  
YEAR TO DATE APRIL 30, 2020**

	YTD	Monthly Average	Month Ending 04/30/20	Percentage of Average
Revenues from Operations:				
Landing area				
Landing fees and tiedowns	52,933	5,293	2,499	47%
Fuel flowage fees	50,054	5,005		0%
	<u>102,987</u>	<u>10,299</u>	<u>2,499</u>	<u>24%</u>
Hangar area				
T- Hangar	312,684	31,268	30,838	99%
Corporate T-Hangars	211,353	21,135	20,786	98%
T-Hangar Storage Units	23,957	2,396	2,396	100%
Owner Build Hangars	16,490	1,649	1,649	100%
	<u>564,484</u>	<u>56,448</u>	<u>55,669</u>	<u>99%</u>
Main hangar and F.B.O. area				
Main Hangar	148,490	14,849	14,646	99%
Commercial Hangars	274,153	27,415	26,325	96%
Land Leases	79,750	7,975	7,975	100%
	<u>502,394</u>	<u>50,239</u>	<u>48,946</u>	<u>97%</u>
Terminal area				
Car Rental and Ground Transportatic	152,565	15,257	8,034	53%
Terminal Space Lease	144,638	14,464	14,379	99%
TSA LEO Reimbursement	9,660	966		0%
	<u>306,864</u>	<u>30,686</u>	<u>22,413</u>	<u>73%</u>
Revenue generating land				
Land Lease Recreational	33,361	3,336	2,711	81%
Agricultural Leases	596,974	59,697	60,444	101%
Airport Business Park	116,000	11,600	11,600	100%
Airport Hotel	138,750	13,875	12,060	87%
Airport Mobile Home Park	393,625	39,362	42,399	108%
	<u>1,278,709</u>	<u>127,871</u>	<u>129,214</u>	<u>101%</u>
Administrative				
Badging Income	4,315	432	435	101%
Miscellaneous Income	1,177	118		0%
	5,492	549	435	79%
Air Show Revenue	230,630	23,063		0%
Total revenues from operations	<u>2,991,560</u>	<u>299,156</u>	<u>259,176</u>	<u>87%</u>

Operating Expenses:

Landing area	83,168	8,317	8,000	96%
Hangar area	56,833	5,683	5,820	102%
Main hangar and F.B.O.	79,401	7,940	22,454	283%
Terminal area	246,176	24,618	19,328	79%
Revenue generating land	311,681	31,168	29,000	93%
Payroll and Benefits	1,166,934	116,693	150,849	129%
Utilities	60,257	6,026	4,894	81%
Supplies	52,717	5,272	3,638	69%
Maintenance and Repairs	45,643	4,564	5,323	117%
Contractual Services	429,815	42,982	54,922	128%
ARFF Services	376,890	37,689		0%
Security Services	231,468	23,147	51,038	220%
Office Supplies/Postage/Printing and St:	15,152	1,515	562	37%
Dues and Subscriptions	28,105	2,810	2,035	72%
Advertising	84,120	8,412	13,855	165%
Depreciation	1,689,899	168,990		0%
Insurance	114,094	11,409	(1,198)	-10%
Business Travel and Entertainment	48,310	4,831	(1,613)	-33%
Air Show Expense	550,021	55,002	96	0%
Other Miscellaneous Expense	22,816	2,282	2,119	93%
Total Expenses	5,693,501	569,350	371,123	65%
Operating income (loss)	(2,701,941)	(270,194)	(111,947)	41%

Non-Operating Revenues (Expenses):

PFC Revenue	73,262	7,326		0%
Interest income	151,413	15,141	5,950	39%
Tax revenues	1,687,283	168,728	686,842	407%
AIP grant	928,769	92,877		0%
Miscellaneous income				
Total non-operating rev (exp)	2,840,727	284,073	692,793	244%
Net Income	138,786	13,879	580,845	4185%

**Santa Maria Public Airport District**  
**Statement of Net Position**  
**For the Year to Date March 31, 2020**

**Current assets:**

Cash and cash equivalents	2,686,427
Restricted - cash and cash equivalents	5,073,255
Certificate-of-deposit	8,000
Accounts receivable - customers and tenants, net	54,093
Interest Receivable	-
Prepaid expenses and deposits	50,204

<b>Total current assets</b>	<b>7,871,980</b>
-----------------------------	------------------

**Non-current assets:**

Note receivable	149,492
Capital assets, not being depreciated	6,779,546
Depreciable capital assets	24,934,773
Deferred other post-employment benefits outflows	6,434
Deferred pension outflows	392,595

Total non-current assets	<b>32,262,841</b>
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<b>Total assets</b>	<b>40,134,821</b>
---------------------	-------------------

**Current liabilities:**

Accounts payable and accrued expenses	347,790
Accrued wages and related payables	(6,275)
Unearned Revenue (customer prepaid)	232,205
Hangar and other deposits	114,536
Long-term liabilities - due in one year:	
Compensated absences	23,562
Land improvements payable	2,838

Total current liabilities	<b>714,657</b>
---------------------------	----------------

**Long-term liabilities - due in more than one year**

Compensated absences	70,687
Land improvements payable	3,729
Total other post-employment benefits liability	263,160
Net pension liability	1,729,838
Deferred pension inflows	97,872

Total long term liabilities	<b>2,165,286</b>
-----------------------------	------------------

<b>Total liabilities</b>	<b>2,879,944</b>
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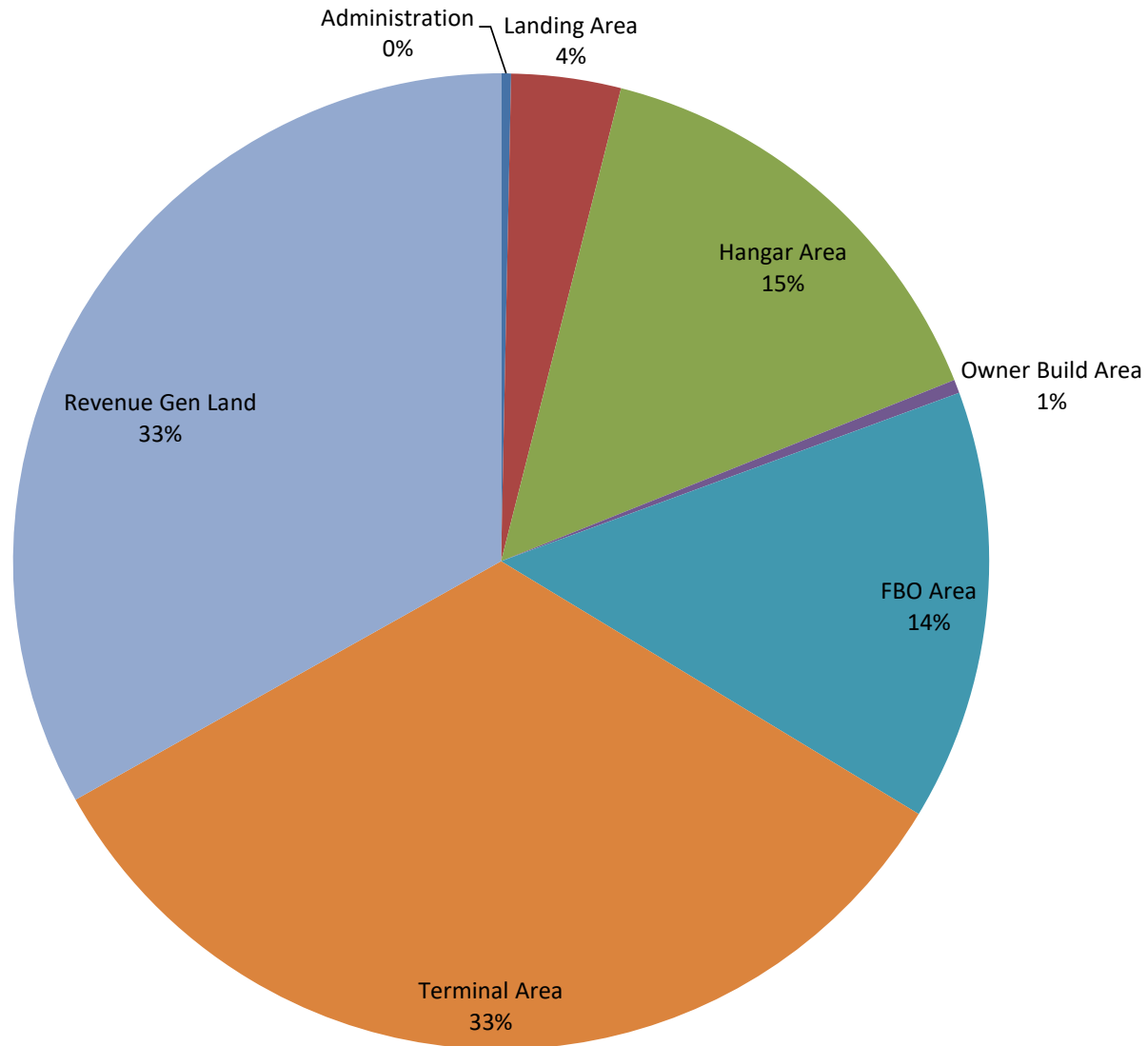
**Net position:**

Retained Earnings	37,116,091
Change in Net Position	138,786

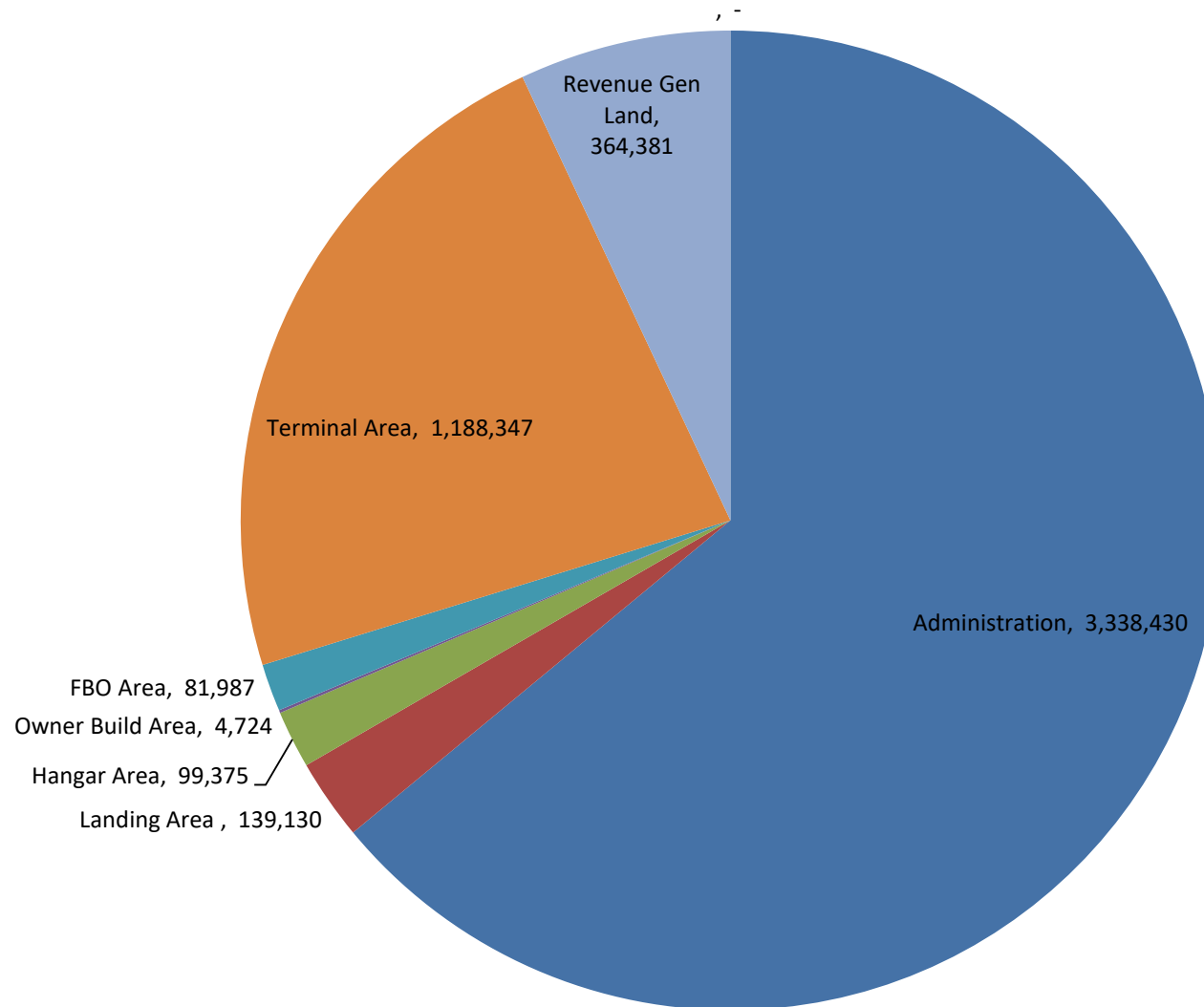
<b>Total net position</b>	<b>37,254,877</b>
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<b>Total liabilities and net position</b>	<b>40,134,821</b>
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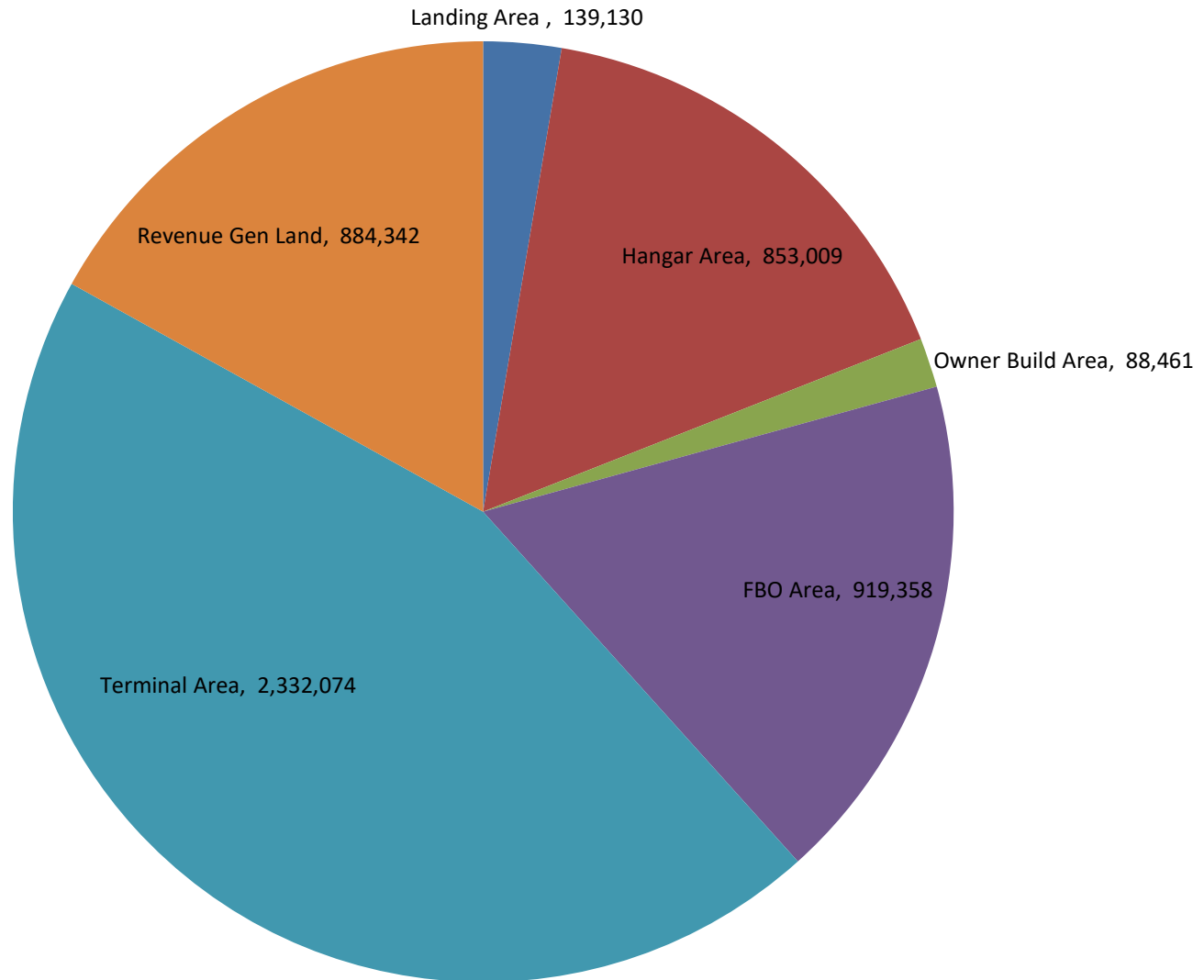
## Operating Revenue by Source



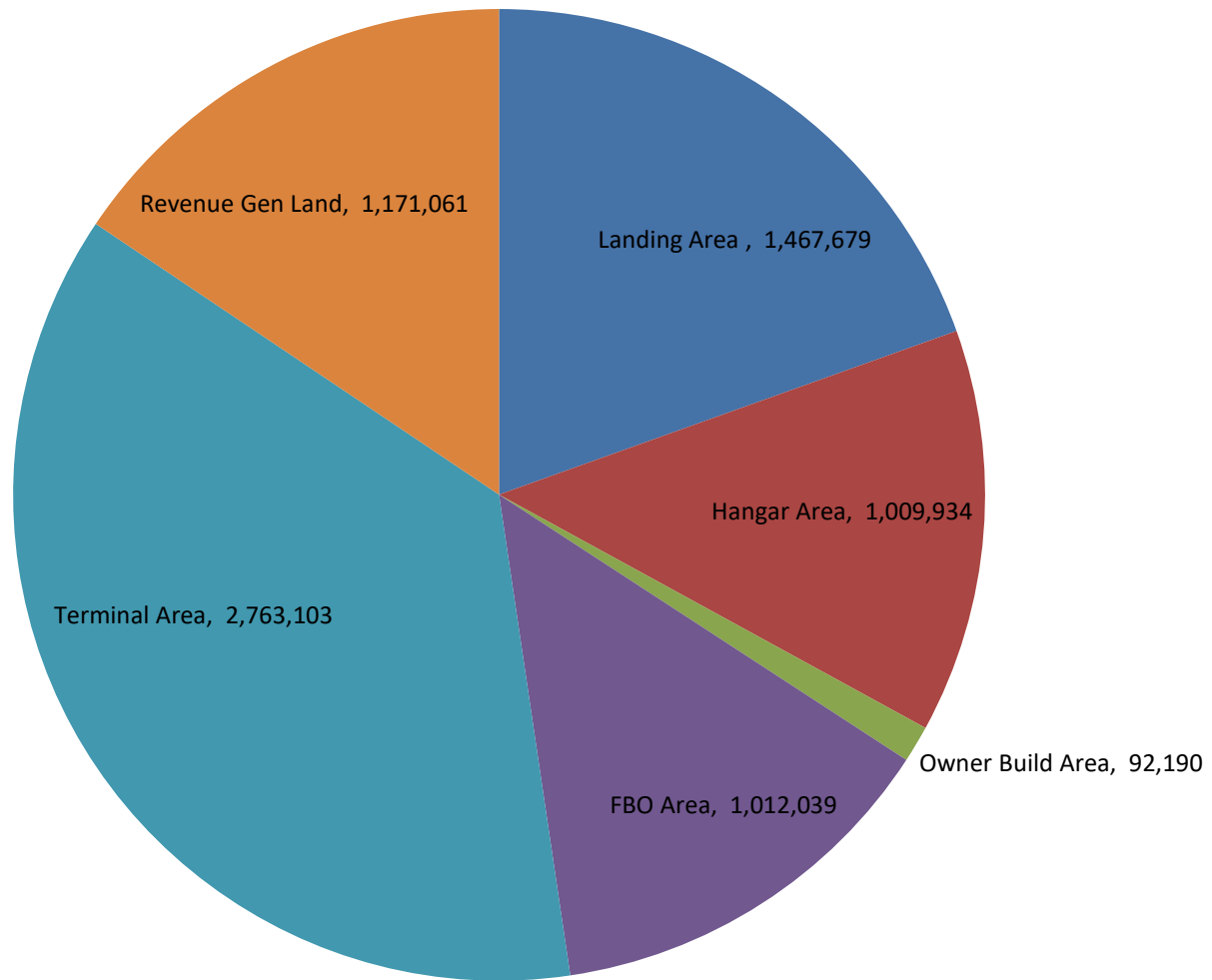
## Direct Expense by Source



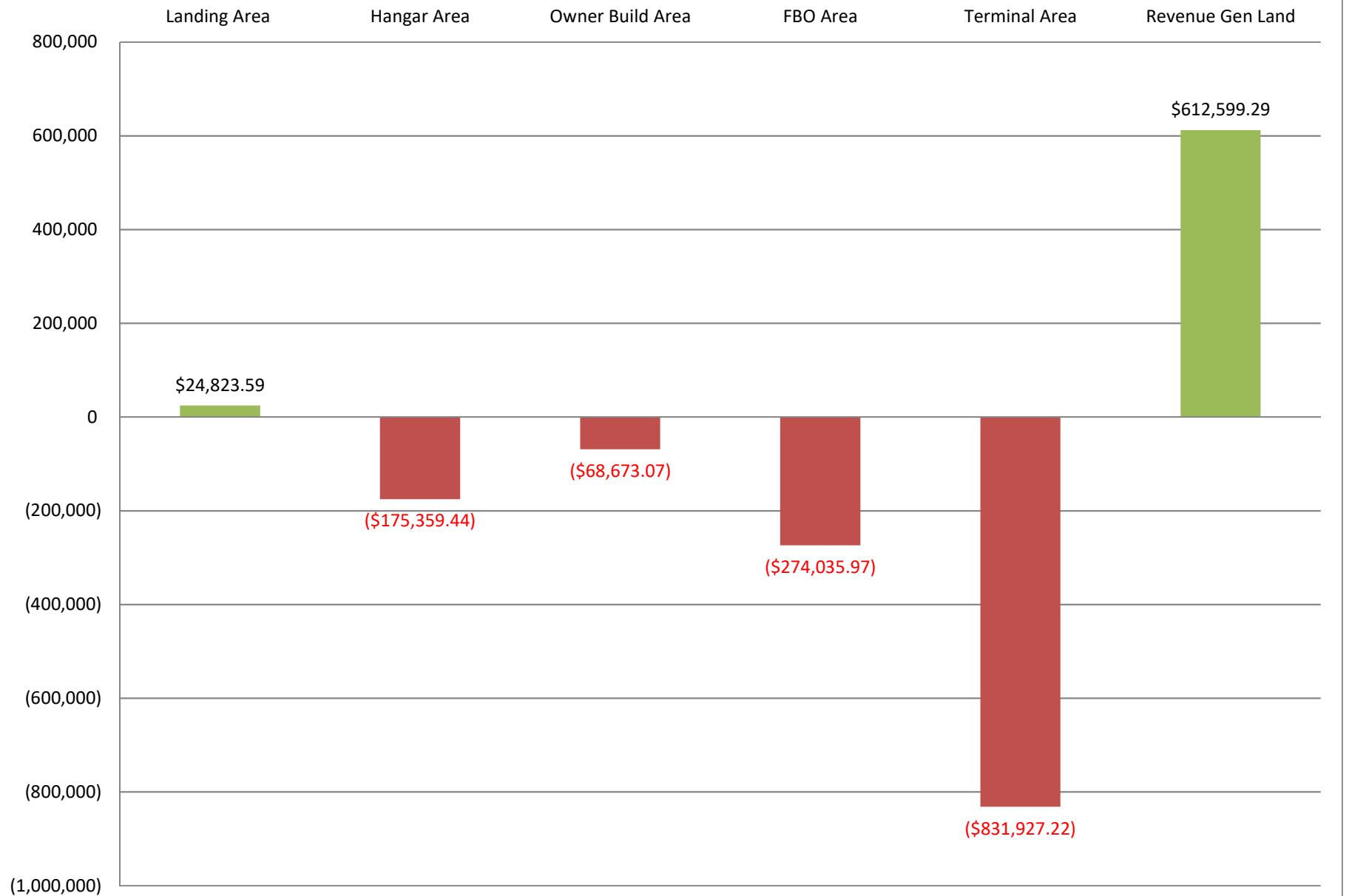
## Expense by Source - Admin Distributed w/o Depreciation



## Expense by Source - Admin Distributed including Depreciation

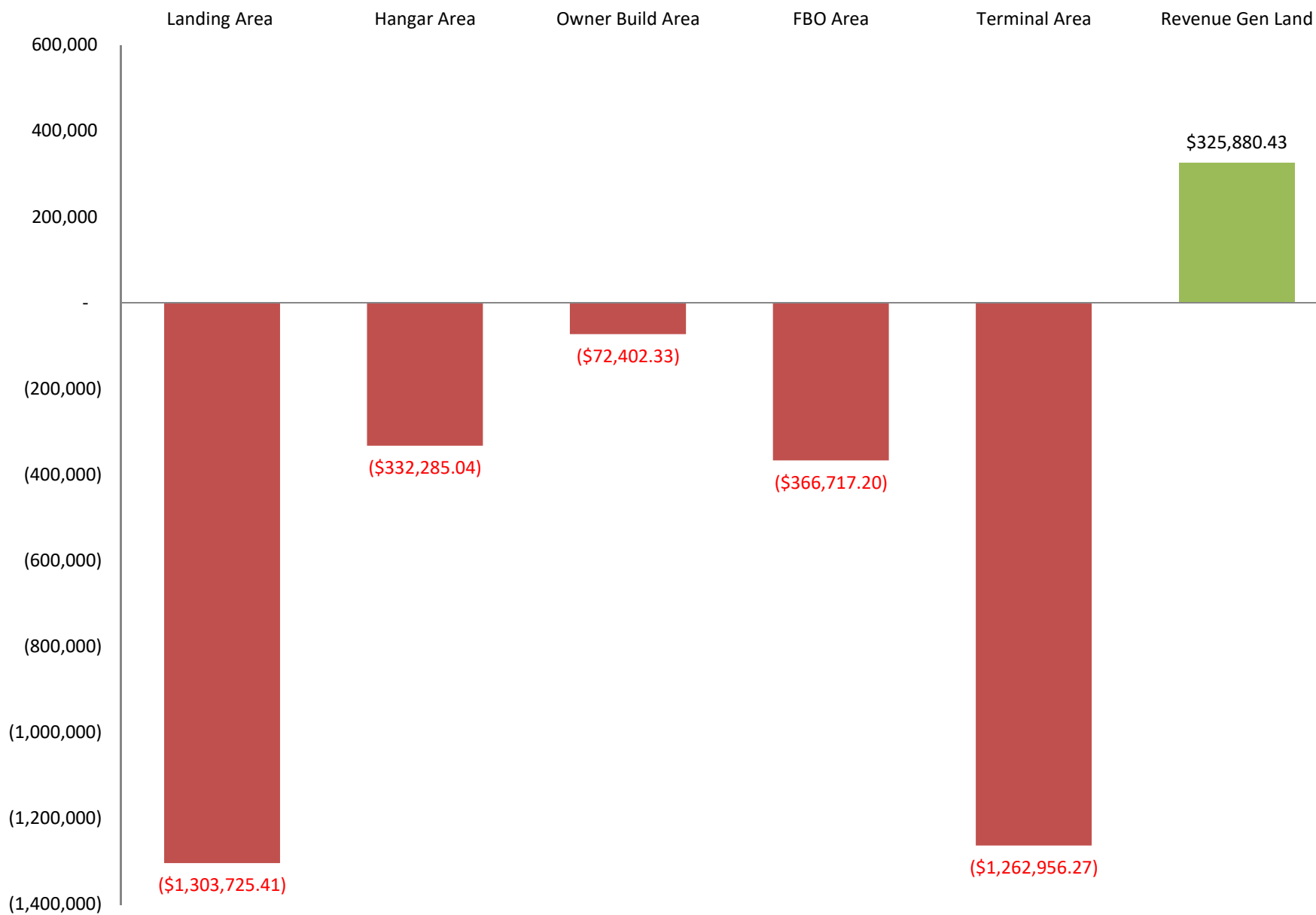


## Net Income w/o Depreciation

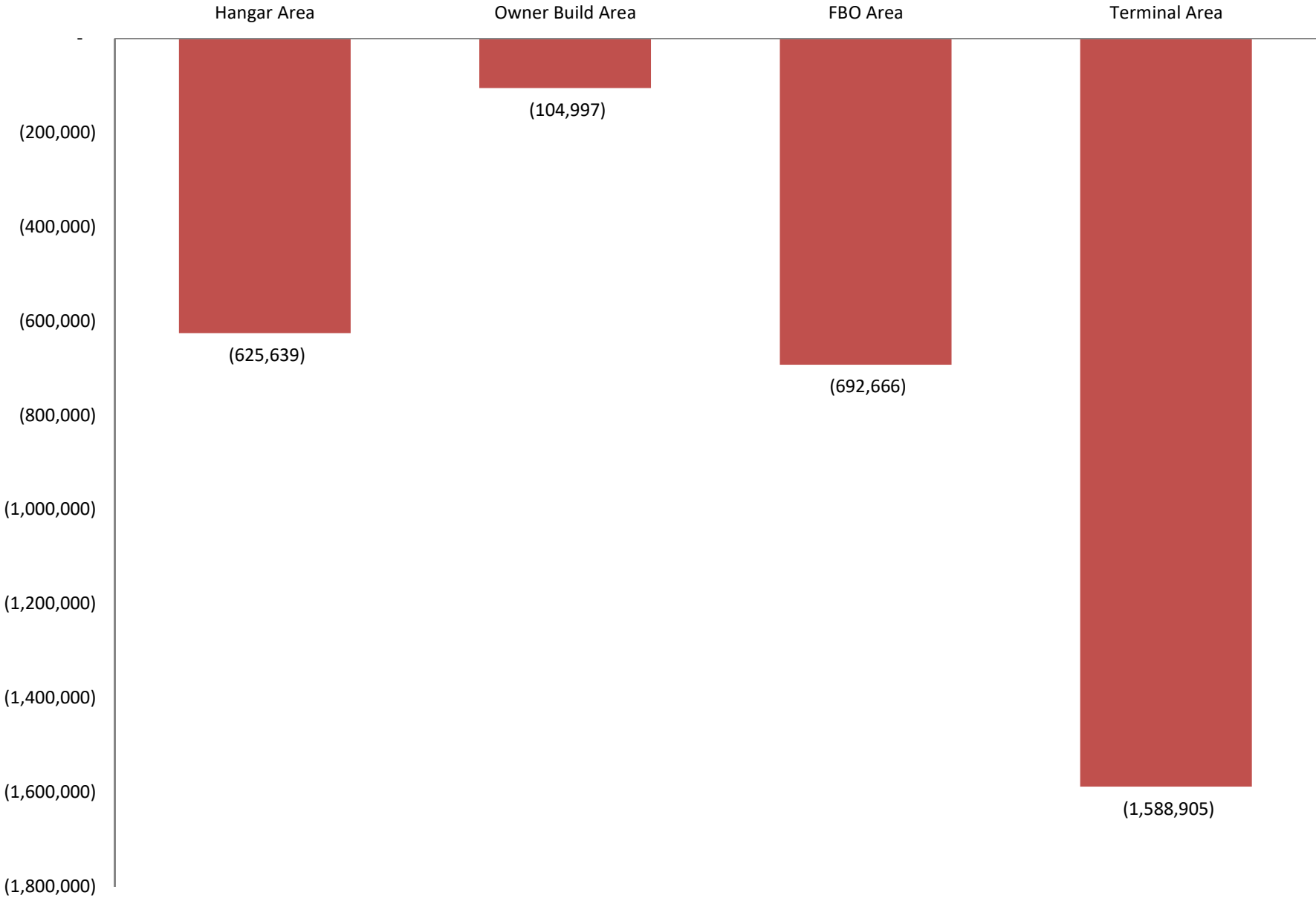




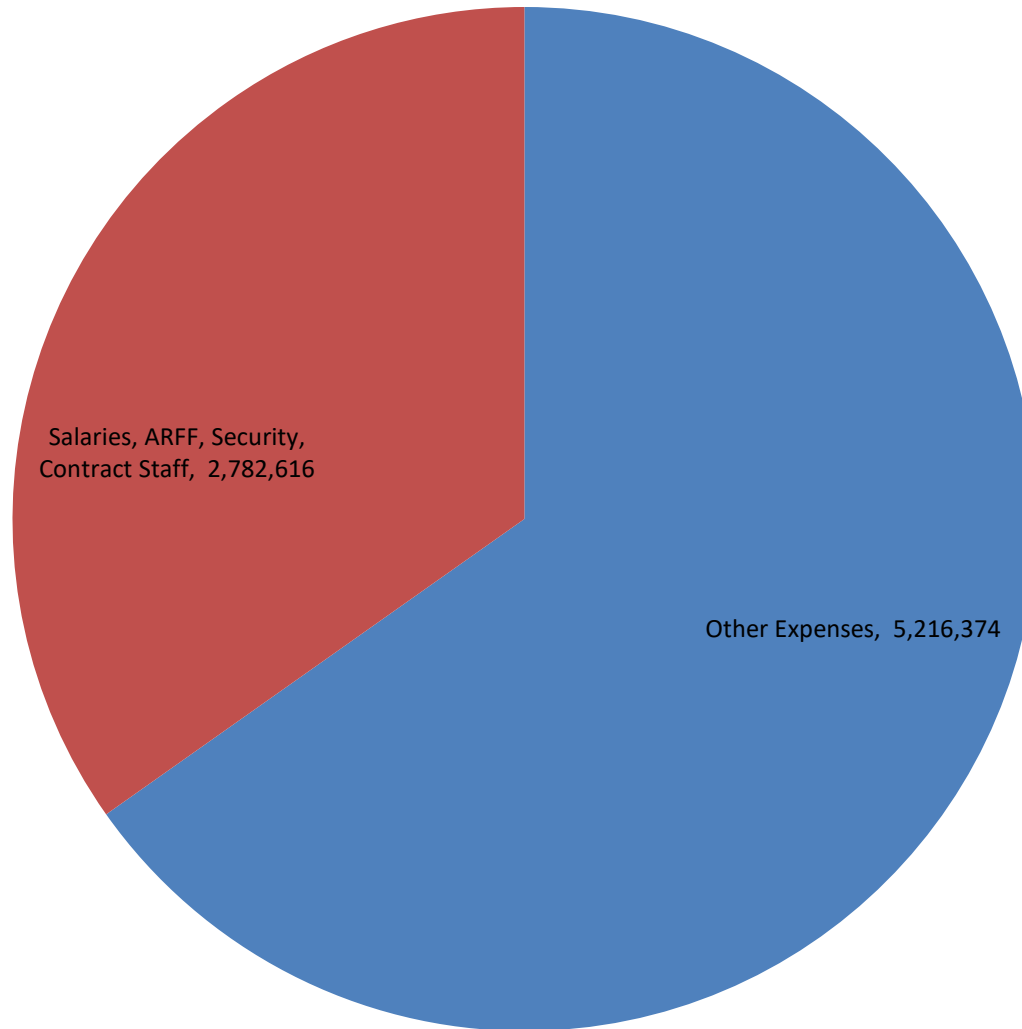
## Net Income with Depreciation



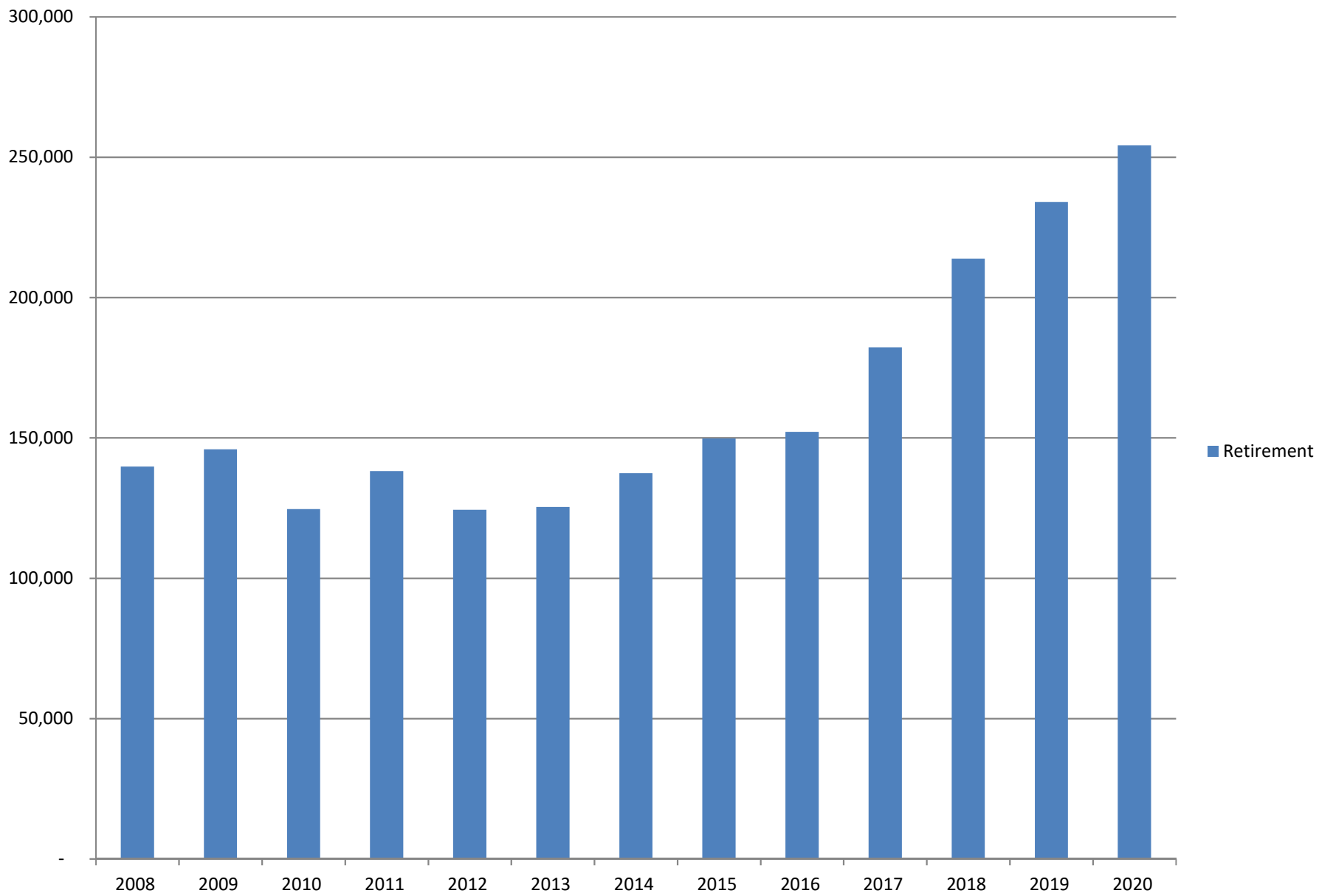
Net Income Landing Area Distributed



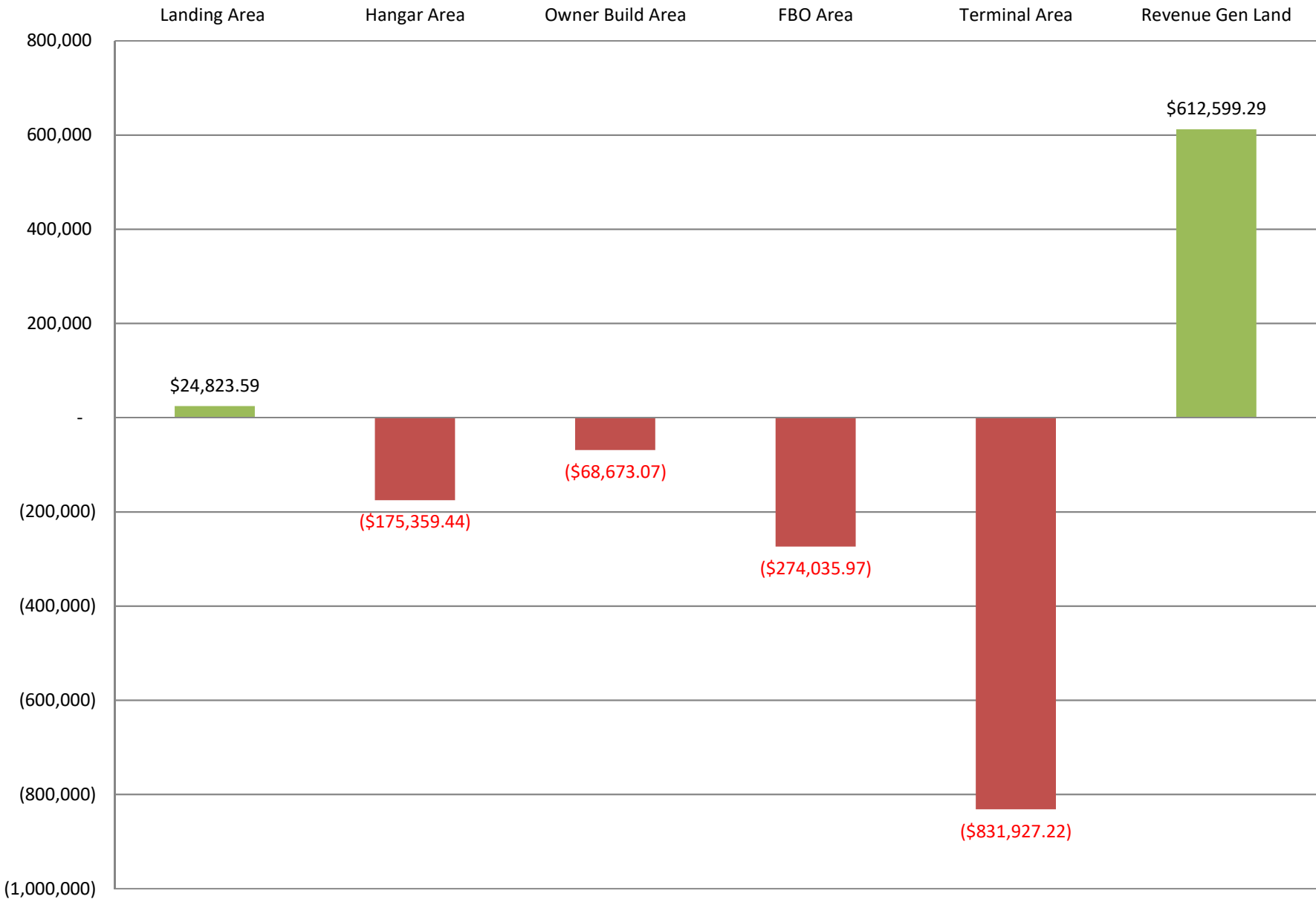
## Salaries vs. Other Expenses



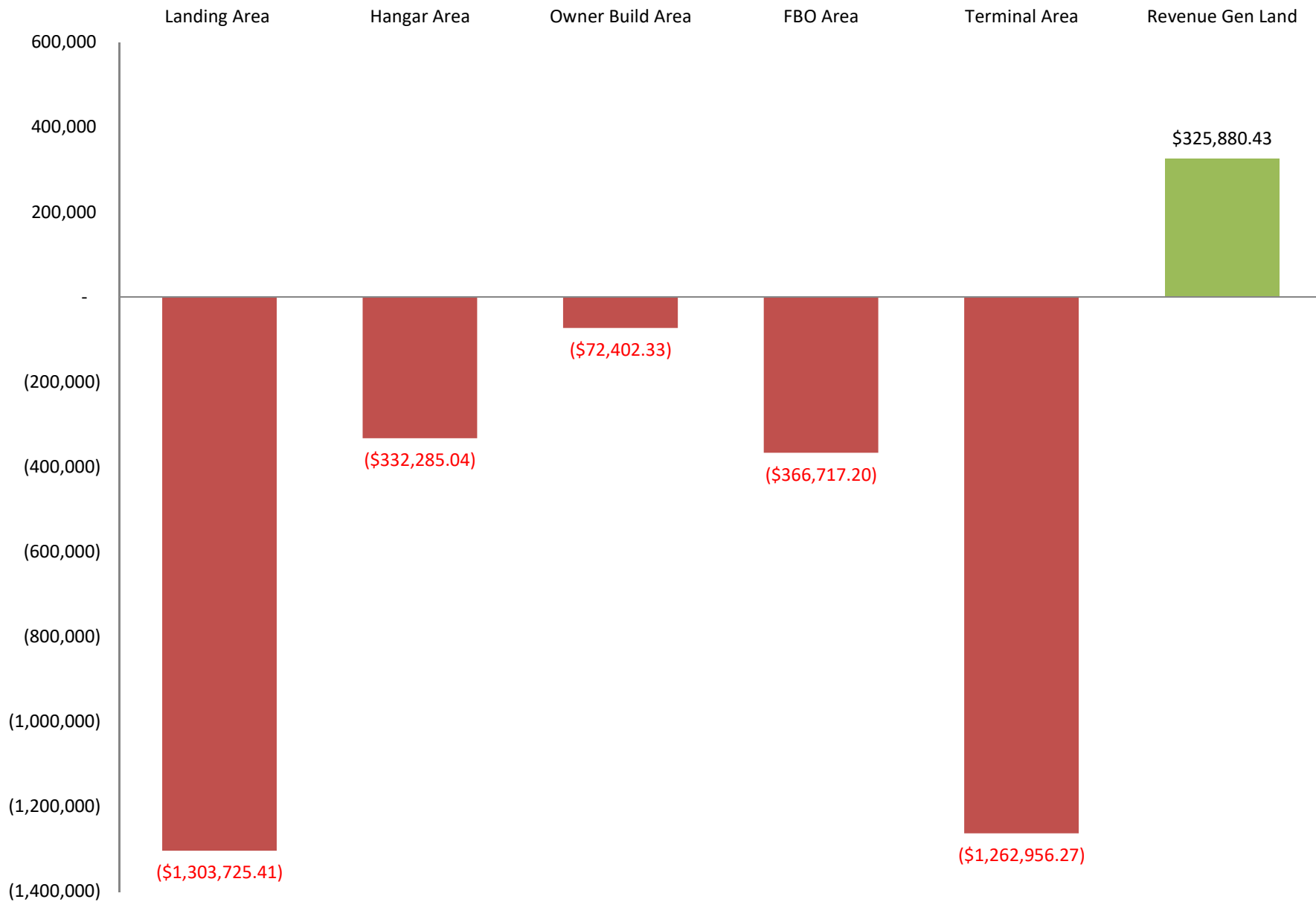
## Retirement



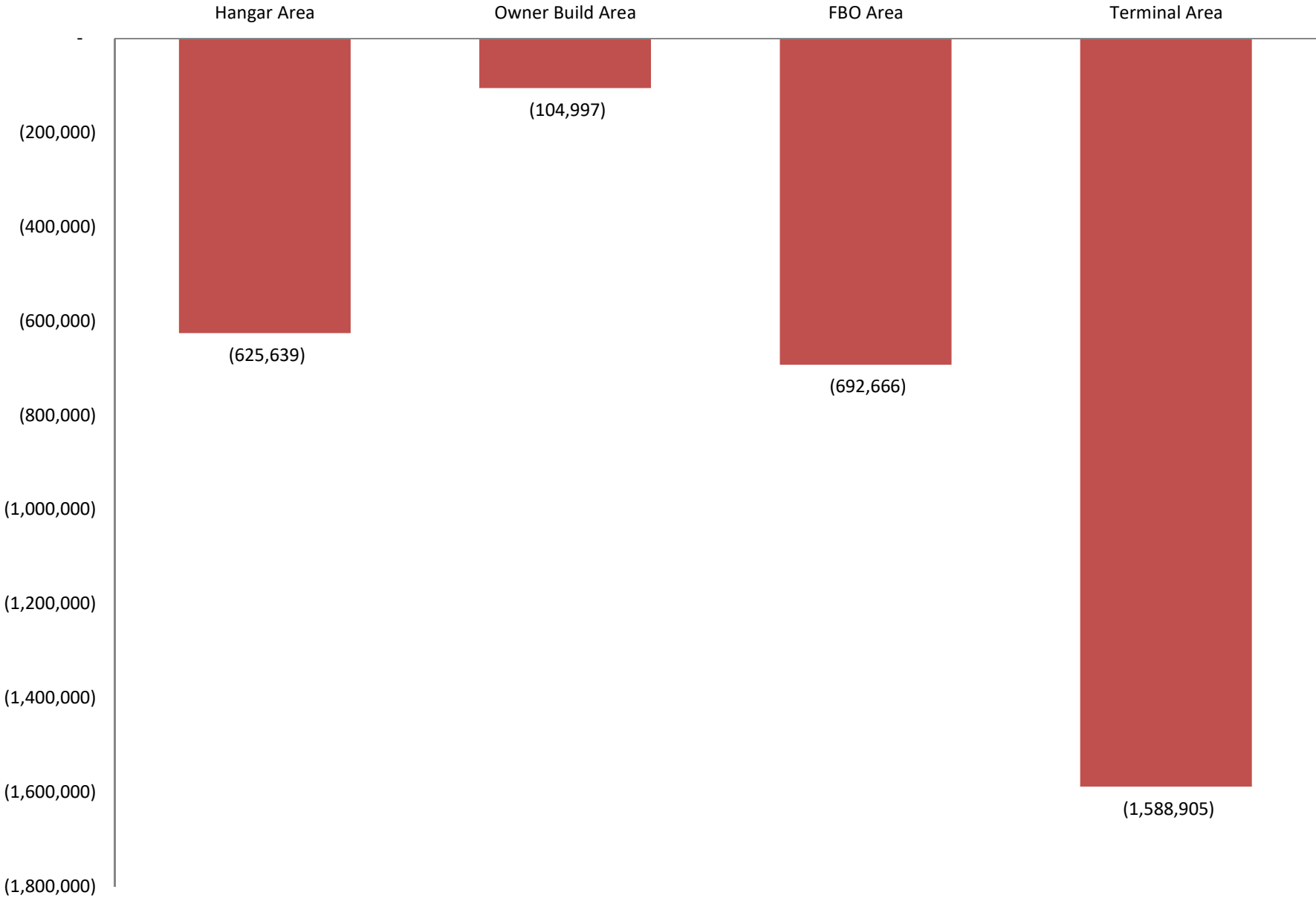
Net Income w/o Depreciation, Property Taxes to Terminal



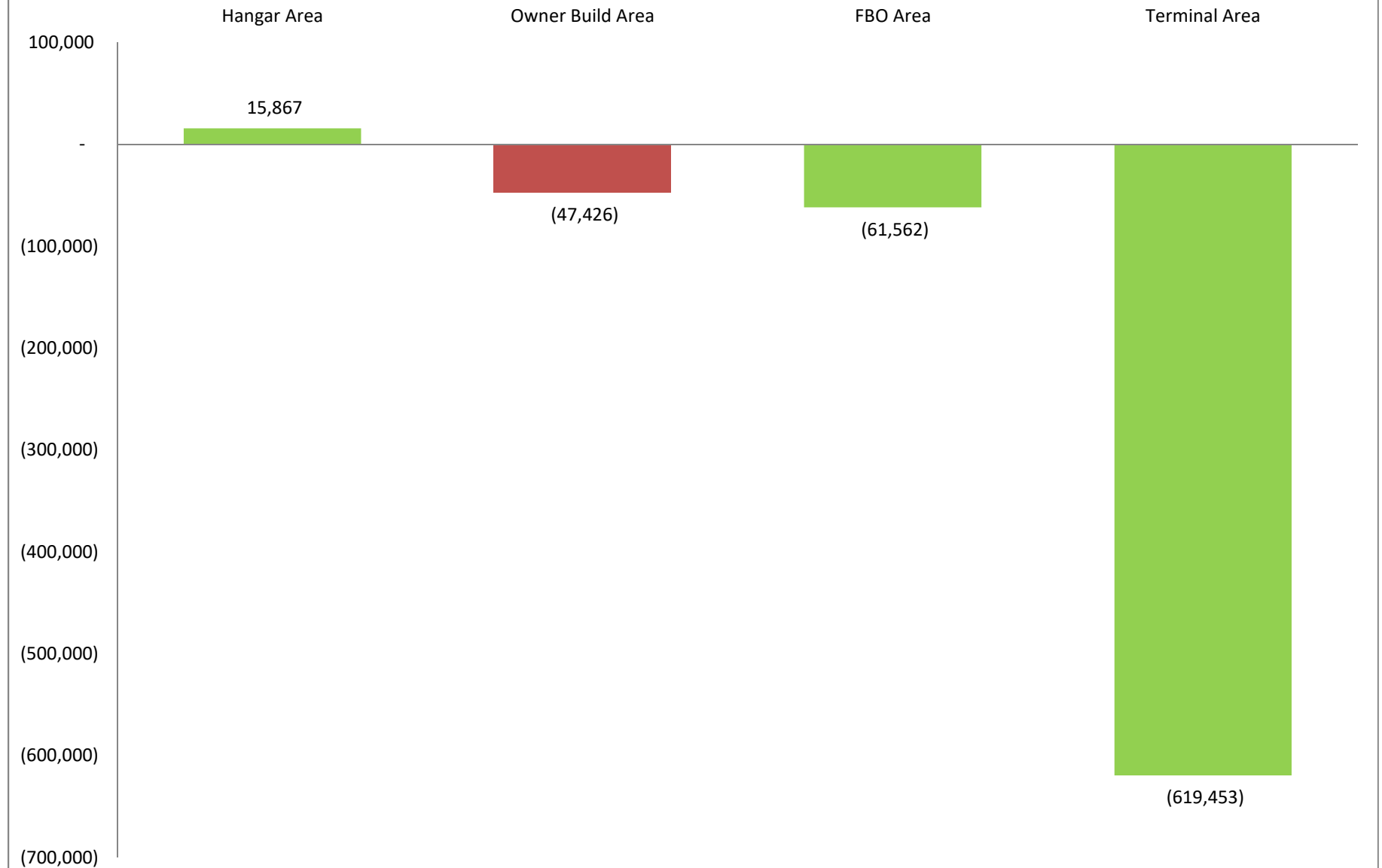
## Net Income with Depreciation, Property Taxes to Terminal



Net Income Landing Area Distributed, Property Taxes to Terminal



## Net Income Landing Area/Non Aviation Distributed, Property Taxes to Terminal No Depreciation





## Revenue

### Landing Area

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
61100-052	Landing Fees - Ameriflight	9,243	8,406	(837)	-9.06%
61100-053	Landing Fees - U.S. Forest Service	25,000	25,000	-	0.00%
61100-054	Landing Fees - Fed Ex - WestAir	6,907	7,491	584	8.46%
61100-055	Landing Fees - Allegiant Air	23,157	19,298	(3,860)	-16.67%
61100-069	Landing Fees - Charter Jets	-	-	-	
61110-052	Tiedowns - Ameriflight	1,332	2,712	1,380	103.60%
61110-054	Tiedowns - Fed Ex - WestAir in	3,936	4,008	72	1.83%
61130-093	Comm Veh Access - Fed Ex	11,352	11,568	216	1.90%
61130-094	Comm Veh Access - UPS	4,284	4,368	84	1.96%
61140-152	Fuel Flowage Fees - Self Fuel	1,801	1,718	(83)	-4.63%
61140-154	Fuel Flowage Fees - CC Jet Center LLC	61,137	66,519	5,382	8.80%
	Totals	148,149	163,953	15,804	10.67%

## Revenue

### Hangar Area

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
62210-005	T-Hangar 3005 Airpark	44,100	45,000	900	2.04%
62210-009	T-Hangar 3009 Airpark	28,440	29,040	600	2.11%
62210-011	T-Hangar 3011 Airpark	24,624	27,840	3,216	13.06%
62210-019	T-Hangar 3019 Airpark	27,360	27,840	480	1.75%
62210-023	T-Hangar 3023 Airpark	28,440	29,040	600	2.11%
62210-027	T-Hangar 3027 Airpark	28,080	28,680	600	2.14%
62210-031	T-Hangar 3031 Airpark	28,080	28,680	600	2.14%
62210-039	T-Hangar 3039 Airpark	40,860	41,580	720	1.76%
62210-103	T-Hangar 3103 Airpark	45,504	46,464	960	2.11%
62210-107	T-Hangar 3107 Airpark	33,264	33,936	672	2.02%
62210-109	T-Hangar 3109 Airpark	25,800	26,280	480	1.86%
62210-111	T-Hangar 3111 Airpark	23,760	24,192	432	1.82%
62220-035	Corporate T-Hangar 3035 Airpark	40,620	41,388	768	1.89%
62230-005	T-Hangar Storage 3005 Airpark	6,000	6,120	120	2.00%
62230-009	T-Hangar Storage 3009 Airpark	2,016	2,040	24	1.19%
62230-011	T-Hangar Storage 3011 Airpark	2,112	2,160	48	2.27%
62230-019	T-Hangar Storage 3019 Airpark	1,056	1,080	24	2.27%
62230-023	T-Hangar Storage 3023 Airpark	1,008	1,020	12	1.19%
62230-027	T-Hangar Storage 3027 Airpark	1,968	2,016	48	2.44%
62230-031	T-Hangar Storage 3031 Airpark	2,016	2,016	-	0.00%
62230-035	T-Hangar Storage 3035 Airpark	2,028	2,064	36	1.78%
62230-039	T-Hangar Storage 3039 Airpark	6,000	6,120	120	2.00%
62230-107	T-Hangar Storage 3107 Airpark	1,764	1,788	24	1.36%
62230-109	T-Hangar Storage 3109 Airpark	864	888	24	2.78%
62230-111	T-Hangar Storage 3111 Airpark	1,968	2,016	48	2.44%
62240-001	Corporate Hangars 3001 Airpark	45,528	46,389	861	1.89%
62240-029	Corporate Hangars 3029 Airpark	50,160	51,096	936	1.87%
62240-105	Corporate Hangars 3105 Airpark	60,540	61,656	1,116	1.84%
62240-118	Corporate Hangar 3043 Airpark	58,128	59,220	1,092	1.88%
	Totals	662,088	677,649	15,561	2.35%

## Revenue

### Owner Build Hangar Area

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
63310-100	Owner Build Hangars Small (11)	7,260	7,260	-	0.00%
63310-101	Owner Build Hangars Large (12)	12,528	12,528	-	0.00%
	Totals	19,788	19,788	-	0.00%

### FBO Area

64410-177	Main Hangar - Aircraft Paints	48,885	49,814	929	1.90%
64410-178	Main Hangar - Unity Courier	2,280	2,323	43	1.90%
64410-180	Main Hangar - J Bourdony Photography	3,586	3,654	68	1.90%
64410-183	Main Hangar - S B Cellular	27,978	28,817	839	3.00%
64410-184	Main Hangar - Pleinaire	13,704	13,964	260	1.90%
64410-185	Main Hangar Suites 119-128	47,916	48,826	910	1.90%
64420-115	Corporate Hangar FBO 3115 Airpark	23,390	23,894	503	2.15%
64420-117	Corporate Hangar FBO 3117 Liberator & 3115 Airpark	36,468	37,161	693	1.90%
64420-119	Corporate Hangar FBO 3119 Liberator	8,602	8,767	165	1.92%
64420-121	Corporate Hangar FBO 3121 Liberator	8,232	8,388	156	1.89%
64420-123	FBO 3123 Liberator - Office Building	-	-	-	
64420-125	Corporate Hangar FBO 3125 Liberator Paint Hangar	53,831	54,870	1,039	1.93%
64420-409	Corporate Hangar FBO 3409 Corsair	67,176	67,176	-	0.00%
64420-410	U.S. Forest -Land Use Revenue	40,000	40,000	-	0.00%
64420-438	CALSTAR	12,300	12,534	234	1.90%
64420-439	Corporate Hangar FBO - CC Jet Center	51,108	51,108	-	0.00%
64420-440	Corporate Hangar FBO 3950 Mitchell (CCJC)	20,446	20,837	391	1.91%
64420-441	Corporate Hangar FBO 3948 Mitchell (SMPAD Maint)	-	-	-	
64420-442	Corporate Hangar FBO 3944 Mitchell (Kinney)	18,252	18,599	347	1.90%
64420-443	Corporate Hangar FBO 3940 Mitchell (Rocky Mtn)	39,277	40,022	746	1.90%
64420-444	Corporate Hangar FBO Arctic Air	44,592	44,592	-	0.00%
64420-445	CC Jet Center Self Service	2,100	2,100	-	0.00%
64420-447	Rotocraft Leasing - Parking Lot	13,680	13,940	260	1.90%
64420-448	MOF 3015/3025 Airpark Drive	2,508	2,508	-	0.00%
64420-449	CC Jet Center Forest Service Dispatch	3,919	3,999	80	2.03%
64420-450	CCJC (GA Terminal)	11,496	13,452	1,956	17.01%

64459-203	Utility Reimbursement - Main Hangar	30,965	33,976	3,012	9.73%
	Totals	632,691	645,322	12,631	2.00%

## Revenue

		Terminal Area			
Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
65510-251	TSA Lease Site	93,700	93,700	-	0.00%
65510-252	Terminal - Restaurant	37,830	32,204	(5,626)	-14.87%
65510-255	Terminal - Allegiant Air	2,208	2,208	-	0.00%
65510-256	Terminal - Central Coast Shuttle	25,661	26,143	482	1.88%
65510-257	PFC Revenue	106,985	89,154	(17,831)	-16.67%
65510-262	ARINC	1,849	1,895	47	2.53%
65520-265	Terminal Concessions - Avis	105,876	66,956	(38,919)	-36.76%
65520-266	Terminal Concessions - Budget	30,094	19,813	(10,281)	-34.16%
65520-267	Terminal Concessions - Hertz	71,972	43,711	(28,261)	-39.27%
65520-268	Terminal Concessions - Enterprise	-	-	-	
65520-274	Terminal Phones & Vending Machines	1,560	1,795	235	15.07%
65530-217	Other Building - Admin Bd Room	1,120	1,120	-	0.00%
65530-307	Other Building - Avis Service Center	11,622	11,842	221	1.90%
65559-249	Utility Reimbursements - Terminal	3,769	2,725	(1,044)	-27.69%
65559-336	TSA Reimbursement	10,960	12,880	1,920	17.52%
	CARES Act Grant		1,094,000		
	Totals	505,205	1,500,147	994,942	196.94%

# Revenue

## Revenue Generating Land

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
66120-083	Santa Maria Karting	6,600	6,600	-	0.00%
66610-361	Farm Land - CJ&J Farms	135,703	138,681	2,978	2.11%
66610-362	Grazing Land - R. Michel	2,148	2,148	-	0.00%
66610-363	Farm Land - McGray & Jokela	-	-	-	0.00%
66610-364	Mahoney 24 Acre Sublease	40,613	32,465	(8,148)	-25.10%
66610-365	Farm Land - Gresser	538,890	549,896	11,005	2.10%
66610-366	Grazing Land -Velarde	3,223	3,516	293	9.09%
66620-201	Airport Business Park	139,200	139,200	-	0.00%
66620-320	Pioneer Park	1,933	1,933	-	0.00%
66620-455	Commercial Land - Hotel	174,930	162,137	(12,793)	-6.94%
66630-381	Airport Mobile Home Park	451,287	460,366	9,079	2.05%
	Totals	1,494,527	1,496,941	2,414	0.16%

## Administration

67100-100	Air Show Revenue	496,500	-	(496,500)	-100.00%
67910-921	Misc Income - Late Charges	7,000	-	(7,000)	-100.00%
67910-931	Misc Income - Rebates - PG&E	-	-	-	
67910-951	Misc Income - Airport Access Cards	8,000	14,478	6,478	80.98%
	Totals	511,500	14,478	(497,022)	-97.17%

## Non-Operating

	Air Show Revenue				
69010-951	Interst Income	195,590	201,885	6,294	15.41%
69110-932	AIP - Reimbursement	3,449,451	6,572,850	3,123,399	50.68%
69310-965	Tax Revenues	1,713,900	1,765,317	51,417	3.37%
	Totals	5,358,942	8,540,052	3,181,110	41.16%

Total Operating Revenue	3,973,948	4,518,279	544,331	15%
Total Non-Operating Revenues	5,358,942	8,540,052	3,181,110	41%
Total Revenues	9,332,890	13,058,331	3,725,441	33%

## Expense

### Landing Area

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
71110-100	Electricity - Landing Area	19,290	20,254	964	5.65%
71110-455	Electricity - Hotel Ramp	1,190	1,531	341	31.34%
71220-100	Signs	1,600	10,100	8,500	531.25%
71310-100	Lighting & Nav Aid Maintenance	11,125	11,125	-	0.00%
71323-100	Runway Generator Maintenance	3,960	4,600	640	19.69%
71330-100	Pavement - Runways & Taxiways	8,200	13,000	4,800	58.54%
71331-100	Pavement - Ramps & Tiedowns	10,850	10,850	-	0.00%
71345-100	Weed Abatement	46,870	61,870	15,000	44.03%
71350-100	Fencing & Gates	4,300	5,800	1,500	34.88%
	Totals	107,384	139,130	31,746	34.67%

### Hangar Area

72110-200	Electricity - Hangars	21,188	21,987	800	3.74%
72130-200	Water - Hangars	3,810	2,705	(1,105)	-23.99%
72150-200	Emergency Phones - Hangars	1,640	2,187	546	42.16%
72260-200	Landscaping Hangar Area	6,914	7,884	969	14.85%
72290-200	Miscellaneous Hangar Supplies	1,400	1,400	-	0.00%
72300-200	Building Maintenance - Hangar Area	18,900	19,900	1,000	11.24%
72310-200	Lighting Maintenance - Hangars	7,000	7,000	-	0.00%
72311-200	Janitorial Sv Hangar Area	14,068	13,860	(208)	-1.50%
72328-200	Fire Extinguisher Service - Hangar	1,500	1,500	-	0.00%
72331-200	Pavement - Ramp - Hangars	11,250	11,250	-	0.00%
72350-200	Fencing & Gates	3,050	3,050	-	0.00%
72445-200	Fire Alarm Service - Hangars	3,260	4,903	1,643	50.40%
72480-200	Waste Oil Removal - Hangars	1,750	1,750	-	0.00%
72700-710	Sig Item - Hangar Address Signs			-	
	Totals	95,730	99,375	3,645	4.30%



## Expense

### Owner Build Hangar Area

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
73700-721	Owner Build - Water	877	954	77	10.76%
73700-722	Owner Build - Electricity	216	250	34	15.06%
73700-723	Owner Build - Restroom Janitorial	2,558	2,520	(38)	-1.50%
73700-724	Owner Build - Maintenance	1,000	1,000	-	0.00%
	Total	4,651	4,724	73	1.64%

### FBO Area

74110-203	Electricity - Main Hangar	33,624	35,004	1,380	4.67%
74110-204	Utilities 3940 Mitchell Rd.	279	262	(17)	-5.29%
74120-203	Gas- Main Hangar	1,337	1,723	386	77.93%
74130-125	Water - Paint Hangar	4,851	4,920	69	1.43%
74130-203	Water - Main Hangar	6,338	5,257	(1,081)	-15.76%
74150-125	Emergency Phone Lines - Paint Hangar	2,126	2,402	276	13.16%
74150-203	Emergency Phone Lines - Main Hangar	593	1,034	441	67.35%
74260-400	Landscaping - FBO	1,115	1,270	156	15.65%
74300-400	Building Maint - FBO Hangar Area	13,250	13,250	-	0.00%
74311-203	Janitorial Sv Main Hangar & FBOs	2,558	2,520	(38)	-1.50%
74311-218	GA Building Water and Trash	3,128	1,403	(1,725)	-45.90%
74315-400	Fire Sprinkler Maintenance	2,500	2,500	-	0.00%
74331-400	Pavement - Ramps & Tiedowns	2,000	2,000	-	0.00%
74340-400	Drainage Maintenance	1,500	2,000	500	33.33%
74350-400	Fencing & Gates	22,800	5,600	(17,200)	-75.44%
74445-125	Fire Alarm Service - Paint Hangar	420	420	-	0.00%
74445-203	Fire Alarm Service - Main Hangar	420	420	-	0.00%
	Total	98,838	81,987	(16,851)	-18.29%

## Expense

### Terminal Area

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
71120-150	ARFF Services	753,780	812,620	58,840	7.81%
75110-249	Electricity - Terminal	103,055	98,660	(4,395)	-4.26%
75120-249	Gas - Terminal	3,130	5,734	2,604	83.18%
75130-249	Water - Terminal	20,504	17,525	(2,979)	-14.53%
75150-249	Emergency Phone Lines - Terminal	6,614	7,818	1,203	18.19%
75150-250	Pay Phone Service - Terminal	2,735	2,735	-	0.00%
75150-300	Audio & Video Monthly Charges	3,427	3,211	(216)	-6.31%
75220-250	Signs	2,000	3,250	1,250	62.50%
75255-250	Janitorial Sv Terminal Area	92,276	95,712	3,436	3.72%
75260-250	Landscaping - Terminal	30,346	34,592	4,246	13.99%
75300-249	Building Maintenance - Terminal	35,700	48,950	13,250	37.11%
75300-339	Building Maintenance - Fire Station	5,730	5,730	-	0.00%
75310-240	Lighting Maint - Terminal Area Streets	1,000	1,000	-	0.00%
75310-249	Lighting Maintenance - Terminal	4,000	4,000	-	0.00%
75310-339	Lighting Maintenance - Fire Station	100	100	-	0.00%
75323-249	Emergency Generator Maintenance - Terminal	2,000	2,500	500	25.00%
75323-339	Emergency Generator Maintenance - Fire Station	1,500	2,500	1,000	66.67%
75333-250	Pavement - Roads - Terminal Area	10,000	14,000	4,000	40.00%
75350-250	Fencing & Gates - Terminal	2,000	4,550	2,550	127.50%
75465-249	Automatic Door Maint - Terminal	6,000	6,000	-	0.00%
75475-249	Interior Plant Service - Terminal	3,300	3,800	500	15.15%
75700-740	Sig Item - Terminal Accessories	13,360	13,360	-	0.00%
75700-761	Firefighting Equipment	11,750		(11,750)	-100.00%
	Totals	1,114,307	1,188,347	74,040	6.64%

## Expense

Revenue Generating Land					
Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
76110-300	Electric - Street Lights	2,016	2,009	(6)	-0.32%
76110-310	Electric - Retention Dam Pumps	3,844	3,213	(631)	-16.41%
76140-300	Recycled Water	2,250	2,250	-	0.00%
76220-250	Signs	1,000	1,000	-	0.00%
76260-300	Landscaping - Revenue Generating Land	9,952	11,344	1,393	13.99%
76290-300	South Well Maintenance	500	500	-	0.00%
76310-300	Street Light Maintenance	500	500	-	0.00%
76340-300	Drainage Maintenance	6,000	6,000	-	0.00%
76345-300	North Well Maintenance	1,500	1,500	-	0.00%
76350-300	Fencing & Gates	2,500	2,500	-	0.00%
76360-300	Stormwater Retention Facilities	3,400	3,400	-	0.00%
76700-750	MHP - Salaries/Benefits	92,836	94,600	1,764	1.90%
76700-752	MHP - Maintenance	30,790	30,375	(415)	-1.35%
76700-753	MHP - Liability Ins	5,775	6,865	1,090	18.87%
76700-754	MHP - Utilities	159,580	159,320	(260)	-0.16%
76700-755	MHP - Property Management	28,200	28,200	-	0.00%
76700-757	MHP - G & A	15,905	10,805	(5,100)	-32.07%
	Totals	366,547	364,381	(2,166)	-0.59%

## Expense

Administration						
Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change	
87010-451	General Manager	160,033	163,073	3,039	1.90%	
87010-452	Manager of Operations and Maintenance	99,458	101,346	1,887	1.90%	
87010-453	Manager of Finance and Administration	94,722	96,528	1,806	1.91%	
87010-454	Operations Officer	56,808	57,887	1,079	1.90%	
87010-455	Administrative Assistant	65,137	65,137			
87010-456	Foreman	75,472	76,902	1,430	1.89%	
87010-457	Maintenance Worker III	117,423	17,144	(100,280)	-85.40%	
87010-458	Maintenance Worker I	75,103	123,234	48,131	64.09%	
87010-459	Maintenance Worker II	-	-	-		
87010-460	Accounting Clerk	93,138	61,473	(31,664)	-34.00%	
87010-462	Receptionist	42,599	45,772	3,173	7.45%	
87010-463	Maintenance Worker IV		36,757	36,757		
87020-473	Longevity Pay	29,844	26,960	(2,884)	-9.66%	
87020-474	On Call Pay	-	-	-		
87030-481	Medicare Tax	13,245	12,647	(598)	-4.52%	
87030-482	Medical Insurance	256,730	244,027	(12,703)	-4.95%	
87030-483	Dental Insurance	11,641	10,746	(895)	-7.69%	
87030-484	Auto Allowance	13,800	13,800	-	0.00%	
87030-485	Life Insurance	4,273	5,383	1,110	25.97%	
87030-486	Disability Insurance	7,359	7,088	(270)	-3.67%	
87030-487	PERS Retirement	234,003	254,206	20,202	8.63%	
87030-488	Worker's Compensation	21,170	27,106	5,936	28.04%	
87030-489	Employee Vision Coverage	1,526	1,408	(117)	-7.69%	
87110-150	Electricity - Shop	3,588	2,977	(612)	-17.05%	
87110-217	Electricity - Administration Building	12,075	12,827	752	6.23%	
87120-150	Gas - Shop	256	256	(0)	-0.16%	
87120-217	Gas - Administration Building	199	812	613	308.18%	
87130-150	Water - Shop	4,466	3,055	(1,411)	-31.59%	
87130-217	Water - Administrative Building	1,833	1,544	(289)	-15.77%	
87130-500	Water - Landscaping	33,057	19,984	(13,073)	-39.55%	

87140-500	Trash - Paper Recycling	1,470	1,590	120	8.16%
87160-501	Cellular Phone Service	14,750	14,750	-	0.00%
87160-502	Security Phone Lines	1,065	1,296	231	21.71%
87160-504	Administration Office - Monthly Service	5,883	6,801	918	15.61%
87160-505	Administration Office - AT&T Toll Calls	1,921	1,235	(686)	-35.72%
87160-507	Administration Office - Fax Line	1,451	1,686	235	16.22%

## Expense

### Administration

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
87160-509	Tower Telephone	3,134	3,200	66	2.10%
87160-510	Shop Phone	2,382	2,539	157	6.67%
87160-511	Answering Service	3,334	3,543	209	6.11%
87210-500	Security Supplies	3,400	3,400	-	0.00%
87230-500	Janitorial Supplies	9,260	13,181	3,921	45.48%
87240-500	Small Tools	9,042	9,042	-	0.00%
87260-150	Shop Supplies	4,550	4,550	-	0.00%
87270-531	Fuel Expense - Gas/Oil	9,990	9,802	(188)	-1.88%
87270-532	Fuel Expense - Diesel Fuel/Oil	13,490	12,206	(1,284)	-9.69%
87275-500	Solvent	1,923	1,000	(923)	-168.15%
87280-546	First Aid	560	795	235	42.79%
87280-547	Safety Equipment	3,650	3,650	-	0.00%
87280-548	Training Supplies	600	600	-	0.00%
87286-500	Uniform Service	7,743	7,907	164	2.75%
87290-500	Sundries	4,462	4,517	55	1.17%
87300-150	Building Maintenance - Shop	3,650	3,650	-	0.00%
87300-217	Building Maint - Admin Building	7,920	10,100	2,180	27.53%
87321-150	Equipment Maintenance - Shop	750	750	-	0.00%
87322-500	Radio Maintenance	3,053	3,053	-	0.00%
87324-521	Maintenance/Lease - Copy Machine	8,087	7,695	(392)	-4.95%
87324-523	Maintenance - Postage Machine	1,444	1,452	8	0.53%
87328-500	Fire Extinguisher Service	3,050	3,050	-	0.00%
87360-536	Automotive Maintenance - Mechanical	8,000	8,000	-	0.00%
87360-537	Automotive Maintenance - Tires	4,000	4,000	-	0.00%
87370-541	Heavy Equipment Maint - Mechanical	16,500	25,500	9,000	62.43%
87370-542	Heavy Equipment Maintenance - Tires	10,000	10,000	-	0.00%
87370-543	ARFF Vehicle Maintenance	21,000	25,500	4,500	21.43%
87380-554	Fuel System Fire Alarm Service	1,000	1,420	420	77.78%
87400-500	Directors Fees	21,000	21,000	-	0.00%

87412-500	Payroll Processing Fees	5,608	5,363	(246)	-5.15%
87414-500	Annual Audit	29,288	29,288	-	0.00%
87420-500	Legal Counsel Services	76,397	65,730	(10,666)	-14.23%
87440-500	Security Services	393,191	382,945	(10,246)	-2.28%

## Expense

### Administration

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
87443-500	Security Sys Maint & Repair	7,000	39,000	32,000	457.14%
87450-500	Janitorial Service - Administrative	11,510	11,712	202	1.75%
87470-500	Landscaping Services	4,495	5,124	629	13.99%
87472-500	Landscaping Contingencies	5,000	5,000	-	0.00%
87475-500	Internet/Web Page Maintenance	18,817	43,440	24,623	130.85%
87510-562	Bank Charges - Service Charges	13,311	13,390	79	0.59%
87520-566	Freight & Common Carrier	742	705	(37)	-4.94%
87520-567	Postage	1,600	1,000	(600)	-37.50%
87520-568	Printing & Stationery	1,032	550	(482)	-46.73%
87520-570	Office Supplies/Equipment	15,071	13,662	(1,409)	-9.35%
87520-572	Books & Publications	1,802	2,572	770	42.74%
87530-581	Computer Supplies	18,290	18,290	-	0.00%
87530-583	Computer Support Services	101,270	114,956	13,686	13.51%
87540-600	Dues and Membership	4,919	5,493	574	11.67%
87540-601	Dues -AAAE	5,000	4,100	(900)	-18.00%
87540-603	Dues - SWAAAE	570	340	(230)	-40.35%
87540-605	Dues - Chamber of Commerce	8,000	8,000	-	0.00%
87540-606	Dues - National Notary Association	150	150	-	0.00%
87540-607	Dues - CA Special Districts Association	6,771	7,667	896	13.23%
87540-608	Dues - AAAE ARDF CA Airport Storm	4,950	4,950	-	0.00%
87540-610	Costco Membership	165	165	-	0.00%
87540-618	Santa Maria Times	150	150	-	0.00%
87540-628	Pro-rata Share of LAFCO Budget	2,869	2,926	57	2.00%
87600-596	Advertising - Legal	3,000	1,000	(2,000)	-66.67%
87600-599	Advertising - Airport Advertising	56,500	156,500	100,000	176.99%
87618-500	Election Expense	-	25,000	25,000	
87620-692	Emergency Exercises	500	500	-	0.00%
87630-591	Insurance - Airport Liability	14,893	12,950	(1,943)	-13.04%
87630-592	Insurance - Auto, Fire, Property	93,169	138,871	45,702	49.05%
87630-595	Insurance - General Liability Insurance	37,808	58,775	20,967	55.46%



87650-643	Permits	4,901	4,667	(234)	-4.77%
87650-646	Storm Water Permits	1,926	1,400	(526)	-27.31%
87660-500	Education	16,000	16,000	-	0.00%
87670-500	Business Travel & Entertainment	72,283	66,370	(5,914)	-8.18%

## Expense

### Administration

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
87679-500	Employee Recognition	3,800	3,800	-	0.00%
87700-791	Training Live Burn	24,000	18,000	(6,000)	-25.00%
88680-681	SM Chamber Econ Develop	36,300	38,000	1,700	4.68%
88680-685	Airshow	339,591	10,000	(329,591)	-97.06%
88680-691	Business Park Planning & Marketing	35,000	35,000	-	0.00%
88680-692	Consulting - Mktg Aviation Related	78,485	76,860	(1,625)	-2.07%
88680-693	Consulting Services - Contingencies	137,776	165,534	27,757	20.15%
	Totals	3,436,374	3,338,430	(97,945)	-2.85%

### Depreciation

87610-100	Depreciation - Landing Area	1,332,290	1,328,549	(3,741)	-0.28%
87610-200	Depreciation - Hangar Area	144,946	119,633	(25,313)	-17.46%
87610-225	Depreciation - Owner Build Area	-	-	-	
87610-250	Depreciation - Terminal Area	356,519	365,767	9,248	2.59%
87610-300	Depreciation - Rev Gen Land	236,594	245,697	9,103	3.85%
87610-400	Depreciation - Main Hangar & FBO	53,605	53,524	(81)	-0.15%
87610-500	Depreciation - Administration	179,456	186,463	7,007	3.90%
	Totals	2,303,410	2,299,633	(3,777)	-0.16%

### Capital Budget

	5,870,620	5,440,300	(430,320)	-7.33%
Total Operating Expenses	7,527,242	7,516,007	(11,235)	-0.15%
Total Operating Expenses Excluding Depreciation	5,223,832	5,216,374	(7,457)	-0.14%
Total Expenses	13,397,862	12,956,307	(441,555)	-3.30%
Total Expenses Excluding Depreciation	11,094,452	10,656,674	(437,778)	-3.95%
			-	
Net Operating Income/(Loss)	(3,553,294)	(2,997,728)	555,566	-15.64%
Net Operating Income/(Loss)Excluding Depreciation	(1,249,883)	(698,095)	551,789	-44.15%

## Revenue

### Landing Area

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
61100-052	Landing Fees - Ameriflight	9,243	8,406	(837)	-9%
61100-053	Landing Fees - U.S. Forest Service	25,000	25,000	-	0%
61100-054	Landing Fees - Fed Ex - WestAir	6,907	7,491	584	8%
61100-055	Landing Fees - Allegiant Air	23,157	19,298	(3,860)	-17%
61100-069	Landing Fees - Charter Jets	-	-	-	
61110-052	Tiedowns - Ameriflight	1,332	2,712	1,380	104%
61110-054	Tiedowns - Fed Ex - WestAir in	3,936	4,008	72	2%
61130-093	Comm Veh Access - Fed Ex	11,352	11,568	216	2%
61130-094	Comm Veh Access - UPS	4,284	4,368	84	2%
61140-152	Fuel Flowage Fees - Self Fuel	1,801	1,718	(83)	-5%
61140-154	Fuel Flowage Fees - CC Jet Center LLC	61,137	66,519	5,382	9%
	Totals	148,149	163,953	15,804	11%

## Expense

### Landing Area

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
71110-100	Electricity - Landing Area	19,290	20,254	964	5%
71110-455	Electricity - Hotel Ramp	1,190	1,531	341	29%
71220-100	Signs	1,600	10,100	8,500	531%
71310-100	Lighting & Nav Aid Maintenance	11,125	11,125	-	0%
71323-100	Runway Generator Maintenance	3,960	4,600	640	16%
71330-100	Pavement - Runways & Taxiways	8,200	13,000	4,800	59%
71331-100	Pavement - Ramps & Tiedowns	10,850	10,850	-	0%
71345-100	Weed Abatement	46,870	61,870	15,000	32%
71350-100	Fencing & Gates	4,300	5,800	1,500	35%
	Totals	107,384	139,130	31,746	30%

## Landing Area Summary

### Landing Area

	19/20 Budget	20/21 Budget	Change	% Change
Revenue	148,149	163,953	15,804	11%
Expense	107,384	139,130	31,746	30%
Depreciation	1,332,290	1,328,549	(3,741)	0%
			-	
Net Operating Income/(Loss)	(1,291,525)	(1,303,725)	(12,200)	1%
Net Operating Income/(Loss) Excluding Depreciation	40,765	24,824	(15,941)	-39%

# Revenue

## Terminal Area

Account	Account Description	19/20	20/21	Change	% Change
Number		Budget	Budget		
65510-251	TSA Lease Site	93,700	93,700	-	0.0%
65510-252	Terminal - Restaurant	37,830	32,204	(5,626)	-17.5%
65510-255	Terminal - Allegiant Air	2,208	2,208	-	0.0%
65510-256	Terminal - Central Coast Shuttle	25,661	26,143	482	1.8%
65510-257	PFC Revenue	106,985	89,154	(17,831)	-20.0%
65510-262	ARINC	1,849	1,895	47	2.5%
65520-265	Terminal Concessions - Avis	105,876	66,956	(38,919)	-58.1%
65520-266	Terminal Concessions - Budget	30,094	19,813	(10,281)	-51.9%
65520-267	Terminal Concessions - Hertz	71,972	43,711	(28,261)	-64.7%
65520-268	Terminal Concessions - Enterprise	-	-	-	
65520-274	Terminal Phones & Vending Machines	1,560	1,795	235	13.1%
65530-217	Other Building - Admin Bd Room	1,120	1,120	-	0.0%
65530-307	Other Building - Avis Service Center	11,622	11,842	221	1.9%
65559-249	Utility Reimbursements - Terminal	3,769	2,725	(1,044)	-38.3%
65559-336	TSA Reimbursement	10,960	12,880	1,920	14.9%
	Cares Act		1,094,000		
	Totals	505,205	1,500,147	994,942	66.3%

## Expense

### Terminal Area

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
71120-150	ARFF Services	753,780	812,620	58,840	7.2%
75110-249	Electricity - Terminal	103,055	98,660	(4,395)	-4.5%
75120-249	Gas - Terminal	3,130	5,734	2,604	45.4%
75130-249	Water - Terminal	20,504	17,525	(2,979)	-17.0%
75150-249	Emergency Phone Lines - Terminal	6,614	7,818	1,203	15.4%
75150-250	Pay Phone Service - Terminal	2,735	2,735	-	0.0%
75150-300	Audio & Video Monthly Charges	3,427	3,211	(216)	-6.7%
75220-250	Signs	2,000	3,250	1,250	38.5%
75255-250	Janitorial Sv Terminal Area	92,276	95,712	3,436	3.6%
75260-250	Landscaping - Terminal	30,346	34,592	4,246	12.3%
75300-249	Building Maintenance - Terminal	35,700	48,950	13,250	27.1%
75300-339	Building Maintenance - Fire Station	5,730	5,730	-	0.0%
75310-240	Lighting Maint - Terminal Area Streets	1,000	1,000	-	0.0%
75310-249	Lighting Maintenance - Terminal	4,000	4,000	-	0.0%
75310-339	Lighting Maintenance - Fire Station	100	100	-	0.0%
75323-249	Emergency Generartor Maintenance - Terminal	2,000	2,500	500	20.0%
75323-339	Emergency Generator Maintenance - Fire Station	1,500	2,500	1,000	40.0%
75333-250	Pavement - Roads - Terminal Area	10,000	14,000	4,000	28.6%
75350-250	Fencing & Gates - Terminal	2,000	4,550	2,550	56.0%
75465-249	Automatic Door Maint - Terminal	6,000	6,000	-	0.0%
75475-249	Interior Plant Service - Terminal	3,300	3,800	500	13.2%
75700-740	Sig Item - Terminal Accessories	13,360	13,360	-	0.0%
75700-761	Firefighting Equipment	11,750	-	(11,750)	
	Totals	1,114,307	1,188,347	43,229	4.0%

## Terminal Area Summary

	19/20 Budget	20/21 Budget	Change	% Change
Revenue	505,205	1,500,147	994,942	66.3%
Expense	1,114,307	1,188,347	74,040	6.2%
Depreciation	356,519	365,767	9,248	2.5%
Admin Depreciation Distributed	62,810	65,262	2,452	3.8%
Salaries & Benefits Distributed	475,748	476,115	367	0.1%
Security	326,987	325,503	(1,484)	-0.5%
Admin Expenses Distrtributed	283,797	342,108	58,311	17.0%
Net Operating Income/(Loss)	(2,114,963)	(1,262,956)	852,007	-67.5%
Net Operating Income/(Loss) Excluding Depreciation	(1,695,634)	(831,927)	863,707	-103.8%

# Revenue

## Hangar Area

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
62210-005	T-Hangar 3005 Airpark	44,100	45,000	900	2.0%
62210-009	T-Hangar 3009 Airpark	28,440	29,040	600	2.1%
62210-011	T-Hangar 3011 Airpark	24,624	27,840	3,216	13.1%
62210-019	T-Hangar 3019 Airpark	27,360	27,840	480	1.8%
62210-023	T-Hangar 3023 Airpark	28,440	29,040	600	2.1%
62210-027	T-Hangar 3027 Airpark	28,080	28,680	600	2.1%
62210-031	T-Hangar 3031 Airpark	28,080	28,680	600	2.1%
62210-039	T-Hangar 3039 Airpark	40,860	41,580	720	1.8%
62210-103	T-Hangar 3103 Airpark	45,504	46,464	960	2.1%
62210-107	T-Hangar 3107 Airpark	33,264	33,936	672	2.0%
62210-109	T-Hangar 3109 Airpark	25,800	26,280	480	1.9%
62210-111	T-Hangar 3111 Airpark	23,760	24,192	432	1.8%
62220-035	Corporate T-Hangar 3035 Airpark	40,620	41,388	768	1.9%
62230-005	T-Hangar Storage 3005 Airpark	6,000	6,120	120	2.0%
62230-009	T-Hangar Storage 3009 Airpark	2,016	2,040	24	1.2%
62230-011	T-Hangar Storage 3011 Airpark	2,112	2,160	48	2.3%
62230-019	T-Hangar Storage 3019 Airpark	1,056	1,080	24	2.3%
62230-023	T-Hangar Storage 3023 Airpark	1,008	1,020	12	1.2%
62230-027	T-Hangar Storage 3027 Airpark	1,968	2,016	48	2.4%
62230-031	T-Hangar Storage 3031 Airpark	2,016	2,016	-	0.0%
62230-035	T-Hangar Storage 3035 Airpark	2,028	2,064	36	1.8%
62230-039	T-Hangar Storage 3039 Airpark	6,000	6,120	120	2.0%
62230-107	T-Hangar Storage 3107 Airpark	1,764	1,788	24	1.4%
62230-109	T-Hangar Storage 3109 Airpark	864	888	24	2.8%
62230-111	T-Hangar Storage 3111 Airpark	1,968	2,016	48	2.4%
62240-001	Corporate Hangars 3001 Airpark	45,528	46,389	861	1.9%
62240-029	Corporate Hangars 3029 Airpark	50,160	51,096	936	1.9%
62240-105	Corporate Hangars 3105 Airpark	60,540	61,656	1,116	1.8%
62240-118	Corporate Hangar 3043 Airpark	58,128	59,220	1,092	1.9%
Totals		662,088	677,649	15,561	2.4%



## Expense

### Hangar Area

72110-200	Electricity - Hangars	21,188	21,987	800	3.8%
72130-200	Water - Hangars	3,810	2,705	(1,105)	-29.0%
72150-200	Emergency Phones - Hangars	1,640	2,187	546	33.3%
72260-200	Landscaping Hangar Area	6,914	7,884	969	14.0%
72290-200	Miscellaneous Hangar Supplies	1,400	1,400	-	0.0%
72300-200	Building Maintenance - Hangar Area	18,900	19,900	1,000	5.3%
72310-200	Lighting Maintenance - Hangars	7,000	7,000	-	0.0%
72311-200	Janitorial Sv Hangar Area	14,068	13,860	(208)	-1.5%
72328-200	Fire Extinguisher Service - Hangar	1,500	1,500	-	0.0%
72331-200	Pavement - Ramp - Hangars	11,250	11,250	-	0.0%
72350-200	Fencing & Gates	3,050	3,050	-	0.0%
72445-200	Fire Alarm Service - Hangars	3,260	4,903	1,643	50.4%
72480-200	Waste Oil Removal - Hangars	1,750	1,750	-	0.0%
Totals		95,730	99,375	3,645	3.8%

## Hangar Area Summary

	19/20 Budget	20/21 Budget	Change	% Change
Revenue	662,088	677,649	15,561	2.4%
Expense	95,730	99,375	3,645	3.8%
Depreciation	144,946	119,633	(25,313)	-17.5%
Admin Depreciation Distributed	35,891	37,293	1,402	3.9%
Salaries & Benefits Distributed	428,173	428,504	331	0.1%
Security	17,311	17,233	(78)	-0.5%
Admin Expenses Distributed	255,418	307,898	52,480	20.5%
Net Operating Income/(Loss)	(315,381)	(332,285)	(16,904)	5.4%
Net Operating Income/(Loss) Excluding Depreciation	(134,544)	(175,359)	(40,816)	30.3%

## Revenue

### Owner Build Hangar Area

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
63310-100	Owner Build Hangars Small (11)	7,260	7,260	-	0%
63310-101	Owner Build Hangars Large (12)	12,528	12,528	-	0%
	Totals	19,788	19,788	-	0%

## Expense

### Owner Build Hangar Area

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
73700-721	Owner Build - Water	877	954	77	9%
73700-722	Owner Build - Electricity	216	250	34	16%
73700-723	Owner Build - Restroom Janitorial	2,558	2,520	(38)	-1%
73700-724	Owner Build - Maintenance	1,000	1,000	-	0%
	Total	4,651	4,724	73	2%

## Owner Build Area Summary

	19/20 Budget	20/21 Budget	Change	% Change
Revenue	19,788	19,788	-	0%
Expense	4,651	4,724	73	2%
Depreciation	0	0	-	
Admin Depreciation Distributed	3,589	3,729	140	4%
Salaries & Benefits Distributed	47,575	47,612	37	0%
Security	1,923	1,915	(8)	0%
Admin Expenses Distributed	28,380	34,211	5,831	21%
Net Operating Income/(Loss)	(66,330)	(72,402)	(6,073)	9%
Net Operating Income/(Loss) Excluding Depreciation	(62,741)	(68,673)	(5,932)	9%

## Revenue

### FBO Area

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
64410-176	Main Hangar - All Counties Delivery	-	-	-	
64410-177	Main Hangar - Artcraft Paints	48,885	49,814	929	2%
64410-178	Main Hangar - Tricor Calif	2,280	2,323	63	3%
64410-180	Main Hangar - Mike Lewis	3,586	3,654	94	3%
64410-183	Main Hangar - S B Cellular	27,978	28,817	815	3%
64410-184	Main Hangar - Ravatt, Albrecht & Assoc.	13,704	13,964	364	3%
64410-185	Main Hangar Suites 119-128	47,916	48,826	1,260	3%
64420-115	Corporate Hangar FBO 3115 Airpark	23,390	23,894	(1,762)	-8%
64420-117	Corporate Hangar FBO 3117 Liberator & 3115 Airpark	36,468	37,161	957	3%
64420-119	Corporate Hangar FBO 3119 Liberator	8,602	8,767	232	3%
64420-121	Corporate Hangar FBO 3121 Liberator	8,232	8,388	211	3%
64420-123	Corporate Hangar FBO 3123 Liberator	-	-	-	
64420-125	Corporate Hangar FBO 3125 Liberator Paint Hangar	53,831	54,870	1,405	3%
64420-409	Corporate Hangar FBO 3409 Corsair	67,176	67,176	-	0%
64420-410	U.S. Forrest -Land Use Revenue	40,000	40,000	-	0%
64420-438	CALSTAR	12,300	12,534	317	3%
64420-439	Corporate Hangar FBO - CC Jet Center	51,108	51,108	-	0%
64420-440	Corporate Hangar FBO 3950 Mitchell (CCJC)	20,446	20,837	541	3%
64420-441	Corporate Hangar FBO 3948 Mitchell (SMPAD Maint)	-	-	-	
64420-442	Corporate Hangar FBO 3944 Mitchell (Kinney)	18,252	18,599	477	3%
64420-443	Corporate Hangar FBO 3940 Mitchell (Rocky Mtn)	39,277	40,022	1,028	3%
64420-444	Corporate Hangar FBO Arctic Air	44,592	44,592	-	0%
64420-445	CC Jet Center Self Service	2,100	2,100	-	0%
64420-447	Rotocraft Leasing - Parking Lot	13,680	13,940	358	3%
64420-448	MOF 3015/3025 Airpark Drive	2,508	2,508	-	0%
64420-449	CC Jet Center Forest Service Dispatch	3,919	3,999	103	3%
64420-450	CCJC (GA Terminal)	11,496	13,452	-	0%
64459-203	Utility Reimbursement - Main Hangar	30,965	33,976	3,799	12%
Totals		632,691	645,322	11,547	2%

## Expense

### FBO Area

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
74110-203	Electricity - Main Hangar	33,624	35,004	1,380	4%
74110-204	Utilities 3940 Mitchell Rd.	279	262	(17)	-6%
74120-203	Gas- Main Hangar	1,337	1,723	386	29%
74130-125	Water - Paint Hangar	4,851	4,920	69	1%
74130-203	Water - Main Hangar	6,338	5,257	(1,081)	-17%
74140-400	Trash - Main Hangar & FBO's	-	-	-	
74150-125	Emergency Phone Lines - Paint Hangar	2,126	2,402	276	13%
74150-203	Emergency Phone Lines - Main Hangar	593	1,034	441	74%
74260-400	Landscaping - FBO	1,115	1,270	156	14%
74290-400	Miscellaneous Supplies	-	-	-	
74300-400	Building Maint - FBO Hangar Area	13,250	13,250	-	0%
74311-203	Janitorial Sv Main Hangar & FBOs	2,558	2,520	(38)	-1%
74311-218	GA Building Water and Trash	3,128	1,403	(1,725)	-55%
74315-400	Fire Sprinkler Maintenance	2,500	2,500	-	0%
74331-400	Pavement - Ramps & Tiedowns	2,000	2,000	-	0%
74335-400	Unscheduled Maintenance/FBO	-	-	-	
74340-400	Drainage Maintenance	1,500	2,000	500	33%
74350-400	Fencing & Gates	22,800	5,600	(17,200)	-75%
74445-125	Fire Alarm Service - Paint Hangar	420	420	-	0%
74445-203	Fire Alarm Service - Main Hangar	420	420	-	0%
	Total	98,838	81,987	(16,851)	-17%

## FBO Area Summary

	19/20 Budget	20/21 Budget	Change	% Change
Revenue	632,691	645,322	12,631	2%
Expense	98,838	81,987	(16,851)	-17%
Depreciation	53,605	53,524	(81)	0%
Admin Depreciation Distributed	37,686	39,157	1,471	4%
Salaries & Benefits Distributed	475,748	476,115	367	0%
Security	19,235	19,147	(88)	0%
Admin Expenses Distributed	283,797	342,108	58,311	21%
Net Operating Income/(Loss)	(336,219)	(366,717)	(30,499)	9%
Net Operating Income/(Loss) Excluding Depreciation	(244,928)	(274,036)	(29,108)	12%

## Revenue

### Revenue Generating Land

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
66120-083	Santa Maria Karting	6,600	6,600	-	0.0%
66610-361	Farm Land - CJ&J Farms	135,703	138,681	(5,629)	-4.0%
66610-362	Grazing Land - R. Michel	2,148	2,148	-	0.0%
66610-363	Farm Land - McGray & Jokela	-	-	(1,408)	-100.0%
66610-364	Mahoney 24 Acre Sublease	40,613	32,465	8,148	25.1%
66610-365	Farm Land - Gressor	538,890	549,896	15,198	2.9%
66610-366	Grazing Land - R. Machado Livestock	3,223	3,516	-	0.0%
66620-201	Airport Business Park	139,200	139,200	-	0.0%
66620-300	9 Hole Golf Course	-	-	-	
66620-320	Pioneer Park	1,933	1,933	-	0.0%
66620-455	Commercial Land - Hotel	174,930	162,137	(9,418)	-5.1%
66630-381	Village Mobile Home Park	451,287	460,366	8,353	1.9%
66695-300	Car Wash Facility	-	-	-	
	Totals	1,494,527	1,496,941	15,244	1.0%

## Expense

### Revenue Generating Land

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
76110-300	Electric - Street Lights	2,016	2,009	(1,034)	-33.9%
76110-310	Electric - Retention Dam Pumps	3,844	3,213	(990)	-20.5%
76140-300	Recycled Water	2,250	2,250	-	0.0%
76220-250	Signs	1,000	1,000	-	0.0%
76260-300	Landscaping - Revenue Generating Land	9,952	11,344	476	5.0%
76290-300	South Well Maintenance	500	500	-	0.0%
76310-300	Street Light Maintenance	500	500	-	0.0%
76340-300	Drainage Maintenance	6,000	6,000	3,000	100.0%
76345-300	North Well Maintenance	1,500	1,500	-	0.0%
76350-300	Fencing & Gates	2,500	2,500	-	0.0%
76360-300	Stormwater Retention Facilities	3,400	3,400	-	0.0%
76700-750	MHP - Salaries/Benefits	92,836	94,600	37	0.0%
76700-752	MHP - Maintenance	30,790	30,375	(3,165)	-9.3%
76700-753	MHP - Liability Ins	5,775	6,865	(575)	-9.1%
76700-754	MHP - Utilities	159,580	159,320	(3,260)	-2.0%
76700-755	MHP - Property Management	28,200	28,200	(1,800)	-6.0%
76700-757	MHP - G & A	15,905	10,805	405	2.6%
Totals		366,547	364,381	(6,906)	-1.8%

### Revenue Generating Land Summary

	19/20 Budget	20/21 Budget	Change	% Change
Revenue	1,494,527	1,496,941	2,414	0.2%
Expense	366,547	364,381	(2,166)	-0.6%
Depreciation	236,594	245,697	9,103	3.7%
Admin Depreciation Distributed	39,480	41,022	1,542	3.8%
Salaries & Benefits Distributed	158,583	158,705	122	0.1%
Security	19,235	19,147	(88)	-0.5%
Admin Expenses Distributed	283,797	342,108	58,311	17.0%
Net Operating Income/(Loss)	390,291	325,880	(64,411)	-19.8%
Net Operating Income/(Loss) Excluding Depreciation	666,365	612,599	(53,766)	-8.8%

## Revenue

Administration					
Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
	Air Show Revenue	496,500	0	(496,500)	
67910-921	Misc Income - Late Charges	7,000	0	(7,000)	
67910-931	Misc Income - Rebates - PG&E	0	0	0	
67910-951	Misc Income - Airport Access Cards	8,000	14,478	6,478	44.7%
	Totals	511,500	14,478	(497,022)	-3432.9%

## Expense

Administration					
Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
87010-451	General Manager	160,033	163,073	3,039	1.9%
87010-452	Manager of Operations and Maintenance	99,458	101,346	1,887	1.9%
87010-453	Manager of Finance and Administration	94,722	96,528	1,806	1.9%
87010-454	Operations Officer	56,808	57,887	1,079	1.9%
87010-456	Foreman	75,472	76,902	1,430	1.9%
87010-455	Administrative Assistant	60,872	65,137	4,265	7.0%
87010-457	Maintenance Worker III	117,423	17,144	(100,280)	-85.4%
87010-458	Maintenance Worker I	75,103	123,234	48,131	64.1%
87010-459	Maintenance Worker II	0	0	0	
87010-460	Accounting Clerk	93,138	61,473	(31,664)	-34.0%
87010-462	Receptionist	42,599	45,772	3,173	7.4%
87010-463	Maintenance Worker IV	0	36,757	36,757	
87020-473	Longevity Pay	29,844	26,960	(2,884)	-9.7%
87020-474	On Call Pay	0	0	0	
87030-481	Medicare Tax	13,245	12,647	(598)	-4.5%
87030-482	Medical Insurance	256,730	244,027	(12,703)	-4.9%
87030-483	Dental Insurance	11,641	10,746	(895)	-7.7%
87030-484	Auto Allowance	13,800	13,800	0	0.0%
87030-485	Life Insurance	4,273	5,383	1,110	26.0%

87030-486	Disability Insurance	7,359	7,088	(270)	-3.7%
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## Expense

### Administration

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
87030-487	PERS Retirement	234,003	254,206	20,202	8.6%
87030-488	Worker's Compensation	21,170	27,106	5,936	28.0%
87030-489	Employee Vision Coverage	1,526	1,408	(117)	-7.7%
87110-150	Electricity - Shop	3,588	2,977	(612)	-17.1%
87110-217	Electricity - Administration Building	12,075	12,827	752	6.2%
87120-150	Gas - Shop	256	256	(0)	-0.2%
87120-217	Gas - Administration Building	199	812	613	308.2%
87130-150	Water - Shop	4,466	3,055	(1,411)	-31.6%
87130-217	Water - Administrative Building	1,833	1,544	(289)	-15.8%
87130-500	Water - Landscaping	33,057	19,984	(13,073)	-39.5%
87140-500	Trash - Paper Recycling	1,470	1,590	120	8.2%
87160-501	Cellular Phone Service	14,750	14,750	0	0.0%
87160-502	Security Phone Lines	1,065	1,296	231	21.7%
87160-504	Administration Office - Monthly Service	5,883	6,801	918	15.6%
87160-505	Administration Office - AT&T Toll Calls	1,921	1,235	(686)	-35.7%
87160-507	Administration Office - Fax Line	1,451	1,686	235	16.2%
87160-509	Tower Telephone	3,134	3,200	66	2.1%
87160-510	Shop Phone	2,382	2,539	157	6.6%
87160-511	Answering Service	3,334	3,543	209	6.3%
87210-500	Security Supplies	3,400	3,400	0	0.0%
87230-500	Janitorial Supplies	9,260	13,181	3,921	42.3%
87240-500	Small Tools	9,042	9,042	0	0.0%
87260-150	Shop Supplies	4,550	4,550	0	0.0%
87270-531	Fuel Expense - Gas/Oil	9,990	9,802	(188)	-1.9%
87270-532	Fuel Expense - Diesel Fuel/Oil	13,490	12,206	(1,284)	-9.5%

## Expense

### Administration

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
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87275-500	Solvent	1,923	1,000	(923)	-48.0%
87280-546	First Aid	560	795	235	42.0%
87280-547	Safety Equipment	3,650	3,650	0	0.0%
87280-548	Training Supplies	600	600	0	0.0%
87286-500	Uniform Service	7,743	7,907	164	2.1%
87290-500	Sundries	4,462	4,517	55	1.2%
87300-150	Building Maintenance - Shop	3,650	3,650	0	0.0%
87300-217	Building Maint - Admin Building	7,920	10,100	2,180	27.5%
87321-150	Equipment Maintenance - Shop	750	750	0	0.0%
87322-500	Radio Maintenance	3,053	3,053	0	0.0%
87324-521	Maintenance/Lease - Copy Machine	8,087	7,695	(392)	-4.9%
87324-523	Maintenance - Postage Machine	1,444	1,452	8	0.5%
87328-500	Fire Extinguisher Service	3,050	3,050	0	0.0%
87360-536	Automotive Maintenance - Mechanical	8,000	8,000	0	0.0%
87360-537	Automotive Maintenance - Tires	4,000	4,000	0	0.0%
87370-541	Heavy Equipment Maint - Mechanical	16,500	25,500	9,000	54.5%
87370-542	Heavy Equipment Maintenance - Tires	10,000	10,000	0	0.0%
87370-543	ARFF Vehicle Maintenance	21,000	25,500	4,500	21.4%
87380-554	Fuel System Fire Alarm Service	1,000	1,420	420	42.0%
87400-500	Directors Fees	21,000	21,000	0	0.0%
87412-500	Payroll Processing Fees	5,608	5,363	(246)	-4.4%
87414-500	Annual Audit	29,288	29,288	0	0.0%
87420-500	Legal Counsel Services	76,397	65,730	(10,666)	-14.0%
87440-500	Security Services	393,191	382,945	(10,246)	-2.6%

## Expense

### Administration

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
87443-500	Security Sys Maint & Repair	7,000	39,000	32,000	457.1%
87450-500	Janitorial Service - Administrative	11,510	11,712	202	1.8%
87470-500	Landscaping Services	4,495	5,124	629	14.0%
87472-500	Landscaping Contingencies	5,000	5,000	0	0.0%
87475-500	Internet/Web Page Maintenance	18,817	43,440	24,623	130.8%
87510-562	Bank Charges - Service Charges	13,311	13,390	79	0.6%
87520-566	Freight & Common Carrier	742	705	(37)	-4.9%
87520-567	Postage	1,600	1,000	(600)	-37.5%

87520-568	Printing & Stationery	1,032	550	(482)	-46.7%
87520-570	Office Supplies/Equipment	15,071	13,662	(1,409)	-9.3%
87520-572	Books & Publications	1,802	2,572	770	42.7%
87530-581	Computer Supplies	18,290	18,290	0	0.0%
87530-583	Computer Support Services	101,270	114,956	13,686	13.5%
87540-600	Dues and Membership	4,919	5,493	574	11.7%
87540-601	Dues -AAAE	5,000	4,100	(900)	-18.0%
87540-603	Dues - SWAAAE	570	340	(230)	-40.4%
87540-605	Dues - Chamber of Commerce	8,000	8,000	0	0.0%
87540-606	Dues - National Notary Association	150	150	0	0.0%
87540-607	Dues - CA Special Districts Association	6,771	7,667	896	13.2%
87540-608	Dues - AAAE ARDF CA Airport Storm	4,950	4,950	0	0.0%
87540-610	Costco Membership	165	165	0	0.0%
87540-618	Santa Maria Times	150	150	0	0.0%
87540-628	Pro-rata Share of LAFCO Budget	2,869	2,926	57	2.0%
87600-596	Advertising - Legal	3,000	1,000	(2,000)	-66.7%
87600-599	Advertising - Airport Advertising	56,500	156,500	100,000	177.0%
87618-500	Election Expense	0	25,000	25,000	

## Expense

### Administration

Account Number	Account Description	19/20 Budget	20/21 Budget	Change	% Change
87620-692	Emergency Exercises	500	500	0	0.0%
87630-591	Insurance - Airport Liability	14,893	12,950	(1,943)	-13.0%
87630-592	Insurance - Auto, Fire, Property	93,169	138,871	45,702	49.1%
87630-595	Insurance - General Liability Insurance	37,808	58,775	20,967	55.5%
87650-643	Permits	4,901	4,667	(234)	-4.8%
87650-646	Storm Water Permits	1,926	1,400	(526)	-27.3%
87660-500	Education	16,000	16,000	0	0.0%
87670-500	Business Travel & Entertainment	72,283	66,370	(5,914)	-8.2%
87679-500	Employee Recognition	3,800	3,800	0	0.0%
87700-791	Training Live Burn	24,000	18,000	(6,000)	-25.0%
88680-681	SM Chamber Econ Develop	36,300	38,000	1,700	4.7%
88680-685	Airshow	339,591	10,000	(329,591)	-97.1%
88680-691	Business Park Planning & Marketing	35,000	35,000	0	0.0%
88680-692	Consulting - Mktg Aviation Related	78,485	76,860	(1,625)	-2.1%

88680-693 Consulting Services - Contingencies

137,776	165,534	27,757	20.1%
<u>3,432,110</u>	<u>3,338,430</u>	<u>(93,680)</u>	<u>-2.7%</u>

## Salaries and Benefits

	19/20 Budget	19/21 Budget	Change	% Change
Salaries	905,473	872,212	(33,261)	-3.7%
Contract Staff	137,776	165,534	27,757	20.1%
Benefits	308,574	295,100	(13,475)	-4.4%
Retirement	234,003	254,206	20,202	8.6%
Totals	<u>1,585,827</u>	<u>1,587,051</u>	<u>1,224</u>	<u>0.1%</u>

## Security Services

	19/20 Budget	20/21 Budget	Change	% Change
Police	304,640	293,080	(11,560)	-3.8%
Bomar	80,051	89,865	9,814	12.3%
Totals	<u>384,691</u>	<u>382,945</u>	<u>(1,746)</u>	<u>-0.5%</u>

## Other Administrative Expenses

	19/20 Budget	20/21 Budget	Change	% Change
Admin excluding Salaries & Security	1,461,592	1,368,434	(93,158)	-6.4%
Totals	<u>1,461,592</u>	<u>1,368,434</u>	<u>(93,158)</u>	<u>-6.4%</u>

## Administrative Depreciation

	19/20 Budget	20/21 Budget	Change	% Change
Depreciation	179,456	186,463	7,007	3.9%
Totals	<u>179,456</u>	<u>186,463</u>	<u>7,007</u>	<u>3.9%</u>

## Revenue

### Administration

Account Number	Account Description	19/20 Budget	Hangar Area	Owner Build	FBO	Terminal	Rev Gen Land
67910-921	Misc Income - Late Charges	0	0	0	0	0	0
67910-931	Misc Income - Rebates - PG&E	0	0	0	0	0	0
67910-951	Misc Income - Airport Access Cards	14,478	3,258	362	3,620	3,620	3,620
	Totals	14,478	3,258	362	3,620	3,620	3,620

## Expense

### Administration

Account Number	Account Description	19/20 Budget	Hangar Area	Owner Build	FBO	Terminal	Rev Gen Land
87030-488	Worker's Compensation	27,106	6,099	678	6,776	6,776	6,776
87110-150	Electricity - Shop	2,977	670	74	744	744	744
87110-217	Electricity - Administration Building	12,827	2,886	321	3,207	3,207	3,207
87120-150	Gas - Shop	256	58	6	64	64	64
87120-217	Gas - Administration Building	812	183	20	203	203	203
87130-150	Water - Shop	3,055	687	76	764	764	764
87130-217	Water - Administrative Building	1,544	347	39	386	386	386
87130-500	Water - Landscaping	19,984	4,496	500	4,996	4,996	4,996
87140-500	Trash - Paper Recycling	1,590	358	40	398	398	398
87160-501	Cellular Phone Service	14,750	3,319	369	3,688	3,688	3,688
87160-502	Security Phone Lines	1,296	292	32	324	324	324

## Expense

### Administration

Account Number	Account Description	19/20 Budget	Hangar Area	Owner Build	FBO	Terminal	Rev Gen Land
87160-504	Administration Office - Monthly Service	6,801	1,530	170	1,700	1,700	1,700
87160-505	Administration Office - AT&T Toll Calls	1,235	278	31	309	309	309
87160-507	Administration Office - Fax Line	1,686	379	42	422	422	422
87160-509	Tower Telephone	3,200	720	80	800	800	800
87160-510	Shop Phone	2,539	571	63	635	635	635
87160-511	Answering Service	3,543	797	89	886	886	886
87210-500	Security Supplies	3,400	765	85	850	850	850
87230-500	Janitorial Supplies	13,181	2,966	330	3,295	3,295	3,295
87240-500	Small Tools	9,042	2,034	226	2,261	2,261	2,261
87260-150	Shop Supplies	4,550	1,024	114	1,138	1,138	1,138
87270-531	Fuel Expense - Gas/Oil	9,802	2,205	245	2,450	2,450	2,450
87270-532	Fuel Expense - Diesel Fuel/Oil	12,206	2,746	305	3,051	3,051	3,051
87275-500	Solvent	1,000	225	25	250	250	250
87280-546	First Aid	795	179	20	199	199	199
87280-547	Safety Equipment	3,650	821	91	913	913	913
87280-548	Training Supplies	600	135	15	150	150	150
87286-500	Uniform Service	7,907	1,779	198	1,977	1,977	1,977
87290-500	Sundries	4,517	1,016	113	1,129	1,129	1,129
87300-150	Building Maintenance - Shop	3,650	821	91	913	913	913
87300-217	Building Maint - Admin Building	10,100	2,273	253	2,525	2,525	2,525
87321-150	Equipment Maintenance - Shop	750	169	19	188	188	188
87322-500	Radio Maintenance	3,053	687	76	763	763	763
87324-521	Maintenance/Lease - Copy Machine	7,695	1,731	192	1,924	1,924	1,924

## Expense

### Administration

Account Number	Account Description	19/20 Budget	Hangar Area	Owner Build	FBO	Terminal	Rev Gen Land
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87324-523 Maintenance - Postage Machine	1,452	327	36	363	363	363
87328-500 Fire Extinguisher Service	3,050	686	76	763	763	763
87360-536 Automotive Maintenance - Mechanical	8,000	1,800	200	2,000	2,000	2,000
87360-537 Automotive Maintenance - Tires	4,000	900	100	1,000	1,000	1,000
87370-541 Heavy Equipment Maint - Mechanical	25,500	5,738	638	6,375	6,375	6,375
87370-542 Heavy Equipment Maintenance - Tires	10,000	2,250	250	2,500	2,500	2,500
87370-543 ARFF Vehicle Maintenance	25,500	5,738	638	6,375	6,375	6,375
87380-554 Fuel System Fire Alarm Service	1,420	320	36	355	355	355
87400-500 Directors Fees	21,000	4,725	525	5,250	5,250	5,250
87412-500 Payroll Processing Fees	5,363	1,207	134	1,341	1,341	1,341
87414-500 Annual Audit	29,288	6,590	732	7,322	7,322	7,322
87420-500 Legal Counsel Services	65,730	14,789	1,643	16,433	16,433	16,433
87443-500 Security Sys Maint & Repair	39,000	8,775	975	9,750	9,750	9,750
87450-500 Janitorial Service - Administrative	11,712	2,635	293	2,928	2,928	2,928
87470-500 Landscaping Services	5,124	1,153	128	1,281	1,281	1,281
87472-500 Landscaping Contingencies	5,000	1,125	125	1,250	1,250	1,250
87475-500 Internet/Web Page Maintenance	43,440	9,774	1,086	10,860	10,860	10,860
87510-562 Bank Charges - Service Charges	13,390	3,013	335	3,347	3,347	3,347
87520-566 Freight & Common Carrier	705	159	18	176	176	176
87520-567 Postage	1,000	225	25	250	250	250
87520-568 Printing & Stationery	550	124	14	138	138	138
87520-570 Office Supplies/Equipment	13,662	3,074	342	3,416	3,416	3,416
87520-572 Books & Publications	2,572	579	64	643	643	643

## Expense

### Administration

Account Number	Account Description	19/20 Budget	Hangar Area	Owner Build	FBO	Terminal	Rev Gen Land
87530-581	Computer Supplies	18,290	4,115	457	4,573	4,573	4,573
87530-583	Computer Support Services	114,956	25,865	2,874	28,739	28,739	28,739

87540-600 Dues and Membership	5,493	1,236	137	1,373	1,373	1,373
87540-601 Dues -AAAE	4,100	923	103	1,025	1,025	1,025
87540-603 Dues - SWAAAE	340	77	9	85	85	85
87540-605 Dues - Chamber of Commerce	8,000	1,800	200	2,000	2,000	2,000
87540-606 Dues - National Notary Association	150	34	4	38	38	38
87540-607 Dues - CA Special Districts Association	7,667	1,725	192	1,917	1,917	1,917
87540-608 Dues - AAAE ARDF CA Airport Storm	4,950	1,114	124	1,238	1,238	1,238
87540-610 Costco Membership	165	37	4	41	41	41
87540-618 Santa Maria Times	150	34	4	38	38	38
87540-628 Pro-rata Share of LAFCO Budget	2,926	658	73	732	732	732
87600-596 Advertising - Legal	1,000	225	25	250	250	250
87600-599 Advertising - Airport Advertising	156,500	35,213	3,913	39,125	39,125	39,125
87618-500 Election Expense	25,000					
87620-692 Emergency Exercises	500	113	13	125	125	125
87630-591 Insurance - Airport Liability	12,950	2,914	324	3,238	3,238	3,238
87630-592 Insurance - Auto, Fire, Property	138,871	31,246	3,472	34,718	34,718	34,718
87630-595 Insurance - General Liability Insurance	58,775	13,224	1,469	14,694	14,694	14,694
87650-643 Permits	4,667	1,050	117	1,167	1,167	1,167
87650-646 Storm Water Permits	1,400	315	35	350	350	350
87660-500 Education	16,000	3,600	400	4,000	4,000	4,000
87670-500 Business Travel & Entertainment	66,370	14,933	1,659	16,592	16,592	16,592

## Expense

### Administration

Account Number	Account Description	19/20 Budget	Hangar Area	Owner Build	FBO	Terminal	Rev Gen Land
87679-500 Employee Recognition		3,800	855	95	950	950	950
87700-791 Training Live Burn		18,000	4,050	450	4,500	4,500	4,500
88680-681 SM Chamber Econ Develop		38,000	8,550	950	9,500	9,500	9,500
88680-685 Airshow		10,000	2,250	250	2,500	2,500	2,500
88680-691 Business Park Planning & Marketing		35,000	7,875	875	8,750	8,750	8,750

88680-692 Consulting - Mktg Aviation Related	76,860	17,294	1,922	19,215	19,215	19,215
88680-702 Contributed Capital		0	0	0	0	0
Totals	1,368,434	307,898	34,211	342,108	342,108	342,108

## Salaries and Benefits

	19/20 Budget	Hangar Area	Owner Build	FBO	Terminal	Rev Gen Land
Salaries	872,212	235,497	26,166	261,664	261,664	87,221
Contract Staff	165,534	44,694	4,966	49,660	49,660	16,553
Benefits	295,100	79,677	8,853	88,530	88,530	29,510
Retirement	254,206	68,635	7,626	76,262	76,262	25,421
Totals	1,587,051	428,504	47,612	476,115	476,115	158,705

## Security Services

	19/20 Budget	Hangar Area	Owner Build	FBO	Terminal	Rev Gen Land
Police	293,080	13,189	1,465	14,654	249,118	14,654
Bomar	89,865	4,044	449	4,493	76,385	4,493
Totals	382,945	17,233	1,915	19,147	325,503	19,147

## Depreciation

	19/20 Budget	Hangar Area	Owner Build	FBO	Terminal	Rev Gen Land
Admin Depreciation	186,463	37,293	3,729	39,157	65,262	41,022
Totals	186,463	37,293	3,729	39,157	65,262	41,022



Santa Maria Public Airport District  
Proposed Capital Budget  
Fiscal Year Ending 6/30/2018

Project Status in Accounting	Budget Item	Expensed YTD	Estimated Cost	AIP or other Funding	District's Costs
	Rehabilitate Taxiways		7,250,000	6,572,850	677,150
	Obstruction Removal		250,000		250,000
	Landscaping Upgrades		30,000		30,000
	Access Control and Video Upgrades		200,000		200,000
	Extend Airpark Dr		1,918,150		1,918,150
	Strategic Airport Business Plan		85,000		85,000
	Landside Pavement Repair 2021		1,000,000		1,000,000
	Airside Pavement Repair 2021		500,000		500,000
	Hangar Painting and Upgrades		100,000		100,000
	Hangar Roof Repairs 2021		100,000		100,000
	Terminal Roof 2021		65,000		65,000
	Terminal/Restaurant Monument Sign		15,000		15,000
	Fire station stand by emergency power		55,000		55,000
	Drainage Study/Planning		100,000		100,000
	Drainage Improvements		250,000		250,000
	Fuel Farm Removal/Recondition		25,000		25,000
	Terminal Improvements		50,000		50,000
	Terminal HVAC (Baggage Claim)		20,000		20,000
	Totals	<u>0</u>	<u>12,013,150</u>	<u>6,572,850</u>	<u>5,440,300</u>

**Santa Maria Public Airport District  
Cash Flow Analysis  
Five Year Period July 1, 2020 through June 30, 2025  
3% inflation to most revenue and expense items**

			FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
<b>3% inflation on most revenue and expense items except Capital</b>							
Estimated cash balance July 1, 2020			\$ 7,176,901	\$ 3,005,708	\$ 2,354,455	\$ 1,329,299	\$ 1,025,095
Budgeted Revenue			4,518,279	4,000,000	4,120,000	4,243,600	4,370,908
Budgeted Expenses			(5,216,374)	(5,268,538)	(5,321,223)	(5,374,435)	(5,428,180)
Net cash balance before Capital outlays			6,478,806	1,737,170	1,153,232	198,463	(32,177)
Net capital outlay for fiscal year			(12,013,150)	(2,900,000)	(7,800,000)	(1,000,000)	(4,700,000)
Property Taxes			1,765,317	1,782,971	1,800,800	1,818,808	1,818,808
Interest			201,885	12,014	10,386	7,823	7,063
AIP Revenue			6,572,850	1,722,300	6,164,880		3,354,400
<b>Projected cash balance at June 30</b>			<b>\$ 3,005,708</b>	<b>\$ 2,354,455</b>	<b>\$ 1,329,299</b>	<b>\$ 1,025,095</b>	<b>\$ 448,094</b>

## **SERVICE AGREEMENT**

### **(Air Service Consulting Services)**

By this Agreement, dated June 17, 2020, between SANTA MARIA PUBLIC AIRPORT DISTRICT (herein called "District") and MEAD & HUNT, Inc., a Wisconsin corporation, (herein after called "Consultant"), District and Consultant agree as follows:

#### **1. SCOPE OF WORK**

District hires Consultant to perform, and Consultant agrees to perform, professional air service consulting services as described in Exhibit "A", a letter proposal dated June 17, 2020, from Consultant to District's General Manager, attached and incorporated by this reference.

#### **2. COMPENSATION**

District shall compensate Consultant for all services to be provided by Consultant under this Agreement, as outlined in the table on pages 3-5 of Exhibit "A" attached and incorporated by this reference. Consultant shall be compensated for the work described under the Scope of Services as set forth upon Board approval for said services, not to exceed a lump sum amount of \$48,885.00. Consultant shall bill District monthly for services rendered, based upon progress and hourly time expended on each phase or element of the project. Payment shall be due and payable 30 days following date of receipt of submitted bill.

Reimbursable Expenses as outlined in Exhibit "A" pages 3-5 are limited to air transportation, lodging, meals, printing, shipping, and expenses associated with presentations and meetings not to exceed \$2,975.00. All expenses will be reimbursed at cost and subject to review by the General Manager. There will be no reimbursement for office overhead, including but not limited to telephone, facsimile, postage, in-house copying, insurance, etc. which are included in the consulting fees.

#### **3. TIME OF PERFORMANCE**

Consultant shall commence performance of the services hereunder upon receipt of written authorization to proceed and shall complete the services beginning July 1, 2020 to June 30, 2021.

#### **4. MATERIALS AND DOCUMENTS**

Except as otherwise specified in this agreement, Consultant will bear the cost and expense of all materials, supplies, tests and data used or needed by Consultant in the performance of its services and the work products to be delivered to District. District shall be the owner of all drawings, maps, mylars, reproducibles, plans, specifications, test reports, and other documents, data and work products produced or resulting from the services of Consultant. District will make available all existing plans, maps, data and information it has that may be needed by Consultant to perform its services. Consultant may retain copies of the original documents for its files.

#### **5. ASSIGNMENT**

This Agreement or any interest herein shall not be assigned by either party hereto.

#### **6. CONSULTANT INDEPENDENT CONTRACTOR**

The parties intend that Consultant shall be an independent contractor in performing the services provided by this Agreement. District is interested only in the results to be achieved, and the conduct and control of the work will lie solely with Consultant. Consultant is not to be considered an agent or employee

of District for any purpose, and the officers, employees and agents of Consultant are not entitled to any of the benefits that District provides for its employees, including worker's compensation insurance. It is understood that Consultant is free to contract for similar services to be provided to others while under contract with the District, provided there is no actual or perceived conflict of interest. District's General Manager shall have the right, in his sole discretion, to determine if a conflict of interest exists.

## **7. CONSULTANT'S RECORDS**

Full and complete records of Consultant's services and expenses and records between District and Consultant shall be kept and maintained by Consultant and shall be retained by Consultant for seven (7) years after District makes final payment to Consultant hereunder and all pending matters regarding Consultant's services and the Project is closed. The District, the U.S. Department of Transportation, the FAA, the Comptroller General of the United States, or any of their duly authorized representatives shall have access to any books of account, documents, papers, and records of Consultant which are directly pertinent to Consultant's work for the purpose of making audits, examinations, excerpts and transcriptions.

## **8. TERMINATION**

This Agreement may be terminated by District upon failure by Consultant to satisfactorily perform the terms and conditions of this Agreement within fifteen (15) days of receipt of written notice from the District specifying the manner in which Consultant has failed to satisfactorily perform. In the event of such termination, Consultant shall not be entitled to further compensation from District. Either party may terminate this Agreement for any reason on thirty (30) days written notice to the other.

## **9. SUSPENSION OR ABANDONMENT OF PROJECT**

District may at any time suspend or abandon the Project or any part thereof. In the event District should determine to suspend or abandon all or any part of the Project, it shall give written notice thereof to Consultant, who shall immediately terminate all work upon that portion of the Project suspended or abandoned in the notice. Within thirty (30) days of the date of notice of suspension or abandonment, District shall pay to Consultant, as full and final settlement, compensation for all of Consultant's services performed and costs and expenses incurred prior to receipt of notice of suspension or abandonment in a prorated amount equal to the proportion that the Consultant's services rendered to the date of receipt of such notice bears to the total compensation the Consultant would have received had the Project been completed.

## **10. INDEMNIFICATION**

Consultant agrees to defend, indemnify and hold harmless District, its directors, officers, employees and agents from and against any and all loss, damage, liability, claims, demands, detriments, costs, charges, expenses and causes of action of any nature or character which District may incur, sustain or be subject to, including attorney's fees, rising out of or in any way connected with the services or work to be performed by Consultant, or arising from the negligence, act or omission of Consultant, its officers, agents and employees, excepting only liability or loss attributable to the sole active negligence of District or its willful misconduct.

## **11. INSURANCE**

Consultant shall at Consultant's expense take out and maintain during the life of this Agreement the following types and amounts of insurance insuring Consultant and Consultant's officers and employees:

Automobile Liability and Comprehensive General Liability: Automobile liability insurance and comprehensive general liability insurance including public liability, and contractual liability coverage, each providing bodily injury, death and property damage liability limits of not less than \$1,000,000 for each accident or occurrence.

Before or concurrently with the execution of this Agreement, Consultant shall file with the District a certificate or certificates of insurance, issued by the insurance carrier, covering the specified insurance. Each such certificate and policy shall bear an endorsement precluding the cancellation, or reduction in coverage, of any policy before the expiration of thirty (30) days after the District shall have received notification by registered or certified mail from the insurance carrier. District shall be named as an additional insured on each policy required herein without offset to any insurance policies of District. Each policy shall be on an "occurrence" basis and not a "claims made" basis.

**12. DISTRICT'S DESIGNATED REPRESENTATIVE**

District designates its General Manager, as its "Designated Representative". The Designated Representative is authorized to review, critique, and approve the services of Consultant.

**13. EXTRA SERVICES**

There will be no payment of extra services by Consultant unless it is expressly authorized in writing by General Manager before the services are performed and the amount District shall pay Consultant for said extra services has been mutually agreed upon in writing.

**14. COVENANT AGAINST DISCRIMINATION**

Contractor covenants that, by and for itself, its heirs, executors, assigns and all persons claiming under or through them, that there shall be no discrimination against or segregation or, any person or group of people on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the performance of this Agreement. Contractor shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, marital status, national origin or ancestry.

**15. INTERPRETATION**

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either part by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

**16. INTEGRATION; AMENDMENT**

There are no oral agreements between the parties affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

**17. SEVERABILITY**

In the event that part of this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

**18. ATTORNEYS' FEES**

If either party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees, and costs whether or not the matter proceeds to judgment.

**19. NOTICES**

Notices pursuant to this Agreement shall be given by United States mail, postage prepaid, addressed to the parties hereto as follows:

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

Consultant: Trina Froehlich  
Mead & Hunt, Inc.  
476 Salty Way  
Eugene, OR 97404

**20. CERTIFICATE OF CONSULTANT**

Consultant agrees to complete, execute and deliver to District upon execution of this Agreement a certificate in the form and content of Exhibit "B" attached hereto and incorporated herein. Consultant agrees to comply with the conditions and provisions of the certificate.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be fully executed.

Dated: June 25, 2020

DISTRICT:

Approved as to content for

SANTA MARIA PUBLIC AIRPORT  
DISTRICT

District:

\_\_\_\_\_  
General Manager

\_\_\_\_\_  
Chuck Adams, President

Approved as to form for District

\_\_\_\_\_  
Hugh Rafferty, Secretary

\_\_\_\_\_  
District Counsel

CONSULTANT:

MEAD & HUNT, INC.

\_\_\_\_\_  
Joseph Pickering

## **EXHIBIT “A”**

June 17, 2020, LETTER PROPOSAL



June 17, 2020

Christ Hastert, CM  
General Manager  
Santa Maria Airport  
3217 Terminal Drive  
Santa Maria, CA 93455

**Subject: Proposal and Agreement for Air Service Consulting Services**

Dear Chris:

Based on our discussions, it is my understanding that Santa Maria Airport (SMX) is interested in a proposal for air service consulting services for the July 1, 2020, to June 30, 2021, fiscal year. Mead & Hunt is pleased to submit this proposal for your review, which includes a scope of services, compensation and authorization.

**Scope of Services**

With the initiation of United Airlines service anticipated in March 2021, primary air service tasks for this upcoming fiscal year include regular conference attendance and monitoring activities. After acceptance of this proposal, Mead & Hunt shall complete the following tasks:

**1. Airline Headquarters Meetings**

Airline headquarters meetings are recommended as frequently as possible based on the airline's willingness to accept meetings. Mead & Hunt will provide the analysis, preparation, presentation and consulting services associated with the airline meetings. It is anticipated that SMX representatives and Mead & Hunt staff will meet with the airline. The existing SMX airline presentation format will be updated for the meetings. Updates will include market performance information, route forecasts and the incentive program.

Mead & Hunt will work to secure a meeting date with the airlines after notice to proceed from SMX. Once meeting dates are secured, Mead & Hunt will complete the presentation. The schedule is dependent on SMX's timely response to Mead & Hunt requests for airport and community provided information. Likewise, airline management availability and the ever-changing airline environment may impact the schedule.



## **2. Airline Industry Conferences**

We recommend attending TakeOff North America 2020 (October 2020), Mead & Hunt's Air Service Development Conference (tentative March 2021) and ACI-NA JumpStart Air Service Development Program (June 2021). While some duplication may occur in the airline meetings, it provides an additional opportunity to present SMX's business case. For carriers like American Airlines, SMX may only get one opportunity at these conferences to meet with the carrier. In addition to the above, Mead & Hunt recommends attending Allegiant's annual airport conference (September/October 2020).

Mead & Hunt will prepare custom presentations for each meeting highlighting SMX and the community for use at the airline meetings and assist with airline meetings. Mead & Hunt will complete the presentations the week prior to the date of the conference. Keep in mind schedules change frequently at these conferences. Mead & Hunt will do our best to attend all of the airline meetings considered a top priority for SMX.

## **3. Community Meeting**

Mead & Hunt will prepare and make a PowerPoint presentation at a community meeting to be set by SMX. Mead & Hunt anticipates that, in general, the presentation to the community will cover: an overview of the airline industry, airline performance in the SMX market and air service opportunities/next steps. Mead & Hunt will prepare and present a PowerPoint presentation. The date of the meeting will be determined based on a mutually agreed upon date.

## **4. Airfare Monitoring**

The primary purpose of monitoring airfares at SMX is to identify non-competitive airfares with competing airports to prevent local passenger diversion. Local passengers that are using competing airports for their air service needs often do so because of differences in airfares. To reduce passenger diversion, periodic tracking of airfares and follow-up communication with air carriers may minimize pricing disparities.

To monitor airfares at SMX, Mead & Hunt recommends comparing available and published business and leisure airfares with airfares at Santa Barbara Airport (SBA) and San Luis Obispo County Regional Airport (SBP). Mead & Hunt will compare United Airlines business and leisure airfares with airfares that United offers at the competing airports. This comparison provides the airfare information needed for follow-up communication with individual airlines.

The airfare comparisons will be based on a snapshot of published airfares obtained through one of the Global Distribution/Computer Reservations Systems (GDS/CRS). Fare comparisons will include SMX's top 25 catchment area destinations. Because of pricing dynamics, many airfares (i.e. time sensitive sale airfares) are obsolete within days and perhaps hours; however, overall "structural airfare" relationships tend to be constant, and this is the focus for possible changes. For this reason, time-sensitive (sale) airfares will be ignored. Mead & Hunt proposes to use the following definitions for airfares:

Business	No Saturday night stay required, no more than a one-day minimum stay requirement, may be non-refundable, and may require a seven-day advance purchase.
Leisure	The lowest published airfare excluding time sensitive sale airfares.

Mead & Hunt will provide the airfare comparisons electronically in pdf format. The date of the first report will be November 2020 with an early March 2021 United Airlines' service start date. The date of the first report will be delayed if the service start date is pushed later than March.

## 5. Additional Services

Additional services may be requested by SMX that are not described above. Additional services may include but are not limited to: the preparation of ad hoc reports; communication with airlines; coordination with SMX; community meetings; and other elements as identified on an as needed basis.

## Compensation

Mead & Hunt will be compensated for the work described under Scope of Services as set forth below:

### 1. Airline Headquarters Meetings

Mead & Hunt will be compensated on a lump sum basis for the airline presentation preparation and meeting. Mead & Hunt will invoice for related expenses (e.g. air transportation, lodging, meals, printing, miscellaneous) at cost.

Airline presentation preparation/meeting .....	\$5,920
Expenses (estimated) .....	\$900
Subtotal (lump sum plus expense per meeting).....	\$6,820

### 2. Airline Industry Conferences

Mead & Hunt will be compensated on a lump sum basis for the presentation preparation and meetings. Mead & Hunt will invoice for related expenses (e.g. printing/binding, shipping) at cost.

#### a) Allegiant Airports Conference 2020:

Presentation preparation .....	\$2,500
Expenses (estimated) .....	\$200
Subtotal.....	\$2,700

#### b) TakeOff North America 2020:

Presentation preparation/airline meetings & coordination.....	\$5,950
Conference expenses (lump sum, estimated pro-rated share) .....	\$500
Expenses (estimated printing) .....	\$325
Subtotal.....	\$6,775

**c) Mead & Hunt Air Service Development Conference 2021:**

Presentation preparation .....	\$4,350
Expenses (estimated) .....	\$325
Subtotal.....	\$4,675

**d) ACI-NA JumpStart Air Service Development Program 2021:**

Presentation preparation/airline meetings & coordination.....	\$5,950
Conference expenses (lump sum, estimated pro-rated share) .....	\$500
Expenses (estimated printing) .....	\$325
Subtotal.....	\$6,775

Subtotal FY 2021 Airline Industry Conferences ..... \$20,925

**3. Community Meeting**

Mead & Hunt will be compensated on a lump sum basis for the presentation preparation and meeting. Mead & Hunt will invoice for related expenses (e.g. air transportation, lodging, meals, printing, miscellaneous) at cost.

Meeting preparation/meeting .....	\$5,775
Expenses (estimated) .....	\$900
Subtotal .....	\$6,675

**4. Airfare Monitoring**

Mead & Hunt will be compensated on a lump sum basis.

Airfare monitoring report (per month, starting in November) .....	\$1,360
Subtotal FY 2021 Airfare Monitoring (8 months).....	\$10,880

**5. Additional Services**

Additional services provided by Mead & Hunt not described above or in other supporting documentation will be accommodated with a separate task order or billed in accordance with the Standard Billing Rate Schedule, attached hereto and incorporated herein by reference.

Additional services (32 hours).....	\$6,560
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The following are Mead & Hunt's Standard Billing Rates for services billed on a time-and-materials basis. Standard billing rates are subject to annual adjustments in January of each year. Mead & Hunt reserves the right to change billing rates based on increases in unforeseen operational costs.

<b>Standard Billing Rates</b>	
Clerical	\$75.00 / hour
Accounting/Administrative Assistant	\$95.00 / hour
Technical Editor	\$107.00 / hour
Senior Editor	\$173.00 / hour
Principal	\$195.00 / hour
Project Manager	\$205.00 / hour
Vice President	\$225.00 / hour
<b>Expenses</b>	
Company or Personal Car Mileage	IRS Rate
Air and Surface Transportation	Cost
Lodging and Subsistence	Cost
Out-of-Pocket Direct Job Expenses	Cost

**Total FY 2021 lump fees are \$48,885. Expenses, to be billed at cost, are estimated at an additional \$2,975.**

### **Authorization**

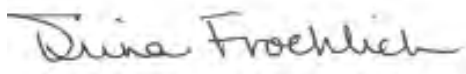
The Scope of Services and Compensation stated in this proposal are valid for a period of thirty (30) days from date of submission. If acceptance of this proposal is not received during this period, this proposal may be withdrawn or modified by Mead & Hunt.

Please send all correspondence to my attention at the following address:

Mead & Hunt, Inc.  
476 Salty Way  
Eugene, OR 97404  
541-521-5962

We appreciate the opportunity to submit this proposal to SMX.

Respectfully submitted,  
MEAD & HUNT, Inc.



Trina Froehlich  
Project Manager

## EXHIBIT "B"

### CERTIFICATION OF CONSULTANT

I hereby certify that I am the owner or principal executive officer and duly authorized representative of the firm of Mead & Hunt, Inc., a Wisconsin corporation whose address is 2440 Deming Way, Middleton, WI 53562, and that neither I nor the firm I represent has:

- A. Employed or retained for commission, percentage, brokerage contingent fee, or other consideration, any firm or person (other than a bona fide employee working solely for me or the above firm) to solicit or secure this contract;
- B. Agreed, as an express or implied condition for obtaining this contract, to employ or retain the services of any firm or person in connection with carrying out the contract; or
- C. Paid or agreed to pay to any firm, organization, or person (other than a bona fide employee working solely for me or the above firm) any fee, contribution, donation, or consideration of any kind for or in connection with procuring or carrying out the contract, except as herein expressly stated (if any):

I acknowledge that this certificate is to be furnished to the Federal Aviation Administration of the United States Department of Transportation in connection with this contract involving participation of federal funds and is subject to applicable state and federal laws, both criminal and civil.

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Date

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Joseph Pickering

## **AIRPORT GROUND SUBLEASE: DESTINY FARMS, LLC**

This airport ground sublease (alternatively, "Sublease" or "Agreement") is made as of July 1, 2020 at Santa Maria, California by and between Mahoney Leasing, LLC, a California limited liability company ("Tenant") and Durant Harvesting, Inc., a California corporation and Destiny Farms, LLC, a California limited liability company (collectively, "Subtenant"). Tenant and Subtenant are sometimes hereinafter referred to jointly as the "Parties" and individually as the "Party."

### **Recitals**

- A. The Santa Maria Public Airport District, a public district of the State of California, by and through its agent's, employees, officers and directors ("District") has leased to Tenant certain land (the "Land") at the Santa Maria Public Airport ("Airport") in the City of Santa Maria, California, under a lease dated July 27, 2017 (the "Master Lease"), which said Master Lease is attached hereto as **Exhibit A**.
- B. Tenant, by this Sublease, intends to sublease to Subtenant a portion of the Land subject to the conditions and provisions of the Master Lease and this Sublease as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, it is agreed as follows:

### **Agreement**

**1. Subleased Premises.** Tenant hereby subleases to Subtenant, and Subtenant takes and hires from Tenant, approximately 12 acres of the Land (hereinafter, alternatively, the "Subleased Premises" or "Premises") situated in Santa Barbara County, California, the boundaries of which are generally identified in blue highlight on the attached **Exhibit B**, which is incorporated herein by this reference. The Parties hereto acknowledge and agree that they are familiar with the location and boundaries of the Subleased Premises.

By taking possession of the Subleased Premises, Subtenant shall be deemed to represent and warrant to Tenant that Subtenant has inspected the Subleased Premises and has found them to be free of defects of any type, including the presence of hazardous materials.

**1.1. Assumption of Master Lease by Subtenant.** In addition to the terms and covenants in this Sublease, Subtenant hereby expressly assumes and agrees to

perform and be bound by all obligations, covenants and conditions to be kept, performed or observed by Tenant under the Master Lease during the term of this Sublease as such obligations, covenants and conditions apply to the Subleased Premises or the use thereof. *Subtenant acknowledges receipt of a copy of the Master Lease. Subtenant understands that this Sublease is subordinate to the Master Lease and further understands each term and condition enumerated in the Master Lease, including but not limited to all termination provisions, planting restrictions, and other restrictions enumerated in the Master Lease. If any term or condition of this Sublease conflicts with any term or condition of the Master Lease, the terms and conditions of the Master Lease shall control for all purposes. Subtenant specifically agrees to defend and indemnify Tenant, inclusive of attorney's fees, for any breach or alleged breach by Subtenant of any term, provision, or condition of the Master Lease.*

**2. Term.** The term ("Term") of this Sublease shall be for three (3) years, beginning on September 1, 2020 and ending and terminating on August 31, 2023.

### **3. Rental**

**3.1. Payments.** Subtenant agrees to pay as rental for the use and occupation of the Subleased Premises for the first year of this Sublease the sum of \$2,100.00 per acre. Therefore, the total payment for the Subleased Premises for the first year of this Sublease shall be \$25,200.00. Payment of said amount shall be made as follows:

Subtenant shall pay Tenant \$12,600.00 on or before September 1, 2020; and

Subtenant shall pay Tenant \$12,600.00 on or before March 1, 2021.

Further, Subtenant agrees to pay as rental for the use and occupation of the Subleased Premises the sum of \$2,150.00 per acre for the second year of this Sublease. Therefore, the total payment for the Subleased Premises for the second year of this Sublease shall be \$25,800.00. Payment of said amount shall be made as follows:

Subtenant shall pay Tenant \$12,900.00 on or before September 1, 2021; and,

Subtenant shall pay Tenant \$12,900.00 on or before March 1, 2022.

Further, Subtenant agrees to pay as rental for the use and occupation of the Subleased Premises the sum of \$2,200.00 per acre for the last year of this Sublease. Therefore, the total payment for the Subleased Premises for the last year of this Sublease shall be \$26,400.00. Payment of said amount shall be made as follows:

Subtenant shall pay Tenant \$13,200.00 on or before September 1, 2022; and,

Subtenant shall pay Tenant \$13,200.00 on or before March 1, 2023.

**3.2. Late Charge.** Subtenant acknowledges that the late payment by Subtenant of any base rent or additional rent will cause Tenant to incur costs and expenses, the exact amount of which is extremely difficult and impractical to fix. Such costs and expenses will include administration, collection costs, processing and accounting expenses. Therefore, if any base rent or additional rent is not received by Tenant within fifteen (15) calendar days after it is due, Subtenant shall immediately pay to Tenant a late charge equal to five percent (5%) of such delinquent amount. Tenant and Subtenant agree that such late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Tenant for the loss suffered by Subtenant's failure to make timely payment. In no event shall such late charge be deemed to grant to Subtenant a grace period or extension of time within which to pay any rent or prevent Tenant from exercising any right or enforcing any remedy available to Tenant upon Subtenant's failure to pay all rent due under this Sublease in a timely fashion, including the right to terminate this Sublease. All amounts of money payable by Subtenant to Tenant hereunder, if not paid when due, shall bear interest from the date due until paid at the maximum annual interest rate allowed by law for business loans (not primarily for personal, family or household purposes) not exempt from the usury law at such date or, if there is no such maximum annual interest rate, at the rate of fifteen percent (15%) per annum compounded daily.

If any check tendered in payment for any amount due under this Sublease is returned by Tenant's bank for any reason, then, in addition to any late charge which may be due, Subtenant shall pay Tenant a Non-Sufficient Funds charge of \$100.00.

**3.3. Payment Instruction.** All payments of any kind shall be payable in lawful money of the United States of America as follows:

- (a) One half of any and all payments shall be made to Mahoney Leasing, LLC, 5604 Oakhill Drive, Santa Maria, CA 93455, or at such other place, or places, as may be designated by Tenant.
- (b) One half of any and all payments shall be made to the Santa Maria Public Airport District at 3217 Terminal Drive, Santa Maria, CA 93455, or at such other place, or places, as may be designated by District.

**3.4. No Deduction, Abatement, or Offset.** The Subtenant acknowledges that Subtenant is familiar with the Subleased Premises and the sums due pursuant to this Sublease shall be due notwithstanding any variations in the actual acreage of the

Airport Sublease: Destiny Farms, LLC



Subleased Premises as may from time to time occur. Subtenant acknowledges that a portion or portions of the Subleased Premises may not be suitable for Subtenant's purposes and no adjustment in the rent shall occur therefore. All sums due to Tenant shall be paid without offset or deduction notwithstanding such claims that Subtenant may assert against Tenant.

**3.5. Utility Expenses.** To the extent available, all utility expenses necessary for any use of this Subleased Premises shall be paid by Subtenant. Nothing herein shall constitute a guarantee or warranty of any kind that any utility (whether water, electrical, or septic/sewer, or otherwise) is or will be available for Subtenant's use during the term of this Sublease.

**4. Disclaimer of Warranty: Soil Suitability.** Tenant makes no warranty of the soil's suitability for growing crops Subtenant is authorized to grow under this Sublease.

**5. Disclaimer of Warranty: Water Supply.** Tenant cannot and does not guarantee any source of water on the Subleased Premises. Subtenant understands that no water well currently exists on the Subleased Premises and Subtenant shall not construct any water well on the Subleased Premises.

**5.1. Water System Maintenance.** All maintenance of, and service and repairs to, any existing water conveyance structure installed by Subtenant (conveying water from adjacent land) shall be performed by Subtenant at Subtenant's sole cost and expense.

**6. Compliance With 2004 Conditional Waiver Program.** By execution below, Subtenant acknowledges that the Subleased Premises is presently subject to the terms, conditions, and requirements of the 2004 Conditional Waiver of Waste Discharge Requirements for Dischargers from Irrigated Lands (hereinafter, the "2004 Conditional Waiver") adopted by the Regional Water Quality Control Board for the Central Coast Region. Subtenant acknowledges and avers that it has read and is familiar with the terms, conditions, and requirements of the 2004 Conditional Waiver and that amendments to, or renewal or replacement of, the 2004 Conditional Waiver can occur at any time. Subtenant further agrees to comply with the terms, conditions, and requirements of the 2004 Conditional Waiver and any amendments to, or renewal or replacement of the 2004 Conditional Waiver affecting the Subleased Premises and/or Subtenant's use of the Subleased Premises, including, but not limited to the following; any requirement that Subtenant develop and implement a water quality management plan for the Subleased Premises; any requirement that Subtenant use best management practices on the Subleased Premises; any requirement that Subtenant keep, maintain and/or report water quality or other data relating to the Subleased Premises to a regulatory agency or

governmental body or to anyone else; any requirement that Subtenant provide water quality monitoring or other data to Tenant in order for Tenant to comply with reporting or any other requirements imposed on Tenant; any requirement that Subtenant pay fees and/or costs incurred by Central Coast Water Quality Preservation, Inc. or any other entity in providing sampling and/or monitoring or other services to the Subleased Premises; and any requirement that Subtenant pay any fines and/or penalties or other costs or monetary sanctions assessed against the Subleased Premises and/or on account of the Subtenant's use of the Subleased Premises.

On twenty four (24) hour notice from Tenant to Subtenant, Subtenant agrees to provide reasonable access onto the Subleased Premises to Tenant for the purposes of Tenant confirming Subtenant's compliance with all terms, conditions, and requirements of the 2004 Conditional Waiver or any amendments to, or renewal or replacement of, the 2004 Conditional Waiver. Subtenant agrees to provide prompt notice (herein, the term "prompt notice" shall mean notice given within 5 days of receipt by Subtenant) to Tenant of any communication to Subtenant from any regulatory agency or governmental or other body to the effect that Subtenant is in breach or violation of, or potential breach or violation of, any term, condition, or requirement imposed under the 2004 Conditional Waiver or any amendments to, or renewals or replacement of, the 2004 Conditional Waiver.

Subtenant further agrees to fully indemnify, defend, and hold Tenant and District harmless from and against any and all actual damages, costs and expenses (including reasonable attorney's fees) incurred by Tenant or District as a result of Subtenant's failure to comply with any of the terms, conditions, or requirements of the 2004 Conditional Waiver or any amendments to, or renewals or replacement of, the 2004 Conditional Waiver. Subtenant agrees to pay all water quality monitoring fees and/or costs, as well as any fines and/or penalties or other costs or monetary sanctions of any type assessed against the Subleased Premises or against Subtenant during the Term of this Sublease.

**6.1. Indemnity for Water Runoff and Other RWQCB Regulations.**

Subtenant represents and warrants that, should the need arise, Subtenant will work with and comply with all rules, regulations, mandates, or orders promulgated by the Central Coast Regional Water Quality Control Board, Region 3, or any other state or federal regulatory body (hereinafter, collectively, "RWQCB"). Subtenant agrees to retain sole responsibility for all costs and compliance associated with such rules, regulations, mandates and orders. Subtenant further agrees to defend, indemnify (inclusive of attorney's fees), and hold harmless Tenant and District from and against any claim

related to or arising from any matter related to RWQCB, including, but not limited to, claims related to water run-off or water quality, whether groundwater or surface water, whether involving nitrate or any other constituent. Subtenant further agrees to defend, indemnify (inclusive of attorney's fees), and hold harmless Tenant and District from any other claim, whether private or otherwise, arising from any water run-off or water quality issue, whether agricultural or otherwise, arising from or related to the Subleased Premises.

**6.2. Compliance with Drinking Water Standards: Indemnification.**

Subtenant is notified that the Premises is or may be subject to California Health and Safety Code Section 116270, et. seq. and/or other provisions of the California Health and Safety Code or other law relative to safe water uses, including but not limited to, safe drinking water standards. Subtenant avers that Subtenant has full knowledge of said code section and laws relevant to safe drinking water uses and agrees to comply with all laws, rules, policies, regulations, or other requirements related to drinking water quality standards. Subtenant further agrees to take any and all actions required by any jurisdictional entity to comply with any safe drinking or washing water rules, regulations, or standards, or permitting. Subtenant further agrees to indemnify, save harmless, and defend Tenant, to the fullest extent allowed under California law, for any claims, actions, allegations, or assertion relating to or arising from any water quality law, rule, policy, regulation, requirement, or standard, whether concerning safe drinking water or otherwise, made by any public entity, private entity, governmental entity or any other person or persons, entity or otherwise, with the exception of Tenant, or any agent, employee, or invitee of Tenant.

**6.3. Proposition 65 Warning.** Subtenant is advised that the Premises may contain chemicals known to the State of California to cause cancer, birth defects, and other reproductive harm. These chemicals may be contained in emissions and fumes from building materials, products and materials used, or have been used, to maintain the Premises, and emissions and fumes from a variety of sources and activities, including the activities of previous tenants.

**6.4. General Maintenance of Premises.** Subtenant shall have no duty or obligation to maintain the Premises or any other improvements thereon except as otherwise specifically provided in this Agreement. Subtenant hereby expressly waives the benefits of California Civil Code Sections 1932(2), 1933(4), 1941 and 1942, any iterations thereof, and any and all other statutes or laws inconsistent with the terms hereof, permitting a tenant to make repairs at the expense of a landlord or to terminate a lease by reason of the condition of the premises.

**7. Holding Over.** No holding over the Term of this Sublease, even with the express or implied consent of Tenant, shall be construed as a renewal of the Term. Such holding over shall be considered merely a tenancy at will at a rental amount equal to 150 percent of the last regular annual rental amount prorated on daily basis and subject to all of the terms and conditions of this Sublease and such holding over shall further be terminable at the will of Tenant upon Tenant giving notice, in writing, to Subtenant to vacate the Subleased Premises. In the event of any such holding over, Subtenant hereby expressly waives all rights and privileges conferred by Section 1161 of the Code of Civil Procedure (or any subsequent iteration thereof) and Section 789 of the Civil Code (or any subsequent iteration thereof) of the State of California regarding the automatic renewal of agricultural leases by holding over of possession thereof.

**8. Permitted Uses.** The Subleased Premises are subleased to Subtenant for the purpose of cultivation of row crops and associated activities consistent with this Sublease and for no other purpose, or purposes, unless consented to, in writing, by Tenant.

**9. Acceptance of Premises.** Subtenant, in accepting this Sublease, acknowledges that Subtenant has read it and the Master Lease carefully, and understands them fully, and that Subtenant accepts this Sublease with full knowledge of the condition of the land, fences, roads, water wells, and all other improvements and structures located on the Subleased Premises. Upon the expiration or sooner termination of this Sublease, Subtenant agrees to surrender the Subleased Premises to Tenant in the same or better condition as when received, reasonable wear and tear and damage by fire, the elements, or other causes beyond Subtenant's control, excepted. Tenant makes no warranties not contained in this Sublease concerning the fertility of the soil, the water supply on the Subleased Premises, the condition of the improvements upon the Subleased Premises, or the suitability of the Subleased Premises for agricultural purposes.

**10. Farming Operations.**

**10.1. Relationship.** The relationship between the Parties is that of Tenant and Subtenant and not partners or joint venturers. All farming operations on the Subleased Premises shall be at Subtenant's expense. Further, Subtenant shall not have the right to bind Tenant, the District, or the Subleased land, to any union contract, collective bargaining agreement, or similar agreement, and any such agreement signed by Subtenant shall not be binding upon Tenant, the District, or the Subleased Premises.

**10.2. Assurances: Security Interest.** Subtenant agrees to keep the Subleased Premises free and clear of all liens, or claims of any kind, arising out of Subtenant's operations on the Subleased Premises, or elsewhere, except for security interests or crop



mortgages on the crops to be grown on the Subleased Premises. Tenant shall have and Subtenant shall grant, a security interest in the crops grown on the Subleased Premises and proceeds therefrom to secure payment of the rental and any late charges as described herein. Tenant may file with the appropriate governmental agencies, and Subtenant agrees to execute and to otherwise cooperate in the preparation of any documentation that Tenant deems necessary to perfect and protect its security interest, including, without limitation, UCC Financing statements. Subtenant shall further provide to all brokers and merchants responsible for the packaging, marketing, and sale of Subtenant's crops, written assignments of crop proceeds naming Tenant as assignee. Subtenant shall further ensure that all brokers and marketers shall honor this assignment and execute any and all documents necessary to perfect this assignment.

**10.3. Indemnity and Hold Harmless: Contamination.** Subtenant represents and warrants that all crops grown by Subtenant will be produced using only agricultural materials registered for use under all applicable federal, state, and local laws. Subtenant agrees to comply with all applicable laws in the use, application, and disposal of all such approved materials on the Subleased Premises as well as all environmental conditions, obligations, and restrictions enumerated in the Master Lease. Subtenant further agrees to defend, indemnify (inclusive of attorney's fees), and hold harmless Tenant and District from any claim arising from the use, misuse, application, misapplication, or disposal of any material or product on the Subleased Premises and any similar environmental condition imposed by the Master Lease. Subtenant further agrees to defend, indemnify (inclusive of attorney's fees) and hold harmless Tenant and District for any claims related to contamination which may arise from or relate to Subtenant's presence on and/or use of the Subleased Premises and any breach or alleged breach of any condition enumerated in the Master Lease.

**10.4. Agricultural Practices.** Subtenant agrees that it will undertake agricultural practices which are standard to the agricultural community in Santa Maria, California, including, but not limited to, the following;

**10.4.1. Rodent Control.** Subtenant agrees to use Subtenant's best efforts to eradicate squirrels, gophers and other rodents on the Subleased Premises in a manner consistent with the terms of this Sublease;

**10.4.2. Weed & Rubbish Abatement.** Subtenant agrees to keep the Subleased Premises reasonably free and clear of all noxious and undesirable weeds by using methods approved under federal, state, and/or local laws consistent with the terms of this Sublease.

Subtenant further agrees to keep the Subleased Premises free and clean from accumulations of rubbish, waste and the like. Subtenant agrees that any trash, rubbish, debris or yard waste, whether biodegradable or not that exists on the property at the inception of this Sublease, shall not be buried or disposed of in any way on the subject property and that any such waste shall be removed first from the property before any fill materials are placed in areas containing such waste materials;

**10.4.3. Soil Maintenance.** Subtenant further agrees that Subtenant will, at Subtenant's expense, during the Term of this Sublease, maintain the fertility of the soil by the use of fertilizers, crop rotations and other appropriate methods consistent with good farming practices and the terms of this Sublease.

**10.4.4. Soil Removal.** Subtenant further agrees that, during any leveling operations, no soil material shall be removed from the Subleased Premises.

**10.4.5. Irrigation.** Subtenant further agrees to irrigate the Subleased Premises in such a manner so as to prevent water from escaping onto lands of other adjacent landowners or upon public highways in a deleterious manner to the extent feasible.

**10.4.6. Dust Control.** Subtenant shall further use reasonable care and caution in the use of roads and the undertaking of all agriculturally related work on the Subleased Premises so as to prevent dust from damaging crops or property of other landowners to the extent feasible.

**10.4.7. Environmental Compliance.** Subtenant shall not release or permit any hazardous or toxic substances, materials or waste to be deposited or released on or from the Subleased Premises that will constitute a violation of any federal, state or local law, rule or regulation, and Subtenant shall further comply with all applicable environmental laws, rules and regulations in Subtenant's operations on and use of the Subleased Premises, including, but not limited to, laws, rules and regulations associated with air quality.

**10.4.8. Exclusion of Others.** Subtenant further agrees to use all

reasonable efforts to prevent the general public and all unauthorized persons from using the private roads located on the Subleased Premises, including, when necessary or appropriate, filing complaints with authorities for trespass or doing such other things as may be necessary to prevent the acquisition of prescriptive rights to the Subleased Premises. Subtenant shall further not have the right to place the Subleased Premises in any agricultural conservation program, such as the soil bank program of the U. S. Department of Agriculture or any other program under present or future laws or regulations.

**10.4.9. Limitation on Use of Agricultural Chemicals.** Subtenant shall not use any agricultural chemical or similar substance, including any pesticide or herbicide, with a residual life longer than the Term of this Sublease or in such a way as to prevent the use of the soil for other crops of any type following the Term of this Sublease unless Tenant's written consent is first obtained.

**11. Hazardous Materials.** Tenant shall not be liable for any spill, release or deposit of any hazardous or toxic substances, materials or waste, including, but not limited to, chemicals of any kind including any pesticide or herbicide of any kind and in any form, on the Subleased Premises during the Term of this Sublease caused by Subtenant, or attributable to Subtenant's use and occupation of the Subleased Premises, or for any fines or penalties resulting therefrom, or for the cost of cleanup, and Subtenant shall defend and indemnify Tenant and the Subleased Premises for any such loss, costs or damage, including attorneys' fees and shall further defend and indemnify (including attorney's fees) Tenant, the District, and the Subleased Premises for any breach of any environmental condition enumerated in the Master Lease. Furthermore, should soil, crops, or other items on property adjacent to (or in the vicinity of) the Subleased Premises be contaminated or damaged, or alleged to be contaminated or damaged, due to the actions of Subtenant or Subtenant's employees, contractors, subcontractors, or affiliates, whether related to hazardous or toxic substances or otherwise, Subtenant shall be responsible for any and all remediation and other remedies that are required to said adjacent property soil, crops, or other items and shall defend, indemnify (including attorney's fees), and hold Tenant and District harmless from any and all claims arising from or associated with said actual or alleged contamination or damage. Upon the termination or expiration of this Sublease, Subtenant shall remove any toxic or hazardous materials that Subtenant brought on the Subleased Premises and will further clean-up all spills or other releases of toxic or hazardous materials on the Subleased Premises.

**12. Destruction of Improvements.** In the event of destruction of any of the existing improvements by fire, earthquake, windstorm or any other cause, Tenant shall not be obligated to rebuild, reconstruct or repair such improvements. Furthermore, should the soil, crops, or other items on the Subleased Premises be contaminated due to the actions of any third party, whether said third party is employed and/or contracted by Subtenant or not, and whether the contamination occurs as a result of overspray or drift from adjacent operations or not, Subtenant shall be responsible for any and all remediation that is required to return the soil on the Subleased Premises to the same or better condition as when received by Subtenant.

**13. Construction of Improvements.** Subtenant shall not have the right to erect buildings and other improvements on the Subleased Premises.

**14. Compliance with Law.** Subtenant shall comply with all state, county and other governmental laws, rules and regulations now in force, or which may hereafter be in force, pertaining to Subtenant's use and occupation of the Subleased Premises, including all applicable environmental laws, rules and regulations.

**15. Taxes.** Subtenant shall pay before delinquency all taxes, assessments, license fees or public charges, including property taxes, levied or assessed against the Subleased Premises (on a pro-rata basis) and any personal property belonging to Subtenant and located on the Subleased Premises.

**16. Assignment. Subletting. Transfer by Operation of Law.** Subtenant shall not have the right to assign this Sublease or to sublet the Subleased Premises during the Term of this Sublease, without first obtaining Tenant's and the District's written consent. As a condition to said assignment or sublease, any assignee or subtenant shall execute a written document agreeing to be bound by, and comply with, each and every term and condition of this Sublease and the Master Lease (as the same relates to the obligations, covenants and conditions of the Subleased Premises or the use thereof), and such written document shall be presented to Tenant and District prior to any such written consent being issued by Tenant or District. Subtenant understands and agrees that any such assignment or sublease shall not relieve Subtenant of its duties and obligations under this Sublease or the Master Lease (as the same relates to the obligations, covenants and conditions of the Subleased Premises or the use thereof), that Subtenant shall continue to be responsible for compliance with each and every term and condition of this Sublease and the Master Lease (as the same relates to the obligations, covenants and conditions of the Subleased Premises or the use thereof), and that, should any such assignee or subtenant fail to comply with any term or condition of this Sublease or the Master Lease (as the same relates to the obligations, covenants and conditions of the Subleased



Premises or the use thereof), Subtenant agrees to immediately take any and all action or actions required to be performed under this Sublease or the Master Lease (as the same relates to the obligations, covenants and conditions of the Subleased Premises or the use thereof). In the event of any breach of any provision of this Sublease or the Master Lease by any assignee or subtenant, Subtenant agrees and understands that Subtenant shall be jointly and severally liable for any such breach. It is further agreed that in the event of the bankruptcy or insolvency by the Subtenant or any assignee or subtenant, this Sublease shall not be considered an asset in bankruptcy and Tenant shall have the right and option to terminate and end this Sublease in such event. It is further agreed that should any receiver be appointed to take charge of Subtenant's business (or any assignee or subtenant's business), or should an attachment or execution be levied upon Subtenant's (or any assignee or subtenant's) interest in this Sublease, and should such receivership, attachment or execution not be released, discharged or dissolved within a period of thirty days, then Tenant shall have the right and option to end and terminate this Sublease.

**17. Reservation of Right of Entry.** Tenant and District shall have the right to enter upon the Subleased Premises at all reasonable times and without notice for the purpose of inspection and to determine whether the terms, covenants and conditions of this Sublease and/or the Master Lease (as the same relates to the obligations, covenants and conditions of the Subleased Premises or the use thereof) are being complied with.

**18. Sublease Subject to Existing Rights.** This Sublease is subject to all existing easements, servitudes, licenses and rights of way for canals, ditches, levees, roads, oil production, highways and telephone, telegraph and electric power lines, pipelines and other purposes, whether recorded or not.

**19. Tenant's Rights Upon Default.** Should Subtenant fail to comply with any term, covenant or condition of this Sublease, as to which Subtenant is in default for a period of ten days after written notice from Tenant to comply therewith. Tenant may, at Tenant's option, end, terminate and cancel this Sublease and forfeit all of Subtenant's rights hereunder. Tenant shall further have the right of re-entry and the right to take possession of all crops, harvested or unharvested, and to remove all persons and property from the Subleased Premises. Tenant may store the property removed in a public warehouse, or elsewhere, at Subtenant's expense and for Subtenant's account. Tenant, at Tenant's election, shall become the owner of all crops of which Tenant has so taken possession and shall not be obligated to compensate Subtenant for them. The foregoing remedies shall not be exclusive and, in addition thereto, Tenant shall have all the remedies permitted by law.

**20. Nonliability of Tenant for Damages: Indemnity.** Subtenant, its heirs, successors and assigns hereby RELEASES, ACQUITS AND FOREVER DISCHARGES, and WAIVES any and all losses, liens, claims, actions, causes of action, liability, damages, demands, costs and expenses (including, without limitation, court costs and reasonable attorneys' fees) against any of Tenant Parties (hereinafter defined) that arise from or relate to Subtenant's occupancy of and/or activities on the Premises, and agrees not to sue any of Tenant Parties for such losses, liens, claims, actions, causes of action, liability, damages, demands, costs and expenses. Without limiting the foregoing, Subtenant agrees that Tenant Parties shall not be liable to Subtenant, its heirs, successors and assigns for personal injury, property damage or any other claims, causes of action, liabilities (including, without limitation, strict liability), losses, damages, demands (including, without limitation, environmental damages, consequential, punitive, special, exemplary and indirect damages), suits, fines, penalties, costs and expenses (including, without limitation, court costs, attorneys' fees, consultant fees and expert fees) of every kind or character, known or unknown, and whether in contract, in tort or existing at common law, or by virtue of any statute, regulation or ordinance (each a "**Claim**", and collectively, "**Claims**") arising from or related to Subtenant's exercise of its rights under this Sublease or any condition, characteristic, or flaw of the Premises. Subtenant assumes all risks and responsibilities for accidents, injuries or death resulting from such injuries or damages to person or property occurring in, on or about the Premises or in connection with the transportation of crops or livestock to market, and SUBTENANT AGREES TO RELEASE, PROTECT, DEFEND UPON REQUEST WITH COUNSEL ACCEPTABLE TO TENANT PARTIES, INDEMNIFY, REIMBURSE AND HOLD HARMLESS TENANT AND TENANT'S EMPLOYEES, OFFICERS, MEMBERS, MANAGERS, PARTNERS, AGENTS (INCLUDING, WITHOUT LIMITATION, TRUSTEES), INVESTORS, HEIRS, DEVISEES, PERSONAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS AND AFFILIATES AND EACH OF THEIR CURRENT, FORMER AND FUTURE OFFICERS, DIRECTORS, EMPLOYEES, PARENT COMPANIES, AFFILIATES, DIVISIONS, PREDECESSORS, SUCCESSORS, SUBSIDIARIES, ADMINISTRATORS, INSURERS, SURETIES, ASSIGNS, REPRESENTATIVES, AGENTS, HEIRS, ATTORNEYS, GENERAL AND LIMITED PARTNERS, AND INDEPENDENT MANAGERS (COLLECTIVELY, "**TENANT PARTIES**," AND EACH INDIVIDUALLY, A "**TENANT PARTY**") FROM ANY AND ALL CLAIMS (AS DEFINED HEREIN), (A) ARISING, DIRECTLY OR INDIRECTLY, OUT OF, FROM OR IN CONNECTION WITH, IN WHOLE OR IN PART, THE CONDITION, USE OR CONTROL OF THE PREMISES (INCLUDING, WITHOUT LIMITATION, ANY IMPROVEMENT OR WATER SYSTEM COMPONENT AND/OR OTHER PROPERTY OR EQUIPMENT THEREON) DURING THE TERM OF THIS AGREEMENT, OR (B) IMPOSED UPON OR INCURRED BY OR ASSERTED, DIRECTLY OR INDIRECTLY, AGAINST ANY TENANT PARTY, IN WHOLE OR IN PART, BY REASON OF (I) ANY FAILURE ON THE PART OF

SUBTENANT TO PERFORM OR COMPLY WITH ANY OF THE TERMS OF THIS SUBLEASE, (II) ANY ENFORCEMENT OR REMEDIAL ACTION TAKEN BY ANY TENANT PARTY IN THE EVENT OF ANY SUBTENANT PARTY'S (AS DEFINED BELOW) FAILURE TO PERFORM OR COMPLY WITH THE TERMS OF THIS SUBLEASE; (III) ANY LITIGATION INVOLVED OR CONCERNED (EXCEPT TO THE EXTENT DUE TO THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF TENANT) RESPECTING THIS SUBLEASE, THE PREMISES OR THE USE OR OCCUPANCY THEREOF BY SUBTENANT PARTIES, AND/OR (IV) ANY ACTION BY A LAW ENFORCEMENT OR REGULATORY OFFICIAL WITH RESPECT TO ANY ACT OR CONDUCT BY ANY SUBTENANT PARTY IN CONNECTION WITH THE PREMISES OR THE AGRICULTURAL ACTIVITIES THEREON. Subtenant shall be liable to Tenant Parties for any damages to the Premises or any improvement thereon, including any equipment owned by Tenant, and for any act or omission by Subtenant or any employee, agent, contractor, subcontractor, invitee, licensee, representative, successor, assignee, guest of Subtenant or any other person acting on behalf of Subtenant (collectively, "***Subtenant Parties***," and each individually, a "***Subtenant Party***"). For avoidance of doubt, the term "Tenant Parties" shall include Tenant, and the term "Subtenant Parties" shall include Subtenant. For purposes of the indemnity provisions in this Sublease, any act or omission of any Subtenant Party (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to Subtenant and as such shall fall within the scope of Subtenant's obligation to indemnify Tenant Parties. Tenant Parties need not have first paid any such Claim to be so indemnified and held harmless by Subtenant. Subtenant, upon written notice from Tenant, shall defend any Claim against any Tenant Party at Subtenant's sole expense, using legal counsel reasonably satisfactory to Tenant. Subtenant shall promptly notify Tenant in writing if Subtenant obtains knowledge of any potential Claim against Tenant in connection with the Premises or in any way related to the use of the Premises by Subtenant, and such notice shall set forth reasonable detail of such potential Claim. Subtenant's indemnity obligations under this Section and all other sections of this Sublease shall survive the expiration or termination of this Sublease, without limitation of time or as allowed under California law.

**21. Liability Insurance.** Subtenant further agrees to take out and keep in force during the Term of this Sublease, at Subtenant's own expense, public liability insurance and property damage insurance with companies and through brokers approved by Tenant for protection against (1) liability to the public and the Subleased Premises arising as an incident to the use of, or resulting from, any accident occurring in or about the Subleased Premises and (2) damage to the Subleased Premises, whether caused by Subtenant or by third parties. The limits of liability under this insurance are to be not less than \$3,000,000.00 combined limit liability and \$3,000,000.00 for property damage. These insurance policies shall insure the contingent liability of Tenant and District and Tenant



and District shall be named as additional insured. Such policies shall contain a written obligation on the part of the insurance companies to notify Tenant and District, in writing, before any cancellation of the insurance. Subtenant agrees that if Subtenant does not keep the insurance in force, Tenant may take out the necessary insurance and pay the premiums. The repayment of the premiums shall be part of the rental and payment shall be made upon Tenant's written demand. Subtenant further agrees to take out and keep in force during the Term of this Sublease, and any extension hereof, at Subtenant's own expense, proper and adequate workers' compensation insurance. If, due to inflation, increased risks of operation, generally higher liability awards, or for other reasons, the limits of liability of such insurance shall become inadequate, Subtenant shall, from time to time, increase the limits of liability under such insurance policies to amounts adequate to cover the risk involved in Subtenant's use and occupancy of the Subleased Premises.

**21.1. Waiver of Subrogation.** Subtenant hereby waives its right of recovery against the Tenant and the District for any loss insured by fire, extended coverage and other property insurance policy. Subtenant shall apply to its insurer to obtain said waiver and shall secure any special endorsement if required by its insurer to comply with this provision.

**22. Attorneys' Fees.** In any action or proceeding by either Party to enforce this Sublease, or any provision thereof, the prevailing Party shall be entitled to all costs incurred and to reasonable attorneys' fees.

**23. Venue.** In any action or proceeding by either Party to enforce this Sublease, or any provision thereof, then exclusive venue for such an action will be the Superior Court in the State of California, County of Santa Barbara, Santa Maria Cook Street Branch.

**24. Miscellaneous Provisions.**

**24.1. Surrender of Premises.** The voluntary or other surrender of this Sublease by Subtenant, or mutual cancellation thereof, shall not work as a merger and shall, at the option of Tenant, terminate all or any existing subleases, or may, at the option of Tenant, operate as an assignment to Tenant of any or all such subleases.

**24.2. Accord and Satisfaction.** No payment by Subtenant or receipt by Tenant of a lesser amount than the Sublease amount due and owing shall be deemed to be other than on account of the earliest accrued rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Tenant may accept such check or payment without prejudice to Tenant's right to recover the balance of such rent or pursue any other

remedy in this Sublease provided.

**24.3. Personal Liability.** Each person executing this Sublease on behalf of Subtenant hereby agrees to be personally liable for any breach or default by Subtenant hereunder.

**24.4. Abandonment.** Subtenant shall not vacate or abandon the Subleased Premises at any time during the Term of this Sublease, and, if Subtenant shall abandon, vacate or surrender the Subleased Premises or be dispossessed by process of law or otherwise, any personal property belonging to Subtenant and left on the Subleased Premises shall be deemed to be abandoned and shall be sold or otherwise disposed of in accordance with California Code of Civil Procedure Section 1174 or any subsequent iteration thereof.

**24.5. Waiver.** The failure of Tenant to terminate this Sublease for any violation of its terms, or to enforce any remedy provided for herein or by law, shall not be construed as a waiver of any of Tenant's rights hereunder and shall not stop or prevent Tenant from terminating this Sublease or enforcing any remedies provided for herein or by law, for any subsequent or continuing violation.

**24.6. Binding on Successors.** The covenants and conditions of this Agreement shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of all of the Parties hereto.

**24.7. Time of Essence.** Time is of the essence of this Sublease with respect to the performance by Subtenant of all of the conditions and covenants to be observed and performed by Subtenant.

**24.8. Parties Defined; Use of Pronoun.** If more than one person or corporation is named as Tenant or Subtenant in this Sublease and executes the same as such, then the words "Tenant" or "Subtenant," wherever used in this Sublease, are intended to refer to all such persons or corporations and the liability of such persons or corporations for compliance with the performance of all of the terms, covenants and provisions of this Sublease shall be joint and several.

**24.9. Captions.** The captions to the paragraphs of this Sublease are for the convenience of the Parties only and shall not be construed as limiting or otherwise interpreting any of the provisions contained in such paragraphs.

**24.10. Notices.** All notices provided in this Sublease or provided by law may be served personally, or by mail, and, if served by mail, service of such notice shall be

deemed complete twenty-four hours after being deposited in a United States Post Office, registered, postage prepaid, return receipt requested, or available express mail carrier, such as Federal Express, Emory, Airborne Express, and the like, with postage or charges fully prepaid, addressed to the other Party at the following addresses:

**To Tenant at:**

Mahoney Leasing, LLC  
c/o Maureen Mahoney  
5604 Oakhill Dr.  
Santa Maria, CA 93455

**To Subtenant at:**

Destiny Farms, LLC  
c/o Tom Durant  
P.O. Box 1370  
Santa Maria, CA 93456

Either Party may change their address by serving written notice of such change on the other Party in the manner provided above.

**24.11. No Modification.** This Agreement may not be modified or amended except by the written consent of all the Parties hereto.

**24.12. Integration.** This Agreement constitutes a single, integrated written contract expressing the entire agreement of the Parties hereto relative to the subject matter hereof. No covenants, agreements, representations or warranties of any kind whatsoever have been relied upon by any Party hereto, except as specifically set forth in this Agreement. All prior discussions and negotiations have been and are merged and integrated into this Agreement and are fully superseded hereby.

**24.13. Counterparts.** This Agreement may be executed and delivered in two or more counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts together constitute but one and the same instrument and agreement.

**24.14. Severance.** If any provision of this Agreement is determined, by a court of competent jurisdiction to be illegal or unenforceable, said provision shall be deemed to be severed and deleted and neither such provision, its severance or deletion, shall affect the validity of the remaining provisions of this Agreement.

**24.15. Governance.** THE PARTIES AGREE THAT THE TERMS OF THIS

Airport Sublease: Destiny Farms, LLC

AGREEMENT SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS AGREEMENT AND SUCH WAIVER IS ALLOWED BY LAW.

**24.16. Construction.** This Agreement shall not be construed against the Party or its representative who drafted this Agreement or any portion hereof. Subtenant understands and agrees that the provisions of this Agreement are intended to be as broad and inclusive in favor of Tenant as permitted by the laws of California and that if any ambiguity is alleged to exist in this Agreement or any provision herein, such ambiguity shall be interpreted in favor of Tenant.

**24.17. Limitation on Right of Recovery Against Tenant.** Subtenant acknowledges and agrees that the liability of Tenant under this Agreement or any matter relating to or arising out of the occupancy or use of the Premises shall be limited to Subtenant's actual direct, but not consequential, damages therefor and shall be recoverable only from Tenant's interest in the Premises. No personal judgment shall lie against Tenant upon extinguishment of its rights in the Premises and any judgment so rendered shall not give rise to any right of execution or levy against Tenant's assets. For the purposes of this Section, the term "Tenant" shall mean and include all Tenant Parties. The provisions hereof shall inure to Tenant's successors and assigns. The foregoing provisions are not intended to relieve Tenant from the performance of any of Tenant's obligations under this Agreement, but only to limit the personal liability of Tenant in case of recovery of a judgment against Tenant.

**24.18. Documentary Evidence of Execution.** Facsimile signatures or emailed signatures of this Agreement in portable document format (i.e. .pdf) shall be acceptable as evidence of execution without the need for delivery of the original, executed document.

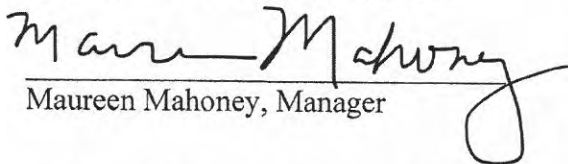
**24.19. Termination of All Previous Instruments.** The Parties hereto agree that this Sublease shall supplant and supersede all previous written instruments, including leases, related to the Subleased Premises between the Parties and any members of the Parties if the same is a company or corporation. To the extent that previous written instruments, including leases, exist between the Parties related to the Subleased Premises, the Parties agree that all such written instruments, including leases, are hereby terminated and shall have no force and effect as of the date first written above.

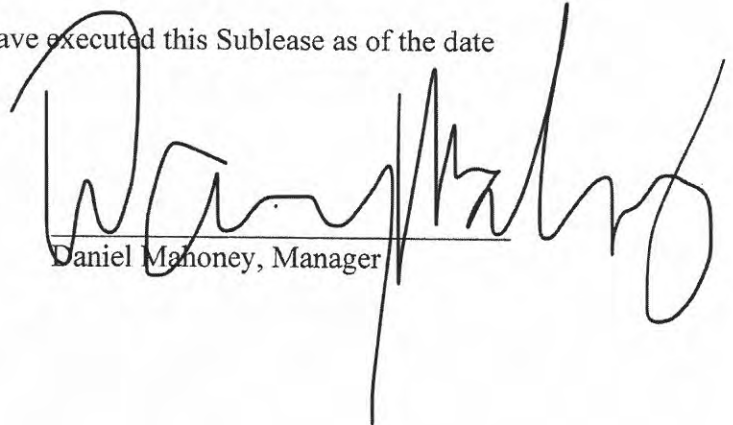
**24.20. Authority to Sign.** If Subtenant is a corporation, partnership (general or limited), limited liability company or trust, each person signing this Sublease as an

officer, partner, manager, member or trustee of Subtenant represents to Tenant that such person is authorized to execute this Sublease without the necessity of obtaining any other signature of any officer, partner, manager, member, trustee or beneficiary, that the execution of this Sublease has been properly authorized by the Board of Directors of the corporation, by the partners of the partnership, the members and/or managers of the limited liability company or the trustee or the trust, as the case may be, and that this Sublease is fully binding on Subtenant.

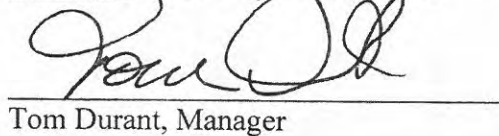
IN WITNESS WHEREOF, the Parties have executed this Sublease as of the date first written above.

**Tenant: Mahoney Leasing LLC**

  
Maureen Mahoney, Manager

  
Daniel Mahoney, Manager

**Subtenant: Destiny Farms, LLC**

  
Tom Durant, Manager



## CONSENT OF LESSOR

The undersigned is the Lessor in the Master Lease dated July 27, 2017, between SANTA MARIA PUBLIC AIRPORT DISTRICT and the MAHONEY LEASING, LLC ("Tenant"), and hereby consents to the Sublease Agreement between Tenant and DESTINY FARMS, LLC, referred to as "Subtenant", dated July 1, 2020, waiving none of its rights under the Master lease as to the Lessee or under the Sublease Agreement as to the Sublessee.

**Dated: June 25, 2020**

**Approved as to content for District:**

\_\_\_\_\_  
General Manager

**DISTRICT:**

By: \_\_\_\_\_  
Chuck Adams, President

**Approved as to form for District:**

\_\_\_\_\_  
District Counsel

By: \_\_\_\_\_  
Hugh Rafferty, Secretary

**EXHIBIT “A”**

**MASTER LEASE**

## LAND LEASE

This Land Lease ("Lease") dated July 27, 2017 for reference purposes, is made and entered into by and between SANTA MARIA PUBLIC AIRPORT DISTRICT, a public district of the State of California (herein called "District") and Mahoney Leasing, LLC, a California limited liability company (herein called "Tenant").

1. Premises. Subject to any approval required of the Federal Aviation Administration, which approval District shall promptly apply for, District hereby leases to Tenant, and Tenant hires from District, for the term and rent, upon the terms, conditions and covenants, and subject to the reserved rights and easements, of record or set forth below, the real property at the Santa Maria Public Airport (the "Airport") in Santa Maria, California, consisting of approximately 28.79 acres, as shown shaded on the plot plan marked Exhibit "A" attached and incorporated by this reference, together with those appurtenances specifically granted in this Lease (the "Premises"). District reserves the right to remove acreage from the lease upon one (1) year's written notice to Tenant, if necessary to comply with mitigation measures or other conditions imposed by federal, state or local agencies, as a condition of development of other District owned property. In such event, rent shall be reduced proportionately.

2. Term. The term of this Lease shall be for a five (5) year period commencing on September 1, 2017 and ending on August 31, 2022, unless sooner terminated pursuant to the terms of this Lease; provided, District reserves the right to terminate this Lease on one (1) year's written notice in accordance with the provisions of Paragraph 23, District's Right to Early Termination. This Lease shall automatically be extended in one (1) year increments, unless either party provides notice to the other party of its intent to cancel at least one (1) year prior to the Lease's expiration, as it may be extended, up to a maximum of five (5) times (expiring August 31, 2027, at the latest).

a. If Tenant remains in possession of the Premises or any part thereof after the expiration or termination of this Lease, such occupancy shall be a tenancy from month to month upon all the provisions of this Lease pertaining to the obligations of Tenant; and in the event of any such holding over, Tenant waives all rights under Section 1161 of the Code of Civil Procedure and Section 789 of the Civil Code of the State of California, regarding the automatic renewal of agricultural leases by holding over of the possession thereof. If Tenant does not surrender the Premises upon expiration or termination of this Lease, Tenant shall indemnify and hold District harmless from any damages resulting to District, including claims made by a successor tenant.

3. Rent. In addition to its other obligations set forth in this Lease, Tenant shall pay to District as annual rent for the Premises, the sum of Eleven Dollars (\$11.00) per acre per year, (28.79 acres x \$11/acre = \$316.69). Tenant shall the annual rent in advance to District on September 1 of each year, commencing September 1, 2017. Rent is payable in lawful money of the United States at the District's office at 3217 Terminal Drive, Santa Maria, CA 93454, without notice, demand, reduction, or offset on the dates specified.

a. Late Charge. Tenant acknowledges that late payment by Tenant to District of rent will cause District to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation,

processing and accounting charges. Therefore, if any installment of rent due from Tenant is not received by District on or before the tenth (10<sup>th</sup>) calendar day after the date it is due, Tenant shall pay to District an additional sum of ten percent (10%) of the overdue rent as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that District will incur by reason of late payment by Tenant. Acceptance of any late charge shall not constitute a waiver of Tenant's default with respect to the rights and remedies available to District.

b. Rent Increase. Effective September 1, 2018, and annually thereafter on September 1 of each calendar year, the per acre rental rate shall be adjusted upwards, but not downwards, by the percentage proportion of the change in the Consumer Price Index, All Items, 1982-84 = 100, Los Angeles-Anaheim-Riverside, For All Urban Consumers (the "CPI") published by the United States Department of Labor, Bureau of Labor Statistics, or its successor in function, for the most recent 12-month period available before the adjustment date.

4. Water Not Provided by District. Tenant acknowledges and agrees that Tenant will be solely responsible for arranging for the delivery and paying for the provision of irrigation water to the Premises. Tenant shall operate and maintain its irrigation system and water supply at its sole cost, and will comply with all federal, state, and local laws and regulations regarding the provision of water to the Premises for any permitted use. District will not provide any water to the Premises for Tenant's use, and District makes no representations or warranties about the availability of or quality of water to the Premises.

5. Prevention of Escape of Irrigation Water. Tenant shall not allow any of Tenant's irrigation water to escape from the Premises by airborne spray or surface flow except in minor amounts such as that associated with good irrigation practice, as approved by the applicable regulatory agency (currently Santa Barbara County Environmental Health Services). Tenant shall irrigate the Premises in such a manner as to prevent water from escaping the Premises onto property of others, or other property owned by District or Tenant or upon public highways. In the event of any escape of irrigation water in amounts which cause damage downstream, Tenant shall pay all damages occasioned thereby, and take all necessary steps to prevent any such escape of irrigation water in the future at Tenant's sole cost and expense.

6. Irrigation. Tenant shall use best farming practices in the use and application of Tenant's irrigation water to avoid waste and unnecessary runoff, and to prevent water from escaping onto lands of other adjoining landowners or lands owned by Landlord or upon public highways, and in the event of any such escaping of irrigation water, Tenant agrees to pay all damages occasioned thereby. Tenant shall also comply with all drainage and runoff regulations, limitations and requirement imposed by the Regional Water Quality Control programs, including any storm water runoff permit requirements. Except to the extent commercially unreasonable, Tenant shall use drip irrigation for established plants but may use sprinkler irrigation for newly planted crops.

7. Permitted Uses of Premises. Tenant shall use the Premises only for strawberry, vegetable or other crop cultivation. Tenant shall not use the Premises or any portion thereof for any other purposes, unless the use and rent increase are approved in advance in writing by the District. Nothing contained herein shall be deemed to give Tenant exclusive rights at the Airport

in connection with any of the permitted uses herein. Tenant may install and maintain a tight, 5-wire fence completely enclosing the Premises. Tenant is aware that adjacent property is leased for livestock grazing. District shall not be liable to Tenant for any damage caused by livestock or other tenants.

For any strawberry, vegetable or other irrigated crop use, Tenant and any subtenant shall comply with the following conditions:

a. If the use of any impervious or semi-impervious surface coverings (such as plastic) increases storm water runoff to the extent that downstream property is eroded, Tenant shall, upon notice from District, repair the eroded property, and prevent any subsequent downstream erosion or else cease the use that is creating the erosion. Should Tenant fail to do so within fifteen (15) days of notice from District, District shall have the right to terminate this Lease upon thirty (30) days' written notice to Tenant. In the event of any such termination, Tenant shall still be obligated to repair any eroded property. Nothing herein shall be deemed to make Tenant responsible for an act of God wherein storm waters are of such volume or velocity that the damage would have been caused regardless of the impervious or semi-impervious surface coverings.

b. No irrigated crops shall be grown, no spraying of any herbicide, insecticide or other substance shall occur within fifty (50) feet of any City of Santa Maria or District water well. No storage or ponding, even temporarily, of any chemicals or fuel or storage of chemical or fuel dispensing equipment shall be permitted within 300 feet of any City of Santa Maria water well.

8. Specific Prohibited Uses. Tenant shall not use or permit use of the Premises or the Airport, or any portions thereof, for any of the following purposes:

a. Retail sale of crops, livestock or any other items;

b. Grazing or pasturing of livestock;

c. Use any portion of the Airport contrary to or in violation of the directives, rules or regulations of the District, or governmental entity or agency having jurisdiction, as such directives, rules or regulations now exist or may exist in the future; provided, however, that if any directive, rule or regulation adopted in the future unreasonably impairs Tenant's ability to grow crops on the Premises, then Tenant shall have the right to terminate this Lease on sixty (60) days' written notice to District delivered no later than thirty (30) days after the effective date of the directive, rule or regulation.

d. Store on the Premises or elsewhere on the Airport any property or articles, or conduct any activities or operations which are not directly related or incident to the permitted uses in Paragraph 7 of this Lease; provided any storage incident to the Permitted Uses requires prior written consent of District's General Manager as set forth in Paragraph 17.

e. Erect any structure except fences and gates and irrigation system on the Premises.

f. Conduct any use or activity which would affect safe air navigation, or would be hazardous to safe operation of aircraft, including but not limited to: use or location on the Premises of any material which would cause sunlight to be reflected toward an aircraft on initial climb or final descent; any use or activity which would direct steady or flashing lights at aircraft, on initial climb or final descent; any use or activity which would generate smoke or attract large concentrations of birds.

g. Permit any hazardous or toxic materials (defined in Exhibit "B" attached hereto) to be brought, kept or used in, on, under or about the Premises by Tenant, its agents, employees, contractors, licensees, sub-lessees, assignees, concessionaires or invitees, unless: (a) the use of such hazardous or toxic materials is necessary and incident to Tenant's business on the Premises; (b) District has approved such use in writing; and (c) such hazardous or toxic materials are used, kept, monitored, stored and disposed of in a manner that: (i) complies with all laws and required permits relating to such hazardous or toxic materials; (ii) will not endanger any other persons or property; and (iii) will not invalidate, limit the coverage or increase the premiums of any insurance policy affecting or covering the Premises.

(h) Permit any residential use or overnight camping or occupancy.

(i) Conduct any use other than the permitted uses in Paragraph 7.

9. Farming Operations.

a. All farming operations on the Premises shall be performed at the sole cost and expense of Tenant. Tenant further agrees to use the Premises in good and farmer like manner, in accordance with the best practice of farming. Tenant will at all times use every effort to keep the soil in good shape and condition and up to its present strength by the use of fertilizer and other chemicals. Tenant further agrees to render Tenant's best efforts to: (i) poison squirrels, gophers and other rodents on the Premises; (ii) prevent pest infestations; and (iii) keep the Premises reasonably free and clear of all weeds at all times. Tenant shall abide by all laws and obtain all permits necessary in the application of pesticides, herbicides, defoliants, fumigants or rodenticides.

b. Tenant shall keep in good repair all improvements on the leased land, including all fences, irrigation systems and flood control facilities, if any.

c. Tenant shall promptly pay and discharge, when or before they mature, all bills for labor done or materials supplied or used in connection with any work which may be done by Tenant upon or in connection with the Premises, and shall indemnify the District and save it and the Premises free and clear from all liens, claims and liabilities, based upon or arising out of the doing of any such labor or the furnishing of any such supplies or materials. Tenant shall have the right to contest, in good faith and by appropriate proceedings, the validity or amount of any lien or claimed lien in the manner. Notice is hereby given that District will not be liable for any labor, services or materials furnished to Tenant in association with the Premises or any part thereof through or under Tenant.

10. Litter and Trash.

a. Clean Condition. Tenant shall keep the Premises, at Tenant's expense, clean and free from litter, trash and refuse and in an orderly and sanitary condition at all times. Tenant shall make a diligent effort to prevent the spread of all noxious weeds, and rodents and other vertebrate pests on or from the leased Premises and to take reasonable measures to protect the leased Premises and Airport from infestation of birds, insects and other pests. Tenant shall comply with all orders and instructions of District's General Manager in the use of the leased Premises or Airport property which the General Manager deems in his sole discretion to be in the best interest of the District, the public or users of the Airport, or for their safety and welfare.

11. Utilities. District shall have no responsibility to provide utility extensions of any kind to the Premises, and any such extension by Tenant shall be at Tenant's sole cost and expense after consent by District as provided in Paragraph 16 herein.

12. Taxes, Licenses. Tenant shall pay before delinquency any and all taxes, assessments, fees or charges, including possessory interest taxes, and real property taxes which may be imposed, levied or assessed upon any leasehold or possessory interests of Tenant, and personal property, crops, improvements or fixtures owned, controlled or installed by Tenant and used or located on the Airport or used in Tenant's business. Tenant shall also secure and maintain in force during the term of this Lease all licenses and permits, which are required by law for the conduct of Tenant's business or operations.

13. Assumption of Risks. Tenant represents that Tenant has inspected the Airport and the Premises and accepts the condition of the Premises and fully assumes all risks incidental to the use of the Airport and the Premises. District shall not be liable to Tenant's agents, employees, visitors, guests or invitees from any cause or condition whatsoever. District makes no warranty of the suitability of the Premises for the purpose contemplated by Tenant or that the leased Premises are zoned for the uses permitted.

14. Indemnity. Tenant shall defend (with counsel acceptable to District), indemnify and hold harmless District, its directors, officers, employees, agents and representatives, and the leased Premises (collectively "District") at all times from and against any and all liabilities, proceedings, liens, actions, penalties, 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 "Liabilities") arising out of or in any way connected with: the acts or omissions of Tenant, any subtenant, or either of their officers, agents, employees, guests, customers, visitors or invitees (collectively "Tenant"); or Tenant's or any subtenant's operations on, or use or occupancy of, the Premises. The foregoing indemnification excludes only Liabilities caused by the sole active negligence of District or its willful misconduct. Tenant shall also indemnify and hold District harmless from and against any Liabilities including third party claims, environmental requirements and environmental damages (as defined in Exhibit "B"), costs of investigation and cleanup, penalties, fines, and losses (including, without limitation, diminution in property value of the leased Premises or the improvements thereon or District's property or improvements in the vicinity of the leased Premises) of whatever kind or nature, which result from or are in any way connected with the release, receipt, handling, use, storage, accumulation,

transportation, generation, discharge, or disposal (collectively "Release") of any toxic or hazardous materials (defined in Exhibit "B") which occurs in, on or about the leased Premises or the Airport as the result of any of Tenant's or any subtenant's activities or of any of Tenant's or any subtenant's officers, agents', employees', customers, visitors, invitees', licensee, guests', successors' or assigns' activities. Tenant shall notify District immediately of any Release of any toxic or hazardous material on the Premises. Tenant shall not be responsible for any debris, trash or hazardous or toxic material on the Premises which predates Tenant's occupancy of the Premises (under this Lease or any prior lease or sublease), including, but not limited to, asbestos in buildings and existing oil pipelines. For the purposes of this lease, the materials that Tenant is not responsible for removing and the area in which they are located are generally identified on the attached Exhibit "A".

15. Insurance. Tenant 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. A policy of general liability insurance, including public liability, property damage, bodily injury and death liability, and contractual liability insurance with a single combined liability limit of not less than \$3,000,000.00, insuring against all liability of Tenant arising out of and in connection with Tenant's use or occupancy of the Premises. The policy shall insure performance by Tenant of the indemnity provisions of Section 16. Landlord shall be named as an additional insured, and the policy shall contain cross-liability endorsements.

b. Tenant shall maintain on Tenant's alterations, fixtures, and equipment, in, on, or about the Premises, and its personal property in, on, or about the Premises, a policy of insurance providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, flood and special extended perils ("all risk", as such term is used in the insurance industry), to the extent of at least one hundred percent (100%) of their full replacement value. The proceeds from any such policy shall be used by Tenant for the replacement of personal property or the restoration of Tenant's Alterations, fixtures, and equipment.

c. Tenant shall maintain during the Lease Term at Tenant's sole cost and expense proper and adequate Worker's Compensation Insurance.

d. Farm equipment liability and automobile liability insurance for all mobile equipment and vehicles used on the Airport, with a combined single limit of bodily injury and property damage liability of at least \$300,000 per person and \$500,000 for each accident or occurrence.

All insurance required under this Lease shall be issued by responsible insurance companies qualified to do business in California and reasonably acceptable to District. All such insurance shall be issued as primary, not blanket, policies. Tenant shall provide District with copies of the policies of insurance required under this Sections 17 or certificates evidencing the existence and amounts of such policies. No such policy shall be cancelable or subject to reduction of coverage or other modification except after thirty (30) days prior written notice to District. Tenant shall, at least ten (10) days prior to the expiration of any such policy, provide Landlord with renewals or "binders" thereof, or Landlord may order insurance and charge the cost thereof to Tenant, which



amount shall be payable by Tenant on demand. The types of coverage and liability limits of all insurance specified above may be changed or increased at the option of District, in the exercise of its reasonable discretion in evaluating its liability exposure, upon giving Tenant at least thirty (30) days' prior written notice of the increased limits. Tenant shall also provide District with an endorsement for the contractual liability insurance.

16. Alterations; Removal of Tenant-Installed Property. Except as expressly permitted herein, Tenant shall make no alterations, additions or improvements on the Premises or otherwise at the Airport without District's prior written consent. Before granting such consent, District may require Tenant to prepare and submit for District's approval detailed written plans. Any such consent shall be deemed conditioned upon Tenant obtaining any required permits from appropriate governmental agencies, and upon Tenant's compliance with all conditions of such permits. Any such consent may be conditioned upon Tenant's providing to District, at Tenant's expense, a lien and completion bond to insure District against any liability for liens and to insure completion of the work, and may further be conditioned on such matters as Landlord deems appropriate. All alterations, additions or improvements made by Tenant at the Airport shall, during the Lease, be Tenant's property. All such improvements shall, unless District elects otherwise, become the property of District at the expiration or termination of the Lease including, without limitation, fences and irrigation system, and shall remain upon and shall be surrendered with the Premises without disturbance, molestation, or injury. If District elects (by written notice to Tenant) that all or a designated portion of the alterations, additions, or improvements made by Tenant shall be removed by and at expense of Tenant, then Tenant shall at Tenant's expense remove (within 30 days after such notice) such alterations, additions or improvements, or such portion thereof designated by District, restore District's property to at least its former condition and repair any damage resulting from such removal.

17. Airport Facilities. Tenant's automobiles, farm equipment and other vehicles of Tenant and Tenant's employees and business invitees shall be parked, loaded and unloaded only on the Premises. Tenant shall observe, obey and abide by all directives, rules and regulations for maintenance and conduct of Tenant's operations at the Airport, which exist now or may hereafter be imposed by District's board of directors, Federal Aviation Administration, City of Santa Maria, or any other governmental agency having jurisdiction; provided that if any directive, rule or regulation unreasonably interferes with Tenant's farming operations, Tenant shall have the right to terminate the Lease on sixty (60) days' written notice to District, delivered no later than thirty (30) days after the effective date of the directive, rule or regulation. Tenant shall not store any supplies, materials, vehicles or equipment on the Premises or the Airport without the prior written consent of District's General Manager. District has no obligation to provide security guards, lighting or fencing. Tenant is specifically denied access to the Airport Operating Area. Tenant shall not allow any gate to be left open unless it is attended in such a manner as to prevent the escape of livestock onto roads or property of others, or as to prevent unauthorized entry onto the Airport.

18. Federal Aviation Administration Rider Attached. The provisions of the FAA Rider are attached hereto as Exhibit "C" and are incorporated herein and made a part hereof.

19. Repairs and Maintenance. Tenant shall, at Tenant's sole cost and expense, keep and maintain the Premises and every part thereof in good and clean order, condition and repair, thereby waiving all rights to make repairs at the expense of District.

20. Acceptance; Surrender. Tenant agrees on the expiration or sooner termination of this Lease to surrender promptly to District the Premises in the same condition as when received, damage by acts of God or by the elements excepted, subject to the provisions of Paragraph 16.

21. Condemnation. In the event of any taking or damage of all or any part of the Premises or any interest therein by reason of any exercise of the power of eminent domain, whether by a condemnation proceeding or otherwise, or any transfer of all or any part of the Premises or any interest therein made in avoidance of an exercise of the power of eminent domain (all of the foregoing being hereinafter referred to as "appropriation") during the term of this Lease, this Lease shall terminate as of the date of such appropriation, the rental shall be prorated to the date of termination, District shall be entitled to the entire award made with respect to such appropriation of the land and District improvements, and Tenant hereby assigns to District all of Tenant's interest, if any, in such award as to the land and District improvements. Nothing herein shall be deemed to constitute a waiver or transfer of any award due Tenant associated with the loss of any of its crops or improvements installed by Tenant.

22. Termination by District. District, in addition to any right of termination as a matter of law or any other right herein given to District, may at its option cancel and terminate this Lease and agreement upon any default, by written notice thereof given to Tenant and a ten (10) day opportunity to cure, upon or after the occurrence of any of the following events:

a. Failure of Tenant to pay rent or make any other payment required under this Lease, as and when due.

b. Filing by or against Tenant of a voluntary or involuntary petition in bankruptcy or for reorganization, or taking of Tenant's assets pursuant to a proceeding under the Federal Reorganization Act, or the adjudication of Tenant as a bankrupt, or the appointment of a receiver of Tenant's assets, or divestiture of Tenant's assets or estate herein by operation of law or otherwise, or assignment by Tenant of its assets for the benefit of creditors.

c. The breach by Tenant or failure of Tenant to keep, observe or perform any of the covenants, conditions or provisions herein contained on the part of Tenant to be observed, kept or performed.

d. Dissolution or liquidation of Tenant of all or substantially all of its assets.

e. The transfer, in whole or in part, of Tenant's interest in this Lease or in the premises, or any rights hereunder, by operation of law, whether by judgment, attachment, execution, process or proceeding of any court or any other means.

f. If the City of Santa Maria requires District to eliminate or reduce acreage for irrigated crops as a condition of development on any Airport property, including but not limited to the Santa Maria Research park and a golf course.

23. District's Right to Early Termination. Notwithstanding any other provision contained in this Lease, District shall have the right to terminate this Lease as to all or the applicable portion of the Premises in the event District's Board of Directors (i) authorizes the sale of the Premises or any portion thereof and directs District staff to market the same for sale, or (ii) authorizes the lease of the Premises or any portion thereof for any use or purpose other than irrigated crops and directs District staff to market the same for lease, or (iii) grants an easement over the Premises that is incompatible with the permitted uses, or (iv) directs District staff to initiate use of the Premises or any portion thereof for airport or aeronautical purposes or any purpose or use beside irrigated crops, (v) determines that termination of all or a portion of the Lease is required by any governmental agency or entity as a mitigation measure of condition of development on any District property, including but not limited to, the Santa Maria Business Park and golf course, or (vi) determines that irrigation of the Premises is contributing to soil saturation/liquefaction beneath the Airport operating pavements; provided, District shall give Tenant written notice of the exercise of such right at least one (1) year prior to the date as of which such termination is to be effective. The term of this Lease shall then expire and come to an end on such date, as fully and completely as if that date were the day definitely fixed for expiration of the term.

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, to the addresses set forth below the signature lines. Either party may at any time change its address for such notice by giving written notice of such change to the other party. Delivery of any notice shall be deemed complete upon being deposited as aforesaid at any United States Post Office or branch or substation.

25. Nuisance. Tenant shall not commit, or suffer or permit waste, noise, odors, dust or any other nuisance on the Premises or any activity constituting an unreasonable interference with other District tenants or persons using, or neighbors of the Airport.

26. Assignment, Subletting and Encumbering.

a. Tenant shall not assign, mortgage, encumber or grant control of this Lease or any interest, right or privilege herein or license or grant concessions for use of the leased Premises or any part thereof. Any such assignment, mortgage, encumbrance, transfer, permit or concession shall be void and, at the option of District, shall terminate this Lease. Tenant shall not sublet any portion of the Premises without the prior written consent of the District. Tenant shall provide District with copies of all subleases for prior written approval, which shall specifically be subject to the terms of this Lease, and have a copy attached, and obtain District's written consent. Unless otherwise specifically provided in any sublease that may be approved by District, Tenant shall pay District at least one-half of any rent or consideration received from any subtenant which exceeds the rent paid under this Lease.

b. Regardless of District's consent, no sublease shall release Tenant from Tenant's obligations hereunder or alter the primary liability of Tenant to pay rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of rent by Landlord from any other person shall not be deemed to be a release by Landlord of Tenant's liability hereunder. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. In the event of default by an assignee or subtenant of Tenant or any successor of Tenant, in the performance of any of the terms hereof, District may proceed directly against Tenant without the necessity of exhausting remedies against such successor.

27. Consent to Entry by F.A.A. Contractor(s). Tenant consents to entry on the Premises without charge by District, the F.A.A., an F.A.A. contractor, or any of their subcontractors, employees or agents for inspection, investigation or construction, operation or maintenance of an airport surveillance radar system. Rent shall be equitably abated for reduction in any useable land during construction.

28. Prohibition of Crops Within 20 Feet of Airport Operating Area Fence. The Premises do not include land within twenty (20) feet of the Airport Operating Area ("AOA") perimeter fence. Tenant has no right to plant crops within twenty (20) feet of the AOA perimeter fence. Tenant shall remove any and all crops planted within twenty (20) feet of the AOA perimeter fence. If Tenant fails to do so, District may remove such crops at Tenant's expense. Tenant shall indemnify, defend and hold District harmless from and against any and all liability for costs of removal and damage to such crops. Tenant shall remove any mounds or debris caused by Tenant operations against the AOA perimeter fence which effectively lowers the height of the fence below six (6) feet, not including barbwire.

29. Right of Entry. District, the Federal Aviation Administration, City of Santa Maria, County of Santa Barbara, any government entity having jurisdiction and any utility company shall have the right to enter the Premises at any reasonable time for inspections, to make repairs, or to show the Premises to prospective buyers or tenants or at any time in case of emergency.

30. Use of Hazardous Material. Tenant 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.

31. Attorneys' Fees. In the event either party hereto commences any legal action or proceeding against the other party to perform or keep any term, covenant or condition of this lease to be kept or performed by the other party or arising out of 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).

32. Compliance With Laws. Tenant shall comply with all applicable and valid laws, rules, regulations and orders of federal, state and local governments and governmental agencies, including, but not limited to, any and all regulations concerning air quality and/or water quality, the environment or endangered species; fire and/or occupational safety; or accessibility; which

may apply to the conduct of Tenant's business at the Airport. Tenant specifically agrees that it is a condition of the continuation of this lease that all materials used by Tenant for which a Material Safety Data Sheet is required, or otherwise referenced or listed on Exhibit "B", will be stored, used and disposed of, together with any contaminated by—products of such use, in strict compliance with the applicable Material Safety Data Sheet or the requirements of the governmental agency with authority to regulate such storage, use and disposal. Tenant shall not store or dispose of any such materials on the leased premises. Tenant will maintain on the leased premises and available for inspection at any reasonable time adequate records of material stored, used or disposed of, including but not limited to Material Safety Data Sheets and Uniform Hazardous Waste Manifests for material shipped from the leased premises.

33. General.

a. Each term and each provision of this lease agreement performable by Tenant shall be construed to be both a covenant and a condition. Time is of the essence of each term, condition and provision of this lease agreement.

b. 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 Tenant requiring District's consent or approval of any act by Tenant requiring District's consent or approval shall not be deemed to waive or render unnecessary District's consent to or approval of any subsequent similar act by Tenant. No act or thing done by District or District's employees or agents shall be deemed an acceptance of a surrender of the premises, and no agreement to accept such surrender shall be valid unless in writing signed by District.

c. This lease and Tenant's rights hereunder are subject and subordinate to all conditions, reservations, restrictions, easements, rights, rights—of—way, and encumbrances affecting the premises now of record or hereafter granted, caused or suffered by District. This Lease is subordinate to any rights granted in the past or in the future by District to any government entity or any utility company or for construction and operation of radar, wires, cables, poles, conduits, wells, pipelines, brine disposal, related appurtenances, equipment, structures, facilities, access roadways and fencing associated therewith. This Lease is further subordinate to District's operation and construction and maintenance of water reclamation and flood control projects including dams, ditches, reservoirs and pipelines and rights thereto granted to the Santa Barbara County Flood Control and Water Conservation District.

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

e. 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. 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 agreement. No provision of this Lease shall be deemed to have been waived by District unless such waiver be in writing signed by District.

f. This Lease is made subject to any approval of the Federal Aviation Administration which may be required.

g. This Lease may be executed in multiple counterparts, each of which shall be deemed an original document, and all of which shall constitute one agreement

h. This Lease contains all the agreements of the parties with respect to the Premises and cannot be amended or modified except by a written agreement.

34. 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.

35. Landlord's Remedies. Landlord shall have the following remedies if Tenant breaches the Lease:

a. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law.

b. Landlord can continue this Lease in full force and effect, and the Lease will continue in effect as long as Landlord does not terminate Tenant's right to possession, and Landlord shall have the right to collect rent when due. During the period, Tenant is in default, Landlord can enter the Premises and relet them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in reletting the Premises, including, without limitation, brokers' commissions, expenses of remodeling the Premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this Lease. Tenant shall pay to Landlord the rent due under this Lease on the dates the rent is due, less the rent Landlord receives from any reletting. No act by Landlord allowed by this paragraph shall terminate this Lease unless Landlord notifies Tenant that Landlord elects to terminate this Lease. After Tenant's default and for as long as Landlord does not terminate Tenant's right to possession of the Premises, if Tenant obtains Landlord's consent Tenant shall have the right to assign or sublet its interest in this Lease, but Tenant shall not be released from liability. Landlord's consent to a proposed assignment or subletting shall not be unreasonably withheld.

c. Landlord can terminate Tenant's right to possession of the Premises at any time. No act by Landlord other than giving notice to Tenant shall terminate this Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession. On termination, Landlord has the right to recover from Tenant:

i. The worth, at the time of the award of the unpaid rent that had been earned at the time of termination of this Lease;

ii. The worth, at the time of the award of the amount by which the unpaid rent that would have been earned after the date of termination of this Lease until the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided;

iii. the worth, at the time of the award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided; and

iv. Any other amount, and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's default.

"The worth, at the time of the award," as used in (i) and (ii) of this paragraph, is to be computed by allowing interest at the rate of 10% per annum. "The worth, at the time of the award," as referred to in (iii) of this paragraph, is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus 1%.

d. In addition to any other remedy District may have under this agreement or by operation of law, District shall have the right, in the event of Tenant's nonpayment of rent, or in the event of any other default by Tenant in the performance or observance of any of the terms or condition of this Lease, or if Tenant shall abandon or vacate the Premises, to terminate this Lease upon written notice to Tenant and reenter the Premises and eject all persons and remove all property from the Premises or any part of the Premises. Any property removed from the Premises 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 Tenant, and District shall have no liability therefor.

e. If Tenant is in default of this Lease Landlord shall have the right to have a receiver appointed to collect rent and conduct Tenant's business. Neither the filing of a petition for the appointment of a receiver nor the appointment itself shall constitute an election by Landlord to terminate this Lease.

f. Landlord, at any time after Tenant commits a default, can cure the default at Tenant's cost. If Landlord at any time, by reason of Tenant's default, pays any sum or does any act that requires the payment of any sum, the sum paid by Landlord shall be due immediately from Tenant to Landlord at the time the sum is paid, and if paid at a later date shall bear interest at the rate set forth in subparagraph g, below, from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant. The sum, together with interest on it, shall be additional rent.

g. Rent not paid when due shall bear interest from the date due until paid at the maximum rate an individual is permitted by law to charge.

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

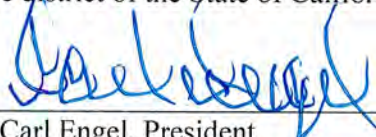
**Approved as to Content for District:**

Address: 3217 Terminal Drive  
Santa Maria, California 93455

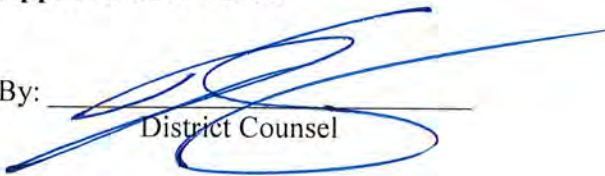
By:   
Chris Hastert, General Manager

**DISTRICT:**

Santa Maria Public Airport District,  
a public district of the State of California

By:   
Carl Engel, President

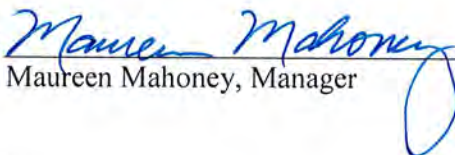
**Approved as to Form:**


By:   
District Counsel

By:   
Chuck Adams, Secretary

**TENANT:**

Mahoney Leasing, LLC,  
a California limited liability company

By:   
Maureen Mahoney, Manager

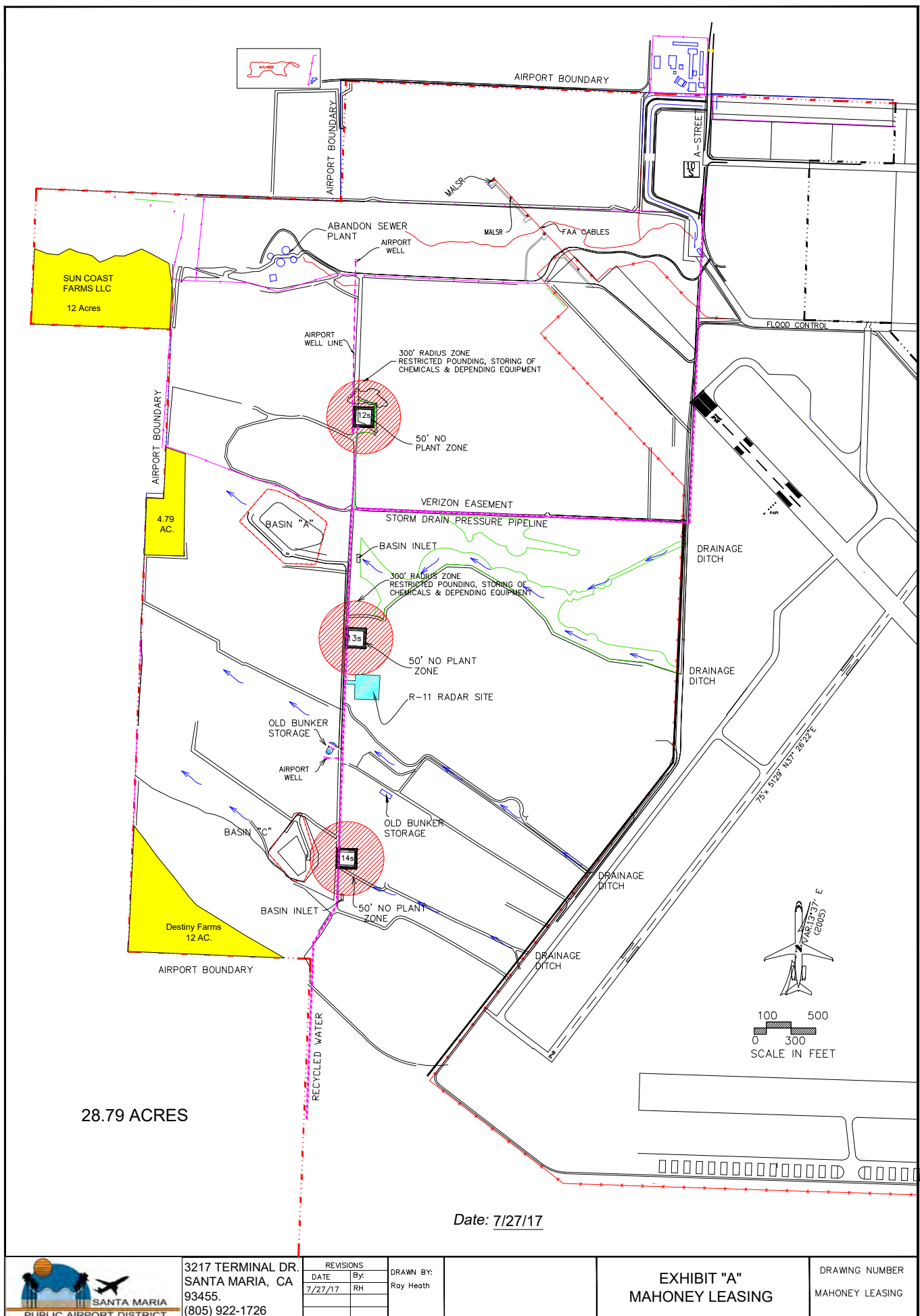
By:   
Daniel Mahoney, Manager

**Address:**

5604 Oakhill Dr.  
Santa Maria, CA 93455



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3217 TERMINAL DR.  
SANTA MARIA, CA  
93455.  
(805) 922-1726

REVISIONS	
DATE	By:
7/27/17	RH

DRAWN BY:  
Roy Heath

EXHIBIT "A"  
MAHONEY LEASING

DRAWING NUMBER  
MAHONEY LEASING

## **Exhibit "B"**

### **A. HAZARDOUS MATERIAL**

Hazardous Material means any substance:

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

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

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

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

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

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

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

(viii) without limitation radon gas.

### **B. ENVIRONMENTAL REQUIREMENTS**

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

1. All requirements, including but not limited to those pertaining to reporting, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or

threatened releases of "Hazardous Materials", chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials or wastes whether solid, liquid, or gaseous in nature, into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials, or wastes, whether solid, liquid, or gaseous in nature; and

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

### C. ENVIRONMENTAL DAMAGES

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

### **FAA Rider**

Rider to Land Lease dated September 1, 2017 (herein called "this lease") between SANTA MARIA PUBLIC AIRPORT DISTRICT (herein called "District") and MAHONEY LEASING, LLC, a California limited liability company (herein called "Tenant").

#### **LEASE PROVISIONS REQUIRED BY FEDERAL AVIATION ADMINISTRATION**

1. Tenant, for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the leased premises 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 premises 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 premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

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 premises 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 premises.

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

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 premises. 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 premises above the mean sea level elevation of 359 feet. In the event the aforesaid covenants are breached, District reserves the right to enter upon the leased premises and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Tenant.

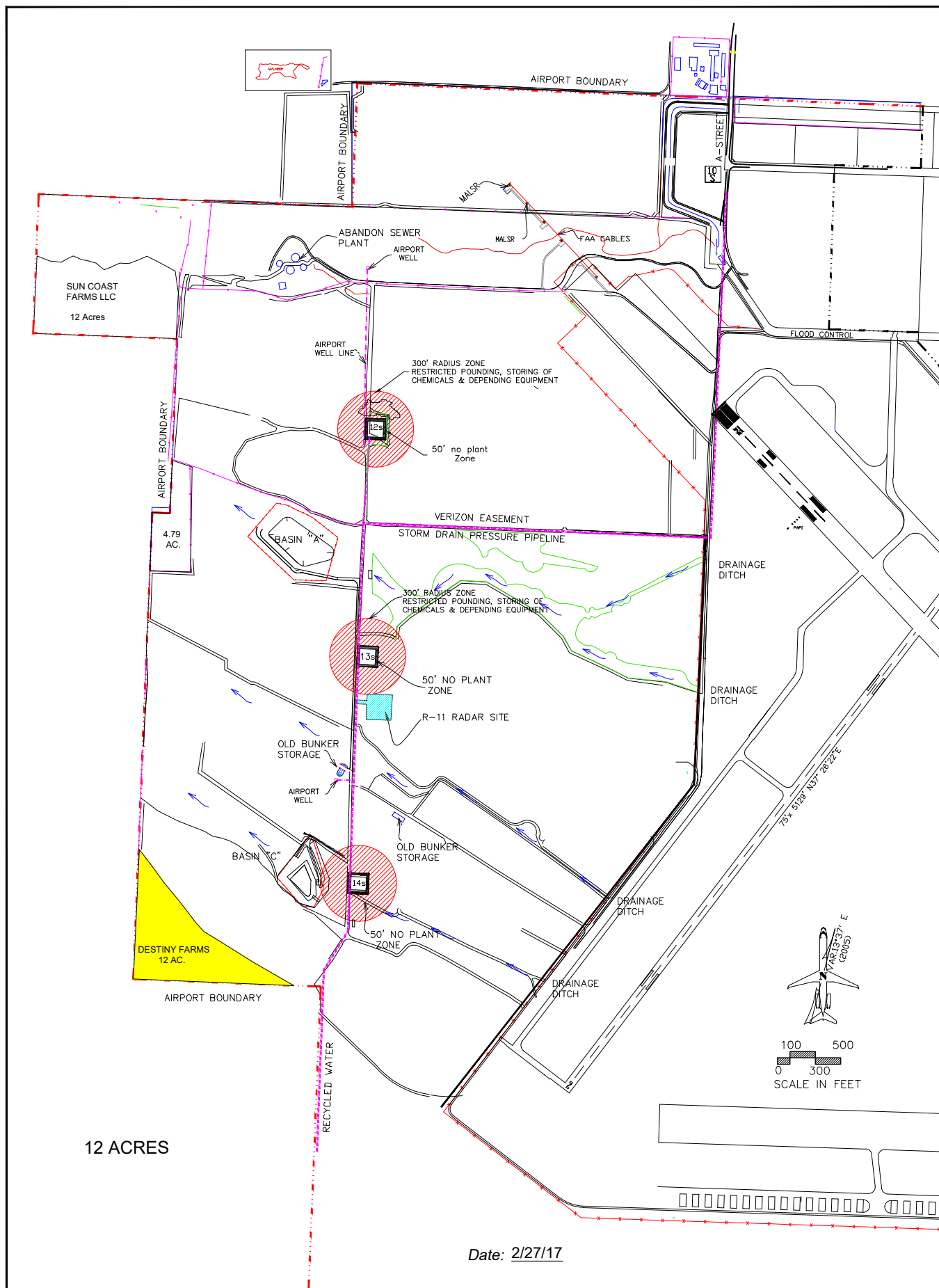
15. Tenant by accepting this lease agrees for itself, its successors and assigns that it will not make use of the leased premises in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached,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

**EXHIBIT “B”**

**SUBLEASED PREMISES**

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	3217 TERMINAL DR. SANTA MARIA, CA 93455. (805) 922-1726	REVISIONS		DRAWN BY: Ray Heath	APPROVED: BY: _____ DATE: _____	EXHIBIT "B" DESTINY FARMS	DRAWING NUMBER DESTINY FARMS
		DATE	By:				
		7/27/17	RH				



## **EXHIBIT "C"**

### **HAZARDOUS MATERIAL** **Definitions**

#### **A. HAZARDOUS MATERIAL**

Hazardous Material means any substance:

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

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

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

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

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

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

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

(viii) without limitation radon gas.

#### **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 Contractor's use or occupancy of the Premises or the Airport or as the result of any of Contractor's (or Contractor'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, contractors, 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 "D"**

### **RIDER**

Rider to Sublease Agreement dated August 26, 2010, (herein called "this lease") between SANTA MARIA PUBLIC AIRPORT DISTRICT (herein called "District") and MAHONEY LEASING, LLC (herein called "Tenant") covering 28.79 acres of land at the Airport (herein called the "leased premises") at Santa Maria Public Airport (herein called the "Airport").

### **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 premises 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 premises 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 premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

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 premises 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 premises.

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

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 premises. 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 premises above the mean sea level elevation of 359 feet. In the event the aforesaid covenants are breached, District reserves the right to enter upon the leased premises 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 premises 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 premises 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.

## AIRPORT GROUND SUBLEASE: VALLEY FARMS, INC.

This airport ground sublease (alternatively, "Sublease" or "Agreement") is made as of July 1, 2020 at Santa Maria, California by and between Mahoney Leasing, LLC, a California limited liability company ("Tenant") and Valley Farms, Inc., a California corporation ("Subtenant"). Tenant and Subtenant are sometimes hereinafter referred to jointly as the "Parties" and individually as the "Party."

### Recitals

- A. The Santa Maria Public Airport District, a public district of the State of California, by and through its agent's, employees, officers and directors ("District") has leased to Tenant certain land (the "Land") at the Santa Maria Public Airport ("Airport") in the City of Santa Maria, California, under a lease dated July 27, 2017 (the "Master Lease"), which said Master Lease is attached hereto as **Exhibit A**.
- B. Tenant, by this Sublease, intends to sublease to Subtenant a portion of the Land subject to the conditions and provisions of the Master Lease and this Sublease as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, it is agreed as follows:

### Agreement

**1. Subleased Premises.** Tenant hereby subleases to Subtenant, and Subtenant takes and hires from Tenant, approximately 16.79 acres of the Land (hereinafter, alternatively, the "Subleased Premises" or "Premises") situated in Santa Barbara County, California, the boundaries of which are generally identified in blue highlight on the attached **Exhibit B**, which is incorporated herein by this reference. The Parties hereto acknowledge and agree that they are familiar with the location and boundaries of the Subleased Premises.

By taking possession of the Subleased Premises, Subtenant shall be deemed to represent and warrant to Tenant that Subtenant has inspected the Subleased Premises and has found them to be free of defects of any type, including the presence of hazardous materials.

**1.1. Assumption of Master Lease by Subtenant.** In addition to the terms and covenants in this Sublease, Subtenant hereby expressly assumes and agrees to perform and be bound by all obligations, covenants and conditions to be kept, performed or observed by Tenant under the Master Lease during the term of this Sublease as such obligations, covenants and conditions apply to the Subleased Premises or the use thereof. *Subtenant acknowledges receipt of a copy of the Master Lease. Subtenant understands that this Sublease is subordinate to the Master Lease and further understands each term and condition enumerated in the Master Lease, including but*

*not limited to all termination provisions, planting restrictions, and other restrictions enumerated in the Master Lease. If any term or condition of this Sublease conflicts with any term or condition of the Master Lease, the terms and conditions of the Master Lease shall control for all purposes. Subtenant specifically agrees to defend and indemnify Tenant, inclusive of attorney's fees, for any breach or alleged breach by Subtenant of any term, provision, or condition of the Master Lease.*

**2. Term.** The term ("Term") of this Sublease shall be for three (3) years, beginning on September 1, 2020 and ending and terminating on August 31, 2023.

### **3. Rental**

**3.1. Payments.** Subtenant agrees to pay as rental for the use and occupation of the Subleased Premises for the first year of this Sublease the sum of \$2,300.00 per acre. Therefore, the total payment for the Subleased Premises for the first year of this Sublease shall be \$38,617.00. Payment of said amount shall be made as follows:

Subtenant shall pay Tenant \$19,308.50 on or before September 1, 2020; and

Subtenant shall pay Tenant \$19,308.50 on or before March 1, 2021.

Further, Subtenant agrees to pay as rental for the use and occupation of the Subleased Premises the sum of \$2,300.00 per acre for the second year of this Sublease. Therefore, the total payment for the Subleased Premises for the second year of this Sublease shall be \$38,617.00. Payment of said amount shall be made as follows:

Subtenant shall pay Tenant \$19,308.50 on or before September 1, 2021; and,

Subtenant shall pay Tenant \$19,308.50 on or before March 1, 2022.

Further, Subtenant agrees to pay as rental for the use and occupation of the Subleased Premises the sum of \$2,300.00 per acre for the last year of this Sublease. Therefore, the total payment for the Subleased Premises for the last year of this Sublease shall be \$38,617.00. Payment of said amount shall be made as follows:

Subtenant shall pay Tenant \$19,308.50 on or before September 1, 2022; and,

Subtenant shall pay Tenant \$19,308.50 on or before March 1, 2023.

**3.2. Late Charge.** Subtenant acknowledges that the late payment by Subtenant of any base rent or additional rent will cause Tenant to incur costs and expenses, the exact amount of which is extremely difficult and impractical to fix. Such costs and expenses will include administration, collection costs, processing and accounting expenses. Therefore, if any base rent or additional rent is not received by Tenant within fifteen (15) calendar days after it is due, Subtenant shall immediately pay to Tenant a late charge equal to five percent (5%) of such delinquent amount. Tenant and Subtenant agree that such late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Tenant for the loss suffered by Subtenant's failure



to make timely payment. In no event shall such late charge be deemed to grant to Subtenant a grace period or extension of time within which to pay any rent or prevent Tenant from exercising any right or enforcing any remedy available to Tenant upon Subtenant's failure to pay all rent due under this Sublease in a timely fashion, including the right to terminate this Sublease. All amounts of money payable by Subtenant to Tenant hereunder, if not paid when due, shall bear interest from the date due until paid at the maximum annual interest rate allowed by law for business loans (not primarily for personal, family or household purposes) not exempt from the usury law at such date or, if there is no such maximum annual interest rate, at the rate of fifteen percent (15%) per annum compounded daily.

If any check tendered in payment for any amount due under this Sublease is returned by Tenant's bank for any reason, then, in addition to any late charge which may be due, Subtenant shall pay Tenant a Non-Sufficient Funds charge of \$100.00.

**3.3. Payment Instruction.** All payments of any kind shall be payable in lawful money of the United States of America as follows:

- (a) One half of any and all payments shall be made to Mahoney Leasing, LLC, 5604 Oakhill Drive, Santa Maria, CA 93455, or at such other place, or places, as may be designated by Tenant.
- (b) One half of any and all payments shall be made to the Santa Maria Public Airport District at 3217 Terminal Drive, Santa Maria, CA 93455, or at such other place, or places, as may be designated by District.

**3.4. No Deduction, Abatement, or Offset.** The Subtenant acknowledges that Subtenant is familiar with the Subleased Premises and the sums due pursuant to this Sublease shall be due notwithstanding any variations in the actual acreage of the Subleased Premises as may from time to time occur. Subtenant acknowledges that a portion or portions of the Subleased Premises may not be suitable for Subtenant's purposes and no adjustment in the rent shall occur therefore. All sums due to Tenant shall be paid without offset or deduction notwithstanding such claims that Subtenant may assert against Tenant.

**3.5. Utility Expenses.** To the extent available, all utility expenses necessary for any use of this Subleased Premises shall be paid by Subtenant. Nothing herein shall constitute a guarantee or warranty of any kind that any utility (whether water, electrical, or septic/sewer, or otherwise) is or will be available for Subtenant's use during the term of this Sublease.

**4. Disclaimer of Warranty: Soil Suitability.** Tenant makes no warranty of the soil's suitability for growing crops Subtenant is authorized to grow under this Sublease.

**5. Disclaimer of Warranty: Water Supply.** Tenant cannot and does not guarantee any source of water on the Subleased Premises. Subtenant understands that no water well

currently exists on the Subleased Premises and Subtenant shall not construct any water well on the Subleased Premises.

**5.1. Water System Maintenance.** All maintenance of, and service and repairs to, any existing water conveyance structure installed by Subtenant (conveying water from adjacent land) shall be performed by Subtenant at Subtenant's sole cost and expense.

**6. Compliance With 2004 Conditional Waiver Program.** By execution below, Subtenant acknowledges that the Subleased Premises is presently subject to the terms, conditions, and requirements of the 2004 Conditional Waiver of Waste Discharge Requirements for Dischargers from Irrigated Lands (hereinafter, the "2004 Conditional Waiver") adopted by the Regional Water Quality Control Board for the Central Coast Region. Subtenant acknowledges and avers that it has read and is familiar with the terms, conditions, and requirements of the 2004 Conditional Waiver and that amendments to, or renewal or replacement of, the 2004 Conditional Waiver can occur at any time. Subtenant further agrees to comply with the terms, conditions, and requirements of the 2004 Conditional Waiver and any amendments to, or renewal or replacement of the 2004 Conditional Waiver affecting the Subleased Premises and/or Subtenant's use of the Subleased Premises, including, but not limited to the following; any requirement that Subtenant develop and implement a water quality management plan for the Subleased Premises; any requirement that Subtenant use best management practices on the Subleased Premises; any requirement that Subtenant keep, maintain and/or report water quality or other data relating to the Subleased Premises to a regulatory agency or governmental body or to anyone else; any requirement that Subtenant provide water quality monitoring or other data to Tenant in order for Tenant to comply with reporting or any other requirements imposed on Tenant; any requirement that Subtenant pay fees and/or costs incurred by Central Coast Water Quality Preservation, Inc. or any other entity in providing sampling and/or monitoring or other services to the Subleased Premises; and any requirement that Subtenant pay any fines and/or penalties or other costs or monetary sanctions assessed against the Subleased Premises and/or on account of the Subtenant's use of the Subleased Premises.

On twenty four (24) hour notice from Tenant to Subtenant, Subtenant agrees to provide reasonable access onto the Subleased Premises to Tenant for the purposes of Tenant confirming Subtenant's compliance with all terms, conditions, and requirements of the 2004 Conditional Waiver or any amendments to, or renewal or replacement of, the 2004 Conditional Waiver. Subtenant agrees to provide prompt notice (herein, the term "prompt notice" shall mean notice given within 5 days of receipt by Subtenant) to Tenant of any communication to Subtenant from any regulatory agency or governmental or other body to the effect that Subtenant is in breach or violation of, or potential breach or violation of, any term, condition, or requirement imposed under the 2004 Conditional Waiver or any amendments to, or renewals or replacement of, the 2004 Conditional Waiver.

Subtenant further agrees to fully indemnify, defend, and hold Tenant and District harmless from and against any and all actual damages, costs and expenses (including

Airport Sublease: Valley Farms, Inc.

reasonable attorney's fees) incurred by Tenant or District as a result of Subtenant's failure to comply with any of the terms, conditions, or requirements of the 2004 Conditional Waiver or any amendments to, or renewals or replacement of, the 2004 Conditional Waiver. Subtenant agrees to pay all water quality monitoring fees and/or costs, as well as any fines and/or penalties or other costs or monetary sanctions of any type assessed against the Subleased Premises or against Subtenant during the Term of this Sublease.

**6.1. Indemnity for Water Runoff and Other RWQCB Regulations.**

Subtenant represents and warrants that, should the need arise, Subtenant will work with and comply with all rules, regulations, mandates, or orders promulgated by the Central Coast Regional Water Quality Control Board, Region 3, or any other state or federal regulatory body (hereinafter, collectively, "RWQCB"). Subtenant agrees to retain sole responsibility for all costs and compliance associated with such rules, regulations, mandates and orders. Subtenant further agrees to defend, indemnify (inclusive of attorney's fees), and hold harmless Tenant and District from and against any claim related to or arising from any matter related to RWQCB, including, but not limited to, claims related to water run-off or water quality, whether groundwater or surface water, whether involving nitrate or any other constituent. Subtenant further agrees to defend, indemnify (inclusive of attorney's fees), and hold harmless Tenant and District from any other claim, whether private or otherwise, arising from any water run-off or water quality issue, whether agricultural or otherwise, arising from or related to the Subleased Premises.

**6.2. Compliance with Drinking Water Standards: Indemnification.**

Subtenant is notified that the Premises is or may be subject to California Health and Safety Code Section 116270, et. seq. and/or other provisions of the California Health and Safety Code or other law relative to safe water uses, including but not limited to, safe drinking water standards. Subtenant avers that Subtenant has full knowledge of said code section and laws relevant to safe drinking water uses and agrees to comply with all laws, rules, policies, regulations, or other requirements related to drinking water quality standards. Subtenant further agrees to take any and all actions required by any jurisdictional entity to comply with any safe drinking or washing water rules, regulations, or standards, or permitting. Subtenant further agrees to indemnify, save harmless, and defend Tenant, to the fullest extent allowed under California law, for any claims, actions, allegations, or assertion relating to or arising from any water quality law, rule, policy, regulation, requirement, or standard, whether concerning safe drinking water or otherwise, made by any public entity, private entity, governmental entity or any other person or persons, entity or otherwise, with the exception of Tenant, or any agent, employee, or invitee of Tenant.

**6.3. Proposition 65 Warning.** Subtenant is advised that the Premises may contain chemicals known to the State of California to cause cancer, birth defects, and

other reproductive harm. These chemicals may be contained in emissions and fumes from building materials, products and materials used, or have been used, to maintain the Premises, and emissions and fumes from a variety of sources and activities, including the activities of previous tenants.

**6.4. General Maintenance of Premises.** Subtenant shall have no duty or obligation to maintain the Premises or any other improvements thereon except as otherwise specifically provided in this Agreement. Subtenant hereby expressly waives the benefits of California Civil Code Sections 1932(2), 1933(4), 1941 and 1942, any iterations thereof, and any and all other statutes or laws inconsistent with the terms hereof, permitting a tenant to make repairs at the expense of a landlord or to terminate a lease by reason of the condition of the premises.

**7. Holding Over.** No holding over the Term of this Sublease, even with the express or implied consent of Tenant, shall be construed as a renewal of the Term. Such holding over shall be considered merely a tenancy at will at a rental amount equal to 150 percent of the last regular annual rental amount prorated on daily basis and subject to all of the terms and conditions of this Sublease and such holding over shall further be terminable at the will of Tenant upon Tenant giving notice, in writing, to Subtenant to vacate the Subleased Premises. In the event of any such holding over, Subtenant hereby expressly waives all rights and privileges conferred by Section 1161 of the Code of Civil Procedure (or any subsequent iteration thereof) and Section 789 of the Civil Code (or any subsequent iteration thereof) of the State of California regarding the automatic renewal of agricultural leases by holding over of possession thereof.

**8. Permitted Uses.** The Subleased Premises are subleased to Subtenant for the purpose of cultivation of row crops and associated activities consistent with this Sublease and for no other purpose, or purposes, unless consented to, in writing, by Tenant.

**9. Acceptance of Premises.** Subtenant, in accepting this Sublease, acknowledges that Subtenant has read it and the Master Lease carefully, and understands them fully, and that Subtenant accepts this Sublease with full knowledge of the condition of the land, fences, roads, water wells, and all other improvements and structures located on the Subleased Premises. Upon the expiration or sooner termination of this Sublease, Subtenant agrees to surrender the Subleased Premises to Tenant in the same or better condition as when received, reasonable wear and tear and damage by fire, the elements, or other causes beyond Subtenant's control, excepted. Tenant makes no warranties not contained in this Sublease concerning the fertility of the soil, the water supply on the Subleased Premises, the condition of the improvements upon the Subleased Premises, or the suitability of the Subleased Premises for agricultural purposes.

**10. Farming Operations.**

**10.1. Relationship.** The relationship between the Parties is that of Tenant and Subtenant and not partners or joint venturers. All farming operations on the Subleased Premises shall be at Subtenant's expense. Further, Subtenant shall not have the right to



bind Tenant, the District, or the Subleased land, to any union contract, collective bargaining agreement, or similar agreement, and any such agreement signed by Subtenant shall not be binding upon Tenant, the District, or the Subleased Premises.

**10.2. Assurances: Security Interest.** Subtenant agrees to keep the Subleased Premises free and clear of all liens, or claims of any kind, arising out of Subtenant's operations on the Subleased Premises, or elsewhere, except for security interests or crop mortgages on the crops to be grown on the Subleased Premises. Tenant shall have and Subtenant shall grant, a security interest in the crops grown on the Subleased Premises and proceeds therefrom to secure payment of the rental and any late charges as described herein. Tenant may file with the appropriate governmental agencies, and Subtenant agrees to execute and to otherwise cooperate in the preparation of any documentation that Tenant deems necessary to perfect and protect its security interest, including, without limitation, UCC Financing statements. Subtenant shall further provide to all brokers and merchants responsible for the packaging, marketing, and sale of Subtenant's crops, written assignments of crop proceeds naming Tenant as assignee. Subtenant shall further ensure that all brokers and marketers shall honor this assignment and execute any and all documents necessary to perfect this assignment.

**10.3. Indemnity and Hold Harmless: Contamination.** Subtenant represents and warrants that all crops grown by Subtenant will be produced using only agricultural materials registered for use under all applicable federal, state, and local laws. Subtenant agrees to comply with all applicable laws in the use, application, and disposal of all such approved materials on the Subleased Premises as well as all environmental conditions, obligations, and restrictions enumerated in the Master Lease. Subtenant further agrees to defend, indemnify (inclusive of attorney's fees), and hold harmless Tenant and District from any claim arising from the use, misuse, application, misapplication, or disposal of any material or product on the Subleased Premises and any similar environmental condition imposed by the Master Lease. Subtenant further agrees to defend, indemnify (inclusive of attorney's fees) and hold harmless Tenant and District for any claims related to contamination which may arise from or relate to Subtenant's presence on and/or use of the Subleased Premises and any breach or alleged breach of any condition enumerated in the Master Lease.

**10.4. Agricultural Practices.** Subtenant agrees that it will undertake agricultural practices which are standard to the agricultural community in Santa Maria, California, including, but not limited to, the following:

**10.4.1. Rodent Control.** Subtenant agrees to use Subtenant's best efforts to eradicate squirrels, gophers and other rodents on the Subleased Premises in a manner consistent with the terms of this Sublease;

**10.4.2. Weed & Rubbish Abatement.** Subtenant agrees to keep the Subleased Premises reasonably free and clear of all noxious and undesirable weeds by using methods approved under federal, state,

and/or local laws consistent with the terms of this Sublease. Subtenant further agrees to keep the Subleased Premises free and clean from accumulations of rubbish, waste and the like. Subtenant agrees that any trash, rubbish, debris or yard waste, whether biodegradable or not that exists on the property at the inception of this Sublease, shall not be buried or disposed of in any way on the subject property and that any such waste shall be removed first from the property before any fill materials are placed in areas containing such waste materials;

**10.4.3. Soil Maintenance.** Subtenant further agrees that Subtenant will, at Subtenant's expense, during the Term of this Sublease, maintain the fertility of the soil by the use of fertilizers, crop rotations and other appropriate methods consistent with good farming practices and the terms of this Sublease.

**10.4.4. Soil Removal.** Subtenant further agrees that, during any leveling operations, no soil material shall be removed from the Subleased Premises.

**10.4.5. Irrigation.** Subtenant further agrees to irrigate the Subleased Premises in such a manner so as to prevent water from escaping onto lands of other adjacent landowners or upon public highways in a deleterious manner to the extent feasible.

**10.4.6. Dust Control.** Subtenant shall further use reasonable care and caution in the use of roads and the undertaking of all agriculturally related work on the Subleased Premises so as to prevent dust from damaging crops or property of other landowners to the extent feasible.

**10.4.7. Environmental Compliance.** Subtenant shall not release or permit any hazardous or toxic substances, materials or waste to be deposited or released on or from the Subleased Premises that will constitute a violation of any federal, state or local law, rule or regulation, and Subtenant shall further comply with all applicable environmental laws, rules and regulations in Subtenant's operations on and use of the Subleased Premises, including, but not limited to, laws, rules and regulations associated with air quality.

**10.4.8. Exclusion of Others.** Subtenant further agrees to use all reasonable efforts to prevent the general public and all unauthorized persons from using the private roads located on the Subleased Premises, including, when necessary or appropriate, filing complaints with authorities for trespass or doing such other things as may be necessary to prevent the acquisition of prescriptive rights to the

Subleased Premises. Subtenant shall further not have the right to place the Subleased Premises in any agricultural conservation program, such as the soil bank program of the U. S. Department of Agriculture or any other program under present or future laws or regulations.

**10.4.9. Limitation on Use of Agricultural Chemicals.** Subtenant shall not use any agricultural chemical or similar substance, including any pesticide or herbicide, with a residual life longer than the Term of this Sublease or in such a way as to prevent the use of the soil for other crops of any type following the Term of this Sublease unless Tenant's written consent is first obtained.

**11. Hazardous Materials.** Tenant shall not be liable for any spill, release or deposit of any hazardous or toxic substances, materials or waste, including, but not limited to, chemicals of any kind including any pesticide or herbicide of any kind and in any form, on the Subleased Premises during the Term of this Sublease caused by Subtenant, or attributable to Subtenant's use and occupation of the Subleased Premises, or for any fines or penalties resulting therefrom, or for the cost of cleanup, and Subtenant shall defend and indemnify Tenant and the Subleased Premises for any such loss, costs or damage, including attorneys' fees and shall further defend and indemnify (including attorney's fees) Tenant, the District, and the Subleased Premises for any breach of any environmental condition enumerated in the Master Lease. Furthermore, should soil, crops, or other items on property adjacent to (or in the vicinity of) the Subleased Premises be contaminated or damaged, or alleged to be contaminated or damaged, due to the actions of Subtenant or Subtenant's employees, contractors, subcontractors, or affiliates, whether related to hazardous or toxic substances or otherwise, Subtenant shall be responsible for any and all remediation and other remedies that are required to said adjacent property soil, crops, or other items and shall defend, indemnify (including attorney's fees), and hold Tenant and District harmless from any and all claims arising from or associated with said actual or alleged contamination or damage. Upon the termination or expiration of this Sublease, Subtenant shall remove any toxic or hazardous materials that Subtenant brought on the Subleased Premises and will further clean-up all spills or other releases of toxic or hazardous materials on the Subleased Premises.

**12. Destruction of Improvements.** In the event of destruction of any of the existing improvements by fire, earthquake, windstorm or any other cause, Tenant shall not be obligated to rebuild, reconstruct or repair such improvements. Furthermore, should the soil, crops, or other items on the Subleased Premises be contaminated due to the actions of any third party, whether said third party is employed and/or contracted by Subtenant or not, and whether the contamination occurs as a result of overspray or drift from adjacent operations or not, Subtenant shall be responsible for any and all remediation that is required to return the soil on the Subleased Premises to the same or better condition as when received by Subtenant.

**13. Construction of Improvements.** Subtenant shall not have the right to erect

buildings and other improvements on the Subleased Premises.

**14. Compliance with Law.** Subtenant shall comply with all state, county and other governmental laws, rules and regulations now in force, or which may hereafter be in force, pertaining to Subtenant's use and occupation of the Subleased Premises, including all applicable environmental laws, rules and regulations.

**15. Taxes.** Subtenant shall pay before delinquency all taxes, assessments, license fees or public charges, including property taxes, levied or assessed against the Subleased Premises (on a pro-rata basis) and any personal property belonging to Subtenant and located on the Subleased Premises.

**16. Assignment. Subletting. Transfer by Operation of Law.** Subtenant shall not have the right to assign this Sublease or to sublet the Subleased Premises during the Term of this Sublease, without first obtaining Tenant's and the District's written consent. As a condition to said assignment or sublease, any assignee or subtenant shall execute a written document agreeing to be bound by, and comply with, each and every term and condition of this Sublease and the Master Lease (as the same relates to the obligations, covenants and conditions of the Subleased Premises or the use thereof), and such written document shall be presented to Tenant and District prior to any such written consent being issued by Tenant or District. Subtenant understands and agrees that any such assignment or sublease shall not relieve Subtenant of its duties and obligations under this Sublease or the Master Lease (as the same relates to the obligations, covenants and conditions of the Subleased Premises or the use thereof), that Subtenant shall continue to be responsible for compliance with each and every term and condition of this Sublease and the Master Lease (as the same relates to the obligations, covenants and conditions of the Subleased Premises or the use thereof), and that, should any such assignee or subtenant fail to comply with any term or condition of this Sublease or the Master Lease (as the same relates to the obligations, covenants and conditions of the Subleased Premises or the use thereof), Subtenant agrees to immediately take any and all action or actions required to be performed under this Sublease or the Master Lease (as the same relates to the obligations, covenants and conditions of the Subleased Premises or the use thereof). In the event of any breach of any provision of this Sublease or the Master Lease by any assignee or subtenant, Subtenant agrees and understands that Subtenant shall be jointly and severally liable for any such breach. It is further agreed that in the event of the bankruptcy or insolvency by the Subtenant or any assignee or subtenant, this Sublease shall not be considered an asset in bankruptcy and Tenant shall have the right and option to terminate and end this Sublease in such event. It is further agreed that should any receiver be appointed to take charge of Subtenant's business (or any assignee or subtenant's business), or should an attachment or execution be levied upon Subtenant's (or any assignee or subtenant's) interest in this Sublease, and should such receivership, attachment or execution not be released, discharged or dissolved within a period of thirty days, then Tenant shall have the right and option to end and terminate this Sublease.

**17. Reservation of Right of Entry.** Tenant and District shall have the right to enter

Airport Sublease: Valley Farms, Inc.



upon the Subleased Premises at all reasonable times and without notice for the purpose of inspection and to determine whether the terms, covenants and conditions of this Sublease and/or the Master Lease (as the same relates to the obligations, covenants and conditions of the Subleased Premises or the use thereof) are being complied with.

**18. Sublease Subject to Existing Rights.** This Sublease is subject to all existing easements, servitudes, licenses and rights of way for canals, ditches, levees, roads, oil production, highways and telephone, telegraph and electric power lines, pipelines and other purposes, whether recorded or not.

**19. Tenant's Rights Upon Default.** Should Subtenant fail to comply with any term, covenant or condition of this Sublease, as to which Subtenant is in default for a period of ten days after written notice from Tenant to comply therewith. Tenant may, at Tenant's option, end, terminate and cancel this Sublease and forfeit all of Subtenant's rights hereunder. Tenant shall further have the right of re-entry and the right to take possession of all crops, harvested or unharvested, and to remove all persons and property from the Subleased Premises. Tenant may store the property removed in a public warehouse, or elsewhere, at Subtenant's expense and for Subtenant's account. Tenant, at Tenant's election, shall become the owner of all crops of which Tenant has so taken possession and shall not be obligated to compensate Subtenant for them. The foregoing remedies shall not be exclusive and, in addition thereto, Tenant shall have all the remedies permitted by law.

**20. Nonliability of Tenant for Damages: Indemnity.** Subtenant, its heirs, successors and assigns hereby RELEASES, ACQUITS AND FOREVER DISCHARGES, and WAIVES any and all losses, liens, claims, actions, causes of action, liability, damages, demands, costs and expenses (including, without limitation, court costs and reasonable attorneys' fees) against any of Tenant Parties (hereinafter defined) that arise from or relate to Subtenant's occupancy of and/or activities on the Premises, and agrees not to sue any of Tenant Parties for such losses, liens, claims, actions, causes of action, liability, damages, demands, costs and expenses. Without limiting the foregoing, Subtenant agrees that Tenant Parties shall not be liable to Subtenant, its heirs, successors and assigns for personal injury, property damage or any other claims, causes of action, liabilities (including, without limitation, strict liability), losses, damages, demands (including, without limitation, environmental damages, consequential, punitive, special, exemplary and indirect damages), suits, fines, penalties, costs and expenses (including, without limitation, court costs, attorneys' fees, consultant fees and expert fees) of every kind or character, known or unknown, and whether in contract, in tort or existing at common law, or by virtue of any statute, regulation or ordinance (each a "***Claim***", and collectively, "***Claims***") arising from or related to Subtenant's exercise of its rights under this Sublease or any condition, characteristic, or flaw of the Premises. Subtenant assumes all risks and responsibilities for

accidents, injuries or death resulting from such injuries or damages to person or property occurring in, on or about the Premises or in connection with the transportation of crops or livestock to market, and SUBTENANT AGREES TO RELEASE, PROTECT, DEFEND UPON REQUEST WITH COUNSEL ACCEPTABLE TO TENANT PARTIES, INDEMNIFY, REIMBURSE AND HOLD HARMLESS TENANT AND TENANT'S EMPLOYEES, OFFICERS, MEMBERS, MANAGERS, PARTNERS, AGENTS (INCLUDING, WITHOUT LIMITATION, TRUSTEES), INVESTORS, HEIRS, DEVISEES, PERSONAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS AND AFFILIATES AND EACH OF THEIR CURRENT, FORMER AND FUTURE OFFICERS, DIRECTORS, EMPLOYEES, PARENT COMPANIES, AFFILIATES, DIVISIONS, PREDECESSORS, SUCCESSORS, SUBSIDIARIES, ADMINISTRATORS, INSURERS, SURETIES, ASSIGNS, REPRESENTATIVES, AGENTS, HEIRS, ATTORNEYS, GENERAL AND LIMITED PARTNERS, AND INDEPENDENT MANAGERS (COLLECTIVELY, "**TENANT PARTIES**," AND EACH INDIVIDUALLY, A "**TENANT PARTY**") FROM ANY AND ALL CLAIMS (AS DEFINED HEREIN), (A) ARISING, DIRECTLY OR INDIRECTLY, OUT OF, FROM OR IN CONNECTION WITH, IN WHOLE OR IN PART, THE CONDITION, USE OR CONTROL OF THE PREMISES (INCLUDING, WITHOUT LIMITATION, ANY IMPROVEMENT OR WATER SYSTEM COMPONENT AND/OR OTHER PROPERTY OR EQUIPMENT THEREON) DURING THE TERM OF THIS AGREEMENT, OR (B) IMPOSED UPON OR INCURRED BY OR ASSERTED, DIRECTLY OR INDIRECTLY, AGAINST ANY TENANT PARTY, IN WHOLE OR IN PART, BY REASON OF (I) ANY FAILURE ON THE PART OF SUBTENANT TO PERFORM OR COMPLY WITH ANY OF THE TERMS OF THIS SUBLEASE, (II) ANY ENFORCEMENT OR REMEDIAL ACTION TAKEN BY ANY TENANT PARTY IN THE EVENT OF ANY SUBTENANT PARTY'S (AS DEFINED BELOW) FAILURE TO PERFORM OR COMPLY WITH THE TERMS OF THIS SUBLEASE; (III) ANY LITIGATION INVOLVED OR CONCERNED (EXCEPT TO THE EXTENT DUE TO THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF TENANT) RESPECTING THIS SUBLEASE, THE PREMISES OR THE USE OR OCCUPANCY THEREOF BY SUBTENANT PARTIES, AND/OR (IV) ANY ACTION BY A LAW ENFORCEMENT OR REGULATORY OFFICIAL WITH RESPECT TO ANY ACT OR CONDUCT BY ANY SUBTENANT PARTY IN CONNECTION WITH THE PREMISES OR THE AGRICULTURAL ACTIVITIES THEREON. Subtenant shall be liable to Tenant Parties for any damages to the Premises or any improvement thereon, including any equipment owned by Tenant, and for any act or omission by Subtenant or any employee, agent, contractor, subcontractor, invitee, licensee, representative, successor, assignee, guest of Subtenant or any other person acting on behalf of Subtenant (collectively, "**Subtenant Parties**," and each individually, a "**Subtenant Party**"). For avoidance of doubt, the term "Tenant Parties" shall include Tenant, and the term "Subtenant Parties" shall include Subtenant. For purposes of the indemnity provisions in this Sublease, any act or

omission of any Subtenant Party (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to Subtenant and as such shall fall within the scope of Subtenant's obligation to indemnify Tenant Parties. Tenant Parties need not have first paid any such Claim to be so indemnified and held harmless by Subtenant. Subtenant, upon written notice from Tenant, shall defend any Claim against any Tenant Party at Subtenant's sole expense, using legal counsel reasonably satisfactory to Tenant. Subtenant shall promptly notify Tenant in writing if Subtenant obtains knowledge of any potential Claim against Tenant in connection with the Premises or in any way related to the use of the Premises by Subtenant, and such notice shall set forth reasonable detail of such potential Claim. Subtenant's indemnity obligations under this Section and all other sections of this Sublease shall survive the expiration or termination of this Sublease, without limitation of time or as allowed under California law.

**21. Liability Insurance.** Subtenant further agrees to take out and keep in force during the Term of this Sublease, at Subtenant's own expense, public liability insurance and property damage insurance with companies and through brokers approved by Tenant for protection against (1) liability to the public and the Subleased Premises arising as an incident to the use of, or resulting from, any accident occurring in or about the Subleased Premises and (2) damage to the Subleased Premises, whether caused by Subtenant or by third parties. The limits of liability under this insurance are to be not less than \$3,000,000.00 combined limit liability and \$3,000,000.00 for property damage. These insurance policies shall insure the contingent liability of Tenant and District and Tenant and District shall be named as additional insured. Such policies shall contain a written obligation on the part of the insurance companies to notify Tenant and District, in writing, before any cancellation of the insurance. Subtenant agrees that if Subtenant does not keep the insurance in force, Tenant may take out the necessary insurance and pay the premiums. The repayment of the premiums shall be part of the rental and payment shall be made upon Tenant's written demand. Subtenant further agrees to take out and keep in force during the Term of this Sublease, and any extension hereof, at Subtenant's own expense, proper and adequate workers' compensation insurance. If, due to inflation, increased risks of operation, generally higher liability awards, or for other reasons, the limits of liability of such insurance shall become inadequate, Subtenant shall, from time to time, increase the limits of liability under such insurance policies to amounts adequate to cover the risk involved in Subtenant's use and occupancy of the Subleased Premises.

**21.1. Waiver of Subrogation.** Subtenant hereby waives its right of recovery against the Tenant and the District for any loss insured by fire, extended coverage and other property insurance policy. Subtenant shall apply to its insurer to

obtain said waiver and shall secure any special endorsement if required by its insurer to comply with this provision.

**22. Attorneys' Fees.** In any action or proceeding by either Party to enforce this Sublease, or any provision thereof, the prevailing Party shall be entitled to all costs incurred and to reasonable attorneys' fees.

**23. Venue.** In any action or proceeding by either Party to enforce this Sublease, or any provision thereof, then exclusive venue for such an action will be the Superior Court in the State of California, County of Santa Barbara, Santa Maria Cook Street Branch.

**24. Miscellaneous Provisions.**

**24.1. Surrender of Premises.** The voluntary or other surrender of this Sublease by Subtenant, or mutual cancellation thereof, shall not work as a merger and shall, at the option of Tenant, terminate all or any existing subleases, or may, at the option of Tenant, operate as an assignment to Tenant of any or all such subleases.

**24.2. Accord and Satisfaction.** No payment by Subtenant or receipt by Tenant of a lesser amount than the Sublease amount due and owing shall be deemed to be other than on account of the earliest accrued rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Tenant may accept such check or payment without prejudice to Tenant's right to recover the balance of such rent or pursue any other remedy in this Sublease provided.

**24.3. Personal Liability.** Each person executing this Sublease on behalf of Subtenant hereby agrees to be personally liable for any breach or default by Subtenant hereunder.

**24.4. Abandonment.** Subtenant shall not vacate or abandon the Subleased Premises at any time during the Term of this Sublease, and, if Subtenant shall abandon, vacate or surrender the Subleased Premises or be dispossessed by process of law or otherwise, any personal property belonging to Subtenant and left on the Subleased Premises shall be deemed to be abandoned and shall be sold or otherwise disposed of in accordance with California Code of Civil Procedure Section 1174 or any subsequent iteration thereof.

**24.5. Waiver.** The failure of Tenant to terminate this Sublease for any violation of its terms, or to enforce any remedy provided for herein or by law, shall not be construed as a waiver of any of Tenant's rights hereunder and shall not stop or prevent Tenant from terminating this Sublease or enforcing any remedies provided for herein or by law, for any subsequent or continuing violation.

**24.6. Binding on Successors.** The covenants and conditions of this Agreement shall, subject to the provisions as to assignment, apply to and bind the heirs, successors,



executors, administrators and assigns of all of the Parties hereto.

**24.7. Time of Essence.** Time is of the essence of this Sublease with respect to the performance by Subtenant of all of the conditions and covenants to be observed and performed by Subtenant.

**24.8. Parties Defined; Use of Pronoun.** If more than one person or corporation is named as Tenant or Subtenant in this Sublease and executes the same as such, then the words "Tenant" or "Subtenant," wherever used in this Sublease, are intended to refer to all such persons or corporations and the liability of such persons or corporations for compliance with the performance of all of the terms, covenants and provisions of this Sublease shall be joint and several.

**24.9. Captions.** The captions to the paragraphs of this Sublease are for the convenience of the Parties only and shall not be construed as limiting or otherwise interpreting any of the provisions contained in such paragraphs.

**24.10. Notices.** All notices provided in this Sublease or provided by law may be served personally, or by mail, and, if served by mail, service of such notice shall be deemed complete twenty-four hours after being deposited in a United States Post Office, registered, postage prepaid, return receipt requested, or available express mail carrier, such as Federal Express, Emory, Airborne Express, and the like, with postage or charges fully prepaid, addressed to the other Party at the following addresses:

**To Tenant at:**

Mahoney Leasing, LLC  
c/o Maureen Mahoney  
5604 Oakhill Dr.  
Santa Maria, CA 93455

**To Subtenant at:**

Valley Farms, Inc.  
c/o Ignacio Partida Contreras  
318 N. Pine Street  
Santa Maria, CA 93455

Either Party may change their address by serving written notice of such change on the other Party in the manner provided above.

**24.11. No Modification.** This Agreement may not be modified or amended except by the written consent of all the Parties hereto.

**24.12. Integration.** This Agreement constitutes a single, integrated written contract expressing the entire agreement of the Parties hereto relative to the subject matter hereof. No covenants, agreements, representations or warranties of any kind whatsoever have been relied upon by any Party hereto, except as specifically set forth in

this Agreement. All prior discussions and negotiations have been and are merged and integrated into this Agreement and are fully superseded hereby.

**24.13. Counterparts.** This Agreement may be executed and delivered in two or more counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts together constitute but one and the same instrument and agreement.

**24.14. Severance.** If any provision of this Agreement is determined, by a court of competent jurisdiction to be illegal or unenforceable, said provision shall be deemed to be severed and deleted and neither such provision, its severance or deletion, shall affect the validity of the remaining provisions of this Agreement.

**24.15. Governance.** THE PARTIES AGREE THAT THE TERMS OF THIS AGREEMENT SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS AGREEMENT AND SUCH WAIVER IS ALLOWED BY LAW.

**24.16. Construction.** This Agreement shall not be construed against the Party or its representative who drafted this Agreement or any portion hereof. Subtenant understands and agrees that the provisions of this Agreement are intended to be as broad and inclusive in favor of Tenant as permitted by the laws of California and that if any ambiguity is alleged to exist in this Agreement or any provision herein, such ambiguity shall be interpreted in favor of Tenant.

**24.17. Limitation on Right of Recovery Against Tenant.** Subtenant acknowledges and agrees that the liability of Tenant under this Agreement or any matter relating to or arising out of the occupancy or use of the Premises shall be limited to Subtenant's actual direct, but not consequential, damages therefor and shall be recoverable only from Tenant's interest in the Premises. No personal judgment shall lie against Tenant upon extinguishment of its rights in the Premises and any judgment so rendered shall not give rise to any right of execution or levy against Tenant's assets. For the purposes of this Section, the term "Tenant" shall mean and include all Tenant Parties. The provisions hereof shall inure to Tenant's successors and assigns. The foregoing provisions are not intended to relieve Tenant from the performance of any of Tenant's obligations under this Agreement, but only to limit the personal liability of Tenant in case of recovery of a judgment against Tenant.

**24.18. Documentary Evidence of Execution.** Facsimile signatures or emailed signatures of this Agreement in portable document format (i.e. .pdf) shall be acceptable as evidence of execution without the need for delivery of the original, executed document.

**24.19. Termination of All Previous Instruments.** The Parties hereto agree that this Sublease shall supplant and supersede all previous written instruments, including leases, related to the Subleased Premises between the Parties and any members

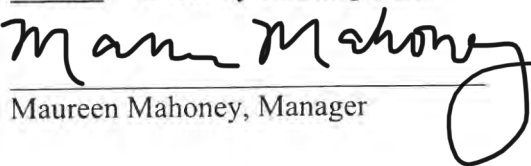
of the Parties if the same is a company or corporation. To the extent that previous written instruments, including leases, exist between the Parties related to the Subleased Premises, the Parties agree that all such written instruments, including leases, are hereby terminated and shall have no force and effect as of the date first written above.

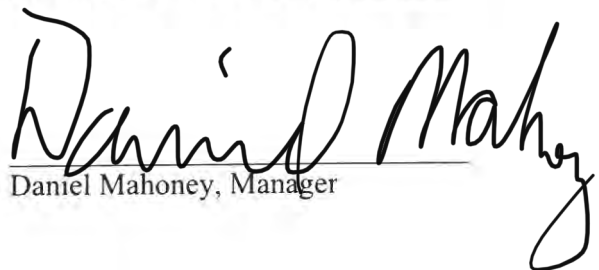
**24.20. Authority to Sign.** If Subtenant is a corporation, partnership (general or limited), limited liability company or trust, each person signing this Sublease as an officer, partner, manager, member or trustee of Subtenant represents to Tenant that such person is authorized to execute this Sublease without the necessity of obtaining any other signature of any officer, partner, manager, member, trustee or beneficiary, that the execution of this Sublease has been properly authorized by the Board of Directors of the corporation, by the partners of the partnership, the members and/or managers of the limited liability company or the trustee or the trust, as the case may be, and that this Sublease is fully binding on Subtenant.

**24.21. Translation.** This Agreement is being entered into in good faith by all Parties and was negotiated through arms-length bargaining. Each of the Parties acknowledges and agrees that this Agreement has important legal consequences and that said Parties understand such consequences. The Parties hereto agree that this Agreement was negotiated in English and Lessee hereby waives any right to a written translation under California Civil Code Section 1632. Notwithstanding this fact, Lessee avers that Lessee has consulted with legal counsel and has had this Agreement verbally translated to Lessee and understands the consequences herein. *El Arrendatario avisa que el Arrendatario ha consultado con un abogado y ha hecho traducir este Acuerdo verbalmente al Arrendatario y entiende las consecuencias aquí contenidas.*

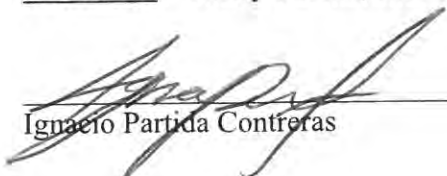
IN WITNESS WHEREOF, the Parties have executed this Sublease as of the date first written above.

**Tenant: Mahoney Leasing LLC**

  
Maureen Mahoney, Manager

  
Daniel Mahoney, Manager

**Subtenant: Valley Farms, Inc.**

 6/18/20  
Ignacio Partida Contreras

## CONSENT OF LESSOR

The undersigned is the Lessor in the Master Lease dated July 27, 2017, between SANTA MARIA PUBLIC AIRPORT DISTRICT and the MAHONEY LEASING, LLC ("Tenant"), and hereby consents to the Sublease Agreement between Tenant and VALLEY FARMS, INC., referred to as "Subtenant", dated September 1, 2020, waiving none of its rights under the Master lease as to the Lessee or under the Sublease Agreement as to the Sublessee.

**Dated: June 25, 2020**

**Approved as to content for District:**

\_\_\_\_\_  
General Manager

**DISTRICT:**

By: \_\_\_\_\_  
Chuck Adams, President

**Approved as to form for District:**

\_\_\_\_\_  
District Counsel

By: \_\_\_\_\_  
Hugh Rafferty, Secretary



**EXHIBIT “A”**

**MASTER LEASE**

## LAND LEASE

This Land Lease ("Lease") dated July 27, 2017 for reference purposes, is made and entered into by and between SANTA MARIA PUBLIC AIRPORT DISTRICT, a public district of the State of California (herein called "District") and Mahoney Leasing, LLC, a California limited liability company (herein called "Tenant").

1. Premises. Subject to any approval required of the Federal Aviation Administration, which approval District shall promptly apply for, District hereby leases to Tenant, and Tenant hires from District, for the term and rent, upon the terms, conditions and covenants, and subject to the reserved rights and easements, of record or set forth below, the real property at the Santa Maria Public Airport (the "Airport") in Santa Maria, California, consisting of approximately 28.79 acres, as shown shaded on the plot plan marked Exhibit "A" attached and incorporated by this reference, together with those appurtenances specifically granted in this Lease (the "Premises"). District reserves the right to remove acreage from the lease upon one (1) year's written notice to Tenant, if necessary to comply with mitigation measures or other conditions imposed by federal, state or local agencies, as a condition of development of other District owned property. In such event, rent shall be reduced proportionately.

2. Term. The term of this Lease shall be for a five (5) year period commencing on September 1, 2017 and ending on August 31, 2022, unless sooner terminated pursuant to the terms of this Lease; provided, District reserves the right to terminate this Lease on one (1) year's written notice in accordance with the provisions of Paragraph 23, District's Right to Early Termination. This Lease shall automatically be extended in one (1) year increments, unless either party provides notice to the other party of its intent to cancel at least one (1) year prior to the Lease's expiration, as it may be extended, up to a maximum of five (5) times (expiring August 31, 2027, at the latest).

a. If Tenant remains in possession of the Premises or any part thereof after the expiration or termination of this Lease, such occupancy shall be a tenancy from month to month upon all the provisions of this Lease pertaining to the obligations of Tenant; and in the event of any such holding over, Tenant waives all rights under Section 1161 of the Code of Civil Procedure and Section 789 of the Civil Code of the State of California, regarding the automatic renewal of agricultural leases by holding over of the possession thereof. If Tenant does not surrender the Premises upon expiration or termination of this Lease, Tenant shall indemnify and hold District harmless from any damages resulting to District, including claims made by a successor tenant.

3. Rent. In addition to its other obligations set forth in this Lease, Tenant shall pay to District as annual rent for the Premises, the sum of Eleven Dollars (\$11.00) per acre per year, (28.79 acres x \$11/acre = \$316.69). Tenant shall the annual rent in advance to District on September 1 of each year, commencing September 1, 2017. Rent is payable in lawful money of the United States at the District's office at 3217 Terminal Drive, Santa Maria, CA 93454, without notice, demand, reduction, or offset on the dates specified.

a. Late Charge. Tenant acknowledges that late payment by Tenant to District of rent will cause District to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation,

processing and accounting charges. Therefore, if any installment of rent due from Tenant is not received by District on or before the tenth (10<sup>th</sup>) calendar day after the date it is due, Tenant shall pay to District an additional sum of ten percent (10%) of the overdue rent as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that District will incur by reason of late payment by Tenant. Acceptance of any late charge shall not constitute a waiver of Tenant's default with respect to the rights and remedies available to District.

b. Rent Increase. Effective September 1, 2018, and annually thereafter on September 1 of each calendar year, the per acre rental rate shall be adjusted upwards, but not downwards, by the percentage proportion of the change in the Consumer Price Index, All Items, 1982-84 = 100, Los Angeles-Anaheim-Riverside, For All Urban Consumers (the "CPI") published by the United States Department of Labor, Bureau of Labor Statistics, or its successor in function, for the most recent 12-month period available before the adjustment date.

4. Water Not Provided by District. Tenant acknowledges and agrees that Tenant will be solely responsible for arranging for the delivery and paying for the provision of irrigation water to the Premises. Tenant shall operate and maintain its irrigation system and water supply at its sole cost, and will comply with all federal, state, and local laws and regulations regarding the provision of water to the Premises for any permitted use. District will not provide any water to the Premises for Tenant's use, and District makes no representations or warranties about the availability of or quality of water to the Premises.

5. Prevention of Escape of Irrigation Water. Tenant shall not allow any of Tenant's irrigation water to escape from the Premises by airborne spray or surface flow except in minor amounts such as that associated with good irrigation practice, as approved by the applicable regulatory agency (currently Santa Barbara County Environmental Health Services). Tenant shall irrigate the Premises in such a manner as to prevent water from escaping the Premises onto property of others, or other property owned by District or Tenant or upon public highways. In the event of any escape of irrigation water in amounts which cause damage downstream, Tenant shall pay all damages occasioned thereby, and take all necessary steps to prevent any such escape of irrigation water in the future at Tenant's sole cost and expense.

6. Irrigation. Tenant shall use best farming practices in the use and application of Tenant's irrigation water to avoid waste and unnecessary runoff, and to prevent water from escaping onto lands of other adjoining landowners or lands owned by Landlord or upon public highways, and in the event of any such escaping of irrigation water, Tenant agrees to pay all damages occasioned thereby. Tenant shall also comply with all drainage and runoff regulations, limitations and requirement imposed by the Regional Water Quality Control programs, including any storm water runoff permit requirements. Except to the extent commercially unreasonable, Tenant shall use drip irrigation for established plants but may use sprinkler irrigation for newly planted crops.

7. Permitted Uses of Premises. Tenant shall use the Premises only for strawberry, vegetable or other crop cultivation. Tenant shall not use the Premises or any portion thereof for any other purposes, unless the use and rent increase are approved in advance in writing by the District. Nothing contained herein shall be deemed to give Tenant exclusive rights at the Airport

in connection with any of the permitted uses herein. Tenant may install and maintain a tight, 5-wire fence completely enclosing the Premises. Tenant is aware that adjacent property is leased for livestock grazing. District shall not be liable to Tenant for any damage caused by livestock or other tenants.

For any strawberry, vegetable or other irrigated crop use, Tenant and any subtenant shall comply with the following conditions:

a. If the use of any impervious or semi-impervious surface coverings (such as plastic) increases storm water runoff to the extent that downstream property is eroded, Tenant shall, upon notice from District, repair the eroded property, and prevent any subsequent downstream erosion or else cease the use that is creating the erosion. Should Tenant fail to do so within fifteen (15) days of notice from District, District shall have the right to terminate this Lease upon thirty (30) days' written notice to Tenant. In the event of any such termination, Tenant shall still be obligated to repair any eroded property. Nothing herein shall be deemed to make Tenant responsible for an act of God wherein storm waters are of such volume or velocity that the damage would have been caused regardless of the impervious or semi-impervious surface coverings.

b. No irrigated crops shall be grown, no spraying of any herbicide, insecticide or other substance shall occur within fifty (50) feet of any City of Santa Maria or District water well. No storage or ponding, even temporarily, of any chemicals or fuel or storage of chemical or fuel dispensing equipment shall be permitted within 300 feet of any City of Santa Maria water well.

8. Specific Prohibited Uses. Tenant shall not use or permit use of the Premises or the Airport, or any portions thereof, for any of the following purposes:

a. Retail sale of crops, livestock or any other items;

b. Grazing or pasturing of livestock;

c. Use any portion of the Airport contrary to or in violation of the directives, rules or regulations of the District, or governmental entity or agency having jurisdiction, as such directives, rules or regulations now exist or may exist in the future; provided, however, that if any directive, rule or regulation adopted in the future unreasonably impairs Tenant's ability to grow crops on the Premises, then Tenant shall have the right to terminate this Lease on sixty (60) days' written notice to District delivered no later than thirty (30) days after the effective date of the directive, rule or regulation.

d. Store on the Premises or elsewhere on the Airport any property or articles, or conduct any activities or operations which are not directly related or incident to the permitted uses in Paragraph 7 of this Lease; provided any storage incident to the Permitted Uses requires prior written consent of District's General Manager as set forth in Paragraph 17.

e. Erect any structure except fences and gates and irrigation system on the Premises.

f. Conduct any use or activity which would affect safe air navigation, or would be hazardous to safe operation of aircraft, including but not limited to: use or location on the Premises of any material which would cause sunlight to be reflected toward an aircraft on initial climb or final descent; any use or activity which would direct steady or flashing lights at aircraft, on initial climb or final descent; any use or activity which would generate smoke or attract large concentrations of birds.

g. Permit any hazardous or toxic materials (defined in Exhibit "B" attached hereto) to be brought, kept or used in, on, under or about the Premises by Tenant, its agents, employees, contractors, licensees, sub-lessees, assignees, concessionaires or invitees, unless: (a) the use of such hazardous or toxic materials is necessary and incident to Tenant's business on the Premises; (b) District has approved such use in writing; and (c) such hazardous or toxic materials are used, kept, monitored, stored and disposed of in a manner that: (i) complies with all laws and required permits relating to such hazardous or toxic materials; (ii) will not endanger any other persons or property; and (iii) will not invalidate, limit the coverage or increase the premiums of any insurance policy affecting or covering the Premises.

(h) Permit any residential use or overnight camping or occupancy.

(i) Conduct any use other than the permitted uses in Paragraph 7.

9. Farming Operations.

a. All farming operations on the Premises shall be performed at the sole cost and expense of Tenant. Tenant further agrees to use the Premises in good and farmer like manner, in accordance with the best practice of farming. Tenant will at all times use every effort to keep the soil in good shape and condition and up to its present strength by the use of fertilizer and other chemicals. Tenant further agrees to render Tenant's best efforts to: (i) poison squirrels, gophers and other rodents on the Premises; (ii) prevent pest infestations; and (iii) keep the Premises reasonably free and clear of all weeds at all times. Tenant shall abide by all laws and obtain all permits necessary in the application of pesticides, herbicides, defoliants, fumigants or rodenticides.

b. Tenant shall keep in good repair all improvements on the leased land, including all fences, irrigation systems and flood control facilities, if any.

c. Tenant shall promptly pay and discharge, when or before they mature, all bills for labor done or materials supplied or used in connection with any work which may be done by Tenant upon or in connection with the Premises, and shall indemnify the District and save it and the Premises free and clear from all liens, claims and liabilities, based upon or arising out of the doing of any such labor or the furnishing of any such supplies or materials. Tenant shall have the right to contest, in good faith and by appropriate proceedings, the validity or amount of any lien or claimed lien in the manner. Notice is hereby given that District will not be liable for any labor, services or materials furnished to Tenant in association with the Premises or any part thereof through or under Tenant.

10. Litter and Trash.

a. Clean Condition. Tenant shall keep the Premises, at Tenant's expense, clean and free from litter, trash and refuse and in an orderly and sanitary condition at all times. Tenant shall make a diligent effort to prevent the spread of all noxious weeds, and rodents and other vertebrate pests on or from the leased Premises and to take reasonable measures to protect the leased Premises and Airport from infestation of birds, insects and other pests. Tenant shall comply with all orders and instructions of District's General Manager in the use of the leased Premises or Airport property which the General Manager deems in his sole discretion to be in the best interest of the District, the public or users of the Airport, or for their safety and welfare.

11. Utilities. District shall have no responsibility to provide utility extensions of any kind to the Premises, and any such extension by Tenant shall be at Tenant's sole cost and expense after consent by District as provided in Paragraph 16 herein.

12. Taxes, Licenses. Tenant shall pay before delinquency any and all taxes, assessments, fees or charges, including possessory interest taxes, and real property taxes which may be imposed, levied or assessed upon any leasehold or possessory interests of Tenant, and personal property, crops, improvements or fixtures owned, controlled or installed by Tenant and used or located on the Airport or used in Tenant's business. Tenant shall also secure and maintain in force during the term of this Lease all licenses and permits, which are required by law for the conduct of Tenant's business or operations.

13. Assumption of Risks. Tenant represents that Tenant has inspected the Airport and the Premises and accepts the condition of the Premises and fully assumes all risks incidental to the use of the Airport and the Premises. District shall not be liable to Tenant's agents, employees, visitors, guests or invitees from any cause or condition whatsoever. District makes no warranty of the suitability of the Premises for the purpose contemplated by Tenant or that the leased Premises are zoned for the uses permitted.

14. Indemnity. Tenant shall defend (with counsel acceptable to District), indemnify and hold harmless District, its directors, officers, employees, agents and representatives, and the leased Premises (collectively "District") at all times from and against any and all liabilities, proceedings, liens, actions, penalties, 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 "Liabilities") arising out of or in any way connected with: the acts or omissions of Tenant, any subtenant, or either of their officers, agents, employees, guests, customers, visitors or invitees (collectively "Tenant"); or Tenant's or any subtenant's operations on, or use or occupancy of, the Premises. The foregoing indemnification excludes only Liabilities caused by the sole active negligence of District or its willful misconduct. Tenant shall also indemnify and hold District harmless from and against any Liabilities including third party claims, environmental requirements and environmental damages (as defined in Exhibit "B"), costs of investigation and cleanup, penalties, fines, and losses (including, without limitation, diminution in property value of the leased Premises or the improvements thereon or District's property or improvements in the vicinity of the leased Premises) of whatever kind or nature, which result from or are in any way connected with the release, receipt, handling, use, storage, accumulation,

transportation, generation, discharge, or disposal (collectively "Release") of any toxic or hazardous materials (defined in Exhibit "B") which occurs in, on or about the leased Premises or the Airport as the result of any of Tenant's or any subtenant's activities or of any of Tenant's or any subtenant's officers, agents', employees', customers, visitors, invitees', licensee, guests', successors' or assigns' activities. Tenant shall notify District immediately of any Release of any toxic or hazardous material on the Premises. Tenant shall not be responsible for any debris, trash or hazardous or toxic material on the Premises which predates Tenant's occupancy of the Premises (under this Lease or any prior lease or sublease), including, but not limited to, asbestos in buildings and existing oil pipelines. For the purposes of this lease, the materials that Tenant is not responsible for removing and the area in which they are located are generally identified on the attached Exhibit "A".

15. Insurance. Tenant 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. A policy of general liability insurance, including public liability, property damage, bodily injury and death liability, and contractual liability insurance with a single combined liability limit of not less than \$3,000,000.00, insuring against all liability of Tenant arising out of and in connection with Tenant's use or occupancy of the Premises. The policy shall insure performance by Tenant of the indemnity provisions of Section 16. Landlord shall be named as an additional insured, and the policy shall contain cross-liability endorsements.

b. Tenant shall maintain on Tenant's alterations, fixtures, and equipment, in, on, or about the Premises, and its personal property in, on, or about the Premises, a policy of insurance providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, flood and special extended perils ("all risk", as such term is used in the insurance industry), to the extent of at least one hundred percent (100%) of their full replacement value. The proceeds from any such policy shall be used by Tenant for the replacement of personal property or the restoration of Tenant's Alterations, fixtures, and equipment.

c. Tenant shall maintain during the Lease Term at Tenant's sole cost and expense proper and adequate Worker's Compensation Insurance.

d. Farm equipment liability and automobile liability insurance for all mobile equipment and vehicles used on the Airport, with a combined single limit of bodily injury and property damage liability of at least \$300,000 per person and \$500,000 for each accident or occurrence.

All insurance required under this Lease shall be issued by responsible insurance companies qualified to do business in California and reasonably acceptable to District. All such insurance shall be issued as primary, not blanket, policies. Tenant shall provide District with copies of the policies of insurance required under this Sections 17 or certificates evidencing the existence and amounts of such policies. No such policy shall be cancelable or subject to reduction of coverage or other modification except after thirty (30) days prior written notice to District. Tenant shall, at least ten (10) days prior to the expiration of any such policy, provide Landlord with renewals or "binders" thereof, or Landlord may order insurance and charge the cost thereof to Tenant, which

amount shall be payable by Tenant on demand. The types of coverage and liability limits of all insurance specified above may be changed or increased at the option of District, in the exercise of its reasonable discretion in evaluating its liability exposure, upon giving Tenant at least thirty (30) days' prior written notice of the increased limits. Tenant shall also provide District with an endorsement for the contractual liability insurance.

16. Alterations; Removal of Tenant-Installed Property. Except as expressly permitted herein, Tenant shall make no alterations, additions or improvements on the Premises or otherwise at the Airport without District's prior written consent. Before granting such consent, District may require Tenant to prepare and submit for District's approval detailed written plans. Any such consent shall be deemed conditioned upon Tenant obtaining any required permits from appropriate governmental agencies, and upon Tenant's compliance with all conditions of such permits. Any such consent may be conditioned upon Tenant's providing to District, at Tenant's expense, a lien and completion bond to insure District against any liability for liens and to insure completion of the work, and may further be conditioned on such matters as Landlord deems appropriate. All alterations, additions or improvements made by Tenant at the Airport shall, during the Lease, be Tenant's property. All such improvements shall, unless District elects otherwise, become the property of District at the expiration or termination of the Lease including, without limitation, fences and irrigation system, and shall remain upon and shall be surrendered with the Premises without disturbance, molestation, or injury. If District elects (by written notice to Tenant) that all or a designated portion of the alterations, additions, or improvements made by Tenant shall be removed by and at expense of Tenant, then Tenant shall at Tenant's expense remove (within 30 days after such notice) such alterations, additions or improvements, or such portion thereof designated by District, restore District's property to at least its former condition and repair any damage resulting from such removal.

17. Airport Facilities. Tenant's automobiles, farm equipment and other vehicles of Tenant and Tenant's employees and business invitees shall be parked, loaded and unloaded only on the Premises. Tenant shall observe, obey and abide by all directives, rules and regulations for maintenance and conduct of Tenant's operations at the Airport, which exist now or may hereafter be imposed by District's board of directors, Federal Aviation Administration, City of Santa Maria, or any other governmental agency having jurisdiction; provided that if any directive, rule or regulation unreasonably interferes with Tenant's farming operations, Tenant shall have the right to terminate the Lease on sixty (60) days' written notice to District, delivered no later than thirty (30) days after the effective date of the directive, rule or regulation. Tenant shall not store any supplies, materials, vehicles or equipment on the Premises or the Airport without the prior written consent of District's General Manager. District has no obligation to provide security guards, lighting or fencing. Tenant is specifically denied access to the Airport Operating Area. Tenant shall not allow any gate to be left open unless it is attended in such a manner as to prevent the escape of livestock onto roads or property of others, or as to prevent unauthorized entry onto the Airport.

18. Federal Aviation Administration Rider Attached. The provisions of the FAA Rider are attached hereto as Exhibit "C" and are incorporated herein and made a part hereof.



19. Repairs and Maintenance. Tenant shall, at Tenant's sole cost and expense, keep and maintain the Premises and every part thereof in good and clean order, condition and repair, thereby waiving all rights to make repairs at the expense of District.

20. Acceptance; Surrender. Tenant agrees on the expiration or sooner termination of this Lease to surrender promptly to District the Premises in the same condition as when received, damage by acts of God or by the elements excepted, subject to the provisions of Paragraph 16.

21. Condemnation. In the event of any taking or damage of all or any part of the Premises or any interest therein by reason of any exercise of the power of eminent domain, whether by a condemnation proceeding or otherwise, or any transfer of all or any part of the Premises or any interest therein made in avoidance of an exercise of the power of eminent domain (all of the foregoing being hereinafter referred to as "appropriation") during the term of this Lease, this Lease shall terminate as of the date of such appropriation, the rental shall be prorated to the date of termination, District shall be entitled to the entire award made with respect to such appropriation of the land and District improvements, and Tenant hereby assigns to District all of Tenant's interest, if any, in such award as to the land and District improvements. Nothing herein shall be deemed to constitute a waiver or transfer of any award due Tenant associated with the loss of any of its crops or improvements installed by Tenant.

22. Termination by District. District, in addition to any right of termination as a matter of law or any other right herein given to District, may at its option cancel and terminate this Lease and agreement upon any default, by written notice thereof given to Tenant and a ten (10) day opportunity to cure, upon or after the occurrence of any of the following events:

a. Failure of Tenant to pay rent or make any other payment required under this Lease, as and when due.

b. Filing by or against Tenant of a voluntary or involuntary petition in bankruptcy or for reorganization, or taking of Tenant's assets pursuant to a proceeding under the Federal Reorganization Act, or the adjudication of Tenant as a bankrupt, or the appointment of a receiver of Tenant's assets, or divestiture of Tenant's assets or estate herein by operation of law or otherwise, or assignment by Tenant of its assets for the benefit of creditors.

c. The breach by Tenant or failure of Tenant to keep, observe or perform any of the covenants, conditions or provisions herein contained on the part of Tenant to be observed, kept or performed.

d. Dissolution or liquidation of Tenant of all or substantially all of its assets.

e. The transfer, in whole or in part, of Tenant's interest in this Lease or in the premises, or any rights hereunder, by operation of law, whether by judgment, attachment, execution, process or proceeding of any court or any other means.

f. If the City of Santa Maria requires District to eliminate or reduce acreage for irrigated crops as a condition of development on any Airport property, including but not limited to the Santa Maria Research park and a golf course.

23. District's Right to Early Termination. Notwithstanding any other provision contained in this Lease, District shall have the right to terminate this Lease as to all or the applicable portion of the Premises in the event District's Board of Directors (i) authorizes the sale of the Premises or any portion thereof and directs District staff to market the same for sale, or (ii) authorizes the lease of the Premises or any portion thereof for any use or purpose other than irrigated crops and directs District staff to market the same for lease, or (iii) grants an easement over the Premises that is incompatible with the permitted uses, or (iv) directs District staff to initiate use of the Premises or any portion thereof for airport or aeronautical purposes or any purpose or use beside irrigated crops, (v) determines that termination of all or a portion of the Lease is required by any governmental agency or entity as a mitigation measure of condition of development on any District property, including but not limited to, the Santa Maria Business Park and golf course, or (vi) determines that irrigation of the Premises is contributing to soil saturation/liquefaction beneath the Airport operating pavements; provided, District shall give Tenant written notice of the exercise of such right at least one (1) year prior to the date as of which such termination is to be effective. The term of this Lease shall then expire and come to an end on such date, as fully and completely as if that date were the day definitely fixed for expiration of the term.

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, to the addresses set forth below the signature lines. Either party may at any time change its address for such notice by giving written notice of such change to the other party. Delivery of any notice shall be deemed complete upon being deposited as aforesaid at any United States Post Office or branch or substation.

25. Nuisance. Tenant shall not commit, or suffer or permit waste, noise, odors, dust or any other nuisance on the Premises or any activity constituting an unreasonable interference with other District tenants or persons using, or neighbors of the Airport.

26. Assignment, Subletting and Encumbering.

a. Tenant shall not assign, mortgage, encumber or grant control of this Lease or any interest, right or privilege herein or license or grant concessions for use of the leased Premises or any part thereof. Any such assignment, mortgage, encumbrance, transfer, permit or concession shall be void and, at the option of District, shall terminate this Lease. Tenant shall not sublet any portion of the Premises without the prior written consent of the District. Tenant shall provide District with copies of all subleases for prior written approval, which shall specifically be subject to the terms of this Lease, and have a copy attached, and obtain District's written consent. Unless otherwise specifically provided in any sublease that may be approved by District, Tenant shall pay District at least one-half of any rent or consideration received from any subtenant which exceeds the rent paid under this Lease.

b. Regardless of District's consent, no sublease shall release Tenant from Tenant's obligations hereunder or alter the primary liability of Tenant to pay rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of rent by Landlord from any other person shall not be deemed to be a release by Landlord of Tenant's liability hereunder. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. In the event of default by an assignee or subtenant of Tenant or any successor of Tenant, in the performance of any of the terms hereof, District may proceed directly against Tenant without the necessity of exhausting remedies against such successor.

27. Consent to Entry by F.A.A. Contractor(s). Tenant consents to entry on the Premises without charge by District, the F.A.A., an F.A.A. contractor, or any of their subcontractors, employees or agents for inspection, investigation or construction, operation or maintenance of an airport surveillance radar system. Rent shall be equitably abated for reduction in any useable land during construction.

28. Prohibition of Crops Within 20 Feet of Airport Operating Area Fence. The Premises do not include land within twenty (20) feet of the Airport Operating Area ("AOA") perimeter fence. Tenant has no right to plant crops within twenty (20) feet of the AOA perimeter fence. Tenant shall remove any and all crops planted within twenty (20) feet of the AOA perimeter fence. If Tenant fails to do so, District may remove such crops at Tenant's expense. Tenant shall indemnify, defend and hold District harmless from and against any and all liability for costs of removal and damage to such crops. Tenant shall remove any mounds or debris caused by Tenant operations against the AOA perimeter fence which effectively lowers the height of the fence below six (6) feet, not including barbwire.

29. Right of Entry. District, the Federal Aviation Administration, City of Santa Maria, County of Santa Barbara, any government entity having jurisdiction and any utility company shall have the right to enter the Premises at any reasonable time for inspections, to make repairs, or to show the Premises to prospective buyers or tenants or at any time in case of emergency.

30. Use of Hazardous Material. Tenant 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.

31. Attorneys' Fees. In the event either party hereto commences any legal action or proceeding against the other party to perform or keep any term, covenant or condition of this lease to be kept or performed by the other party or arising out of 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).

32. Compliance With Laws. Tenant shall comply with all applicable and valid laws, rules, regulations and orders of federal, state and local governments and governmental agencies, including, but not limited to, any and all regulations concerning air quality and/or water quality, the environment or endangered species; fire and/or occupational safety; or accessibility; which

may apply to the conduct of Tenant's business at the Airport. Tenant specifically agrees that it is a condition of the continuation of this lease that all materials used by Tenant for which a Material Safety Data Sheet is required, or otherwise referenced or listed on Exhibit "B", will be stored, used and disposed of, together with any contaminated by—products of such use, in strict compliance with the applicable Material Safety Data Sheet or the requirements of the governmental agency with authority to regulate such storage, use and disposal. Tenant shall not store or dispose of any such materials on the leased premises. Tenant will maintain on the leased premises and available for inspection at any reasonable time adequate records of material stored, used or disposed of, including but not limited to Material Safety Data Sheets and Uniform Hazardous Waste Manifests for material shipped from the leased premises.

33. General.

a. Each term and each provision of this lease agreement performable by Tenant shall be construed to be both a covenant and a condition. Time is of the essence of each term, condition and provision of this lease agreement.

b. 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 Tenant requiring District's consent or approval of any act by Tenant requiring District's consent or approval shall not be deemed to waive or render unnecessary District's consent to or approval of any subsequent similar act by Tenant. No act or thing done by District or District's employees or agents shall be deemed an acceptance of a surrender of the premises, and no agreement to accept such surrender shall be valid unless in writing signed by District.

c. This lease and Tenant's rights hereunder are subject and subordinate to all conditions, reservations, restrictions, easements, rights, rights—of—way, and encumbrances affecting the premises now of record or hereafter granted, caused or suffered by District. This Lease is subordinate to any rights granted in the past or in the future by District to any government entity or any utility company or for construction and operation of radar, wires, cables, poles, conduits, wells, pipelines, brine disposal, related appurtenances, equipment, structures, facilities, access roadways and fencing associated therewith. This Lease is further subordinate to District's operation and construction and maintenance of water reclamation and flood control projects including dams, ditches, reservoirs and pipelines and rights thereto granted to the Santa Barbara County Flood Control and Water Conservation District.

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

e. 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. 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 agreement. No provision of this Lease shall be deemed to have been waived by District unless such waiver be in writing signed by District.

f. This Lease is made subject to any approval of the Federal Aviation Administration which may be required.

g. This Lease may be executed in multiple counterparts, each of which shall be deemed an original document, and all of which shall constitute one agreement

h. This Lease contains all the agreements of the parties with respect to the Premises and cannot be amended or modified except by a written agreement.

34. 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.

35. Landlord's Remedies. Landlord shall have the following remedies if Tenant breaches the Lease:

a. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law.

b. Landlord can continue this Lease in full force and effect, and the Lease will continue in effect as long as Landlord does not terminate Tenant's right to possession, and Landlord shall have the right to collect rent when due. During the period, Tenant is in default, Landlord can enter the Premises and relet them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in reletting the Premises, including, without limitation, brokers' commissions, expenses of remodeling the Premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this Lease. Tenant shall pay to Landlord the rent due under this Lease on the dates the rent is due, less the rent Landlord receives from any reletting. No act by Landlord allowed by this paragraph shall terminate this Lease unless Landlord notifies Tenant that Landlord elects to terminate this Lease. After Tenant's default and for as long as Landlord does not terminate Tenant's right to possession of the Premises, if Tenant obtains Landlord's consent Tenant shall have the right to assign or sublet its interest in this Lease, but Tenant shall not be released from liability. Landlord's consent to a proposed assignment or subletting shall not be unreasonably withheld.

c. Landlord can terminate Tenant's right to possession of the Premises at any time. No act by Landlord other than giving notice to Tenant shall terminate this Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession. On termination, Landlord has the right to recover from Tenant:

i. The worth, at the time of the award of the unpaid rent that had been earned at the time of termination of this Lease;

ii. The worth, at the time of the award of the amount by which the unpaid rent that would have been earned after the date of termination of this Lease until the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided;

iii. the worth, at the time of the award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided; and

iv. Any other amount, and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's default.

"The worth, at the time of the award," as used in (i) and (ii) of this paragraph, is to be computed by allowing interest at the rate of 10% per annum. "The worth, at the time of the award," as referred to in (iii) of this paragraph, is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus 1%.

d. In addition to any other remedy District may have under this agreement or by operation of law, District shall have the right, in the event of Tenant's nonpayment of rent, or in the event of any other default by Tenant in the performance or observance of any of the terms or condition of this Lease, or if Tenant shall abandon or vacate the Premises, to terminate this Lease upon written notice to Tenant and reenter the Premises and eject all persons and remove all property from the Premises or any part of the Premises. Any property removed from the Premises 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 Tenant, and District shall have no liability therefor.

e. If Tenant is in default of this Lease Landlord shall have the right to have a receiver appointed to collect rent and conduct Tenant's business. Neither the filing of a petition for the appointment of a receiver nor the appointment itself shall constitute an election by Landlord to terminate this Lease.

f. Landlord, at any time after Tenant commits a default, can cure the default at Tenant's cost. If Landlord at any time, by reason of Tenant's default, pays any sum or does any act that requires the payment of any sum, the sum paid by Landlord shall be due immediately from Tenant to Landlord at the time the sum is paid, and if paid at a later date shall bear interest at the rate set forth in subparagraph g, below, from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant. The sum, together with interest on it, shall be additional rent.

g. Rent not paid when due shall bear interest from the date due until paid at the maximum rate an individual is permitted by law to charge.

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

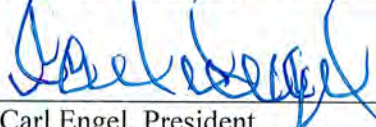
**Approved as to Content for District:**

Address: 3217 Terminal Drive  
Santa Maria, California 93455

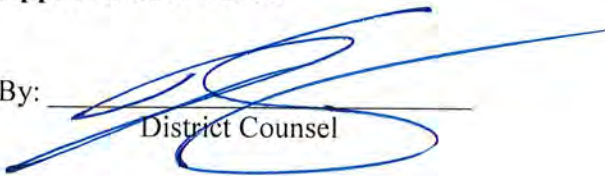
By:   
Chris Hastert, General Manager

**DISTRICT:**

Santa Maria Public Airport District,  
a public district of the State of California

By:   
Carl Engel, President

**Approved as to Form:**


By:   
District Counsel

By:   
Chuck Adams, Secretary

**TENANT:**

Mahoney Leasing, LLC,  
a California limited liability company

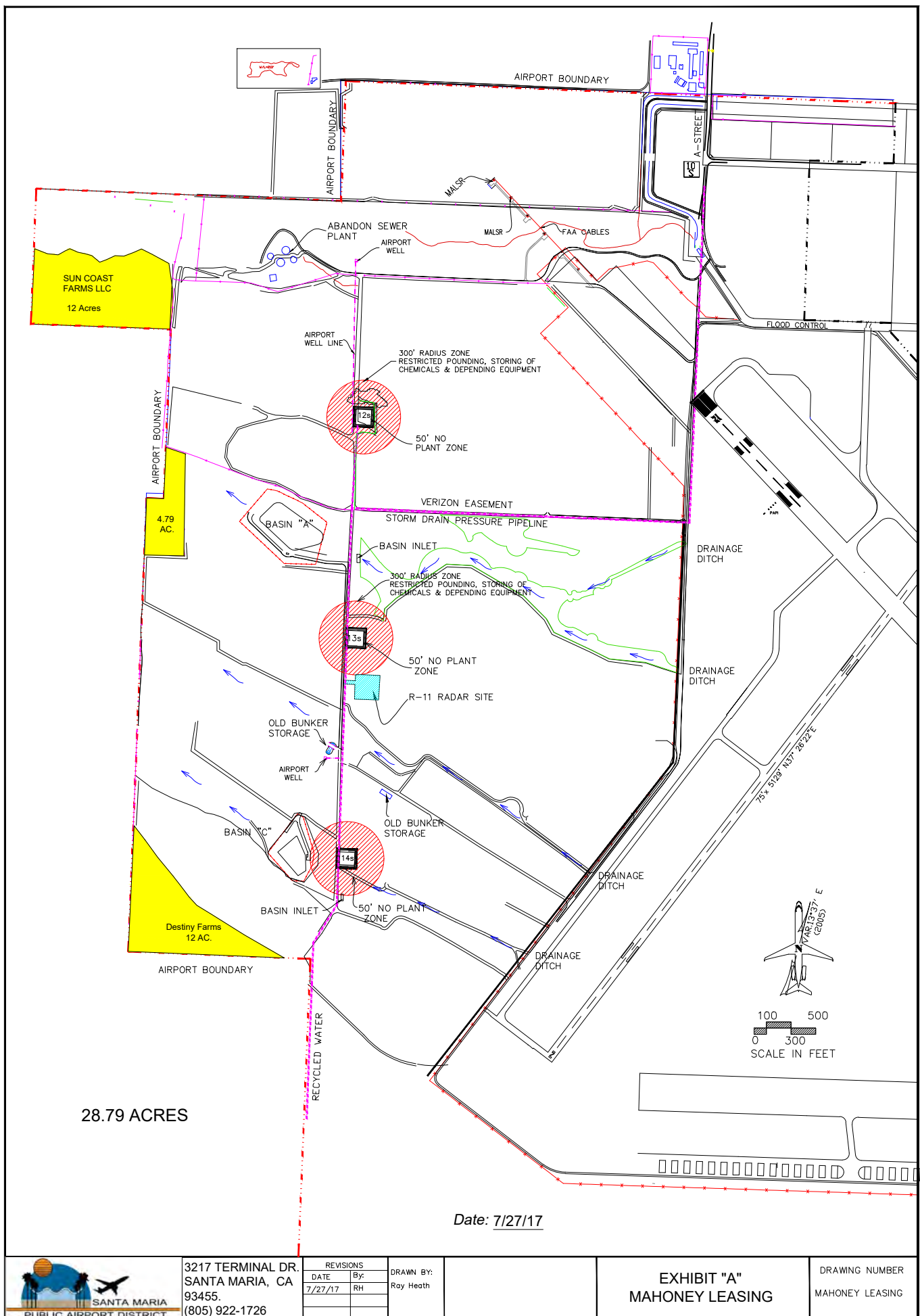
By:   
Maureen Mahoney, Manager

By:   
Daniel Mahoney, Manager

**Address:**

5604 Oakhill Dr.  
Santa Maria, CA 93455

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3217 TERMINAL DR.  
SANTA MARIA, CA  
93455.  
(805) 922-1726

REVISIONS	
DATE	By:
7/27/17	RH

DRAWN BY:  
Roy Heath

EXHIBIT "A"  
MAHONEY LEASING

DRAWING NUMBER  
MAHONEY LEASING



## **Exhibit "B"**

### **A. HAZARDOUS MATERIAL**

Hazardous Material means any substance:

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

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

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

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

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

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

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

(viii) without limitation radon gas.

### **B. ENVIRONMENTAL REQUIREMENTS**

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

1. All requirements, including but not limited to those pertaining to reporting, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or

threatened releases of "Hazardous Materials", chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials or wastes whether solid, liquid, or gaseous in nature, into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials, or wastes, whether solid, liquid, or gaseous in nature; and

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

### C. ENVIRONMENTAL DAMAGES

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

### **FAA Rider**

Rider to Land Lease dated September 1, 2017 (herein called "this lease") between SANTA MARIA PUBLIC AIRPORT DISTRICT (herein called "District") and MAHONEY LEASING, LLC, a California limited liability company (herein called "Tenant").

#### **LEASE PROVISIONS REQUIRED BY FEDERAL AVIATION ADMINISTRATION**

1. Tenant, for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the leased premises 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 premises 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 premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

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 premises 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 premises.

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

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 premises. 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 premises above the mean sea level elevation of 359 feet. In the event the aforesaid covenants are breached, District reserves the right to enter upon the leased premises and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Tenant.

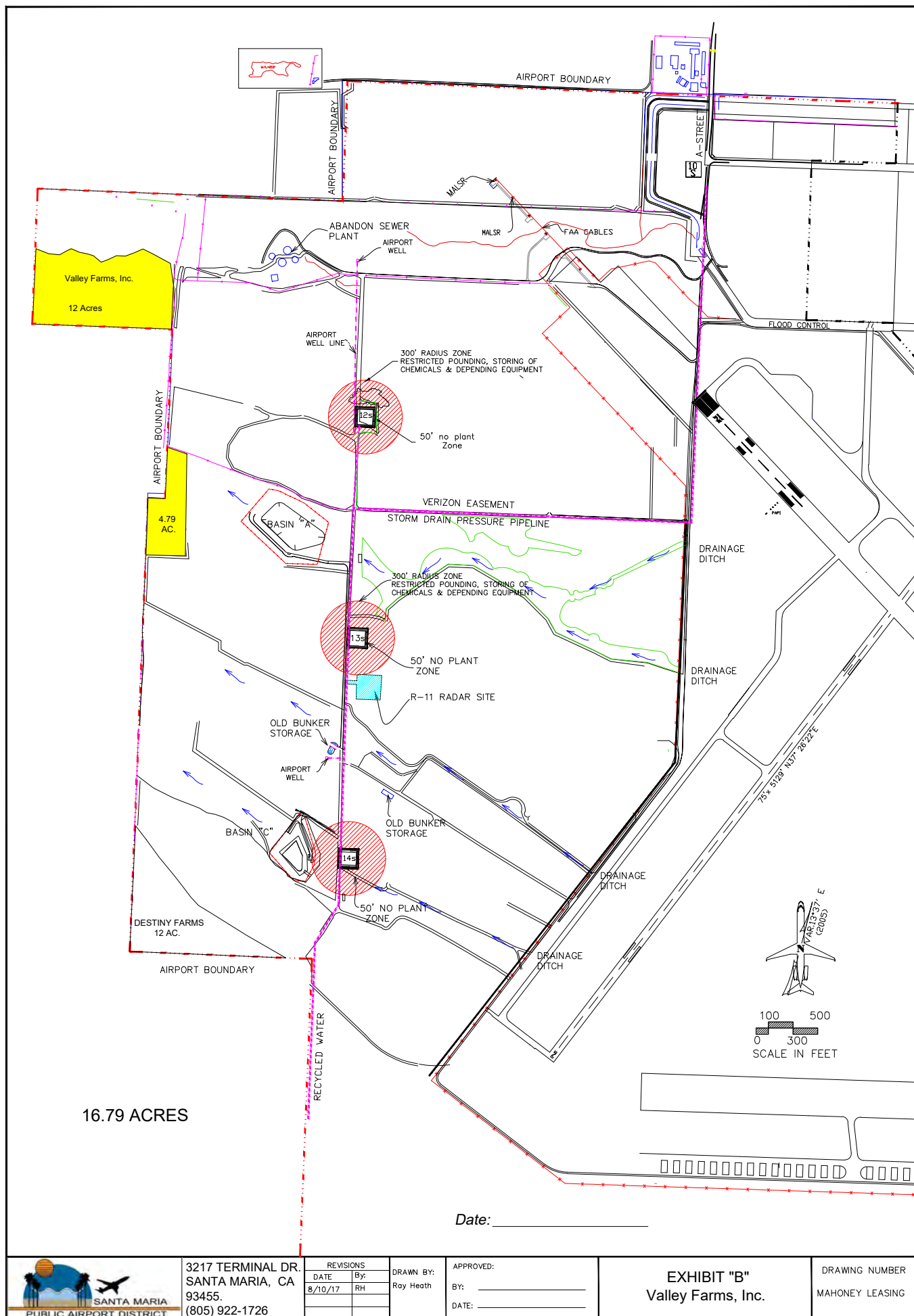
15. Tenant by accepting this lease agrees for itself, its successors and assigns that it will not make use of the leased premises in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached,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

**EXHIBIT “B”**

**SUBLEASED PREMISES**

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3217 TERMINAL DR.  
SANTA MARIA, CA  
93455.  
(805) 922-1726

REVISIONS	
DATE	By:
8/10/17	RH

DRAWN BY:  
Ray Heath

APPROVED:  
BY: \_\_\_\_\_  
DATE: \_\_\_\_\_

**EXHIBIT "B"**  
**Valley Farms, Inc.**

DRAWING NUMBER  
MAHONEY LEASING

## **EXHIBIT "C"**

### **HAZARDOUS MATERIAL** **Definitions**

#### **A. HAZARDOUS MATERIAL**

Hazardous Material means any substance:

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

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

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

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

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

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

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

(viii) without limitation radon gas.

#### **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 Contractor's use or occupancy of the Premises or the Airport or as the result of any of Contractor's (or Contractor'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, contractors, 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 "D"**

### **RIDER**

Rider to Sublease Agreement dated August 26, 2010, (herein called "this lease") between SANTA MARIA PUBLIC AIRPORT DISTRICT (herein called "District") and MAHONEY LEASING, LLC (herein called "Tenant") covering 28.79 acres of land at the Airport (herein called the "leased premises") at Santa Maria Public Airport (herein called the "Airport").

### **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 premises 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 premises 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 premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

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 premises 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 premises.

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

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 premises. 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 premises above the mean sea level elevation of 359 feet. In the event the aforesaid covenants are breached, District reserves the right to enter upon the leased premises 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 premises 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 premises 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.